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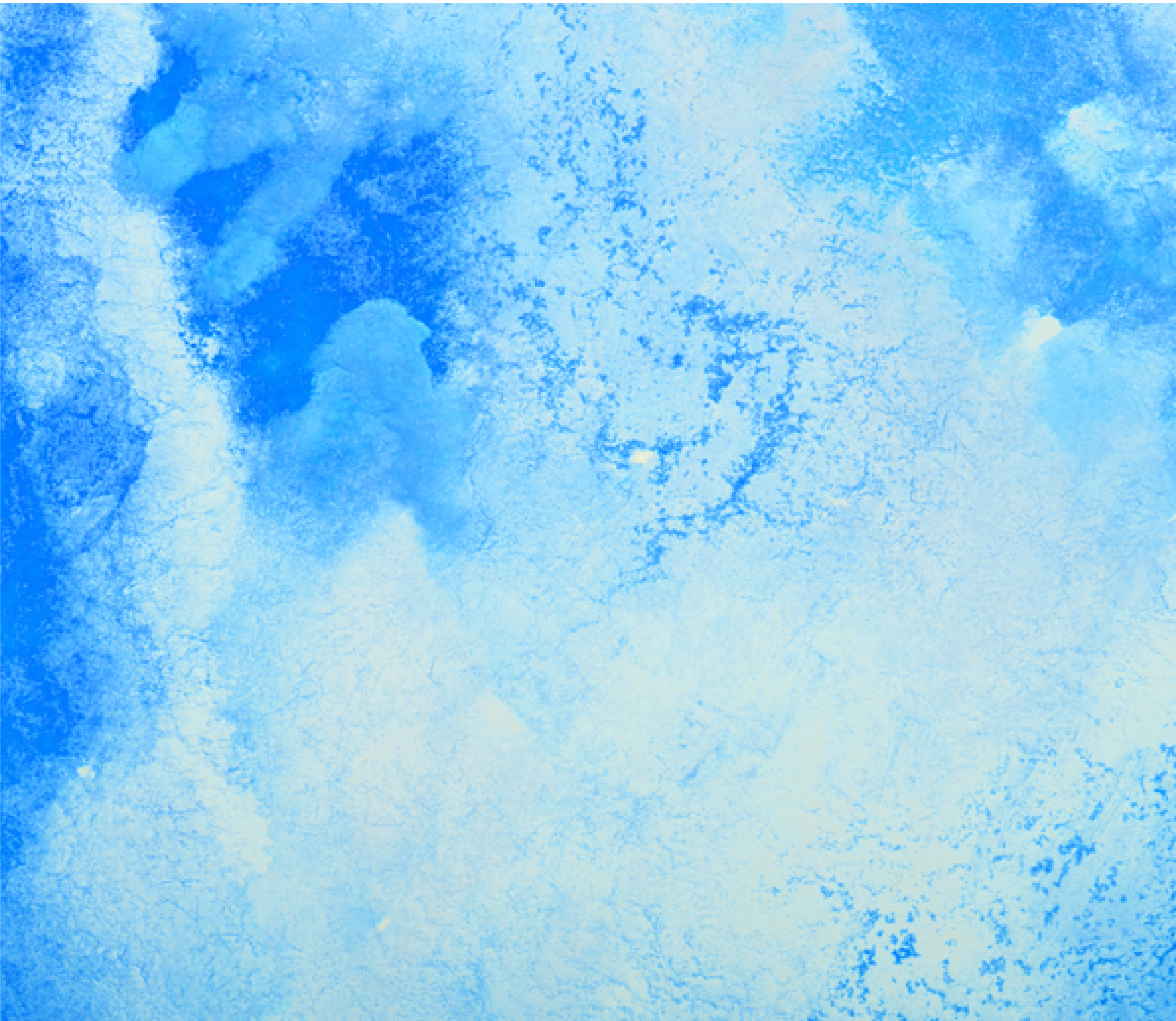
2022 Annual Financial Report



AGSM AIM GROUP
2022 Annual Financial Report

CORPORATE, MANAGEMENT AND CONTROL BODIES

BOARD OF DIRECTORS

Chairperson: Federico Testa

Vice Chairperson: Gianfranco Vivian

The Chief Executive Officer: Stefano Quaglino

Director: Angela Broglia

Director: Anna Massaro

Director: Fabio Sebastiano

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

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AGSM AIM Separate Financial Statements

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Report on Operations AGSM AIM Group

Dear Shareholders,

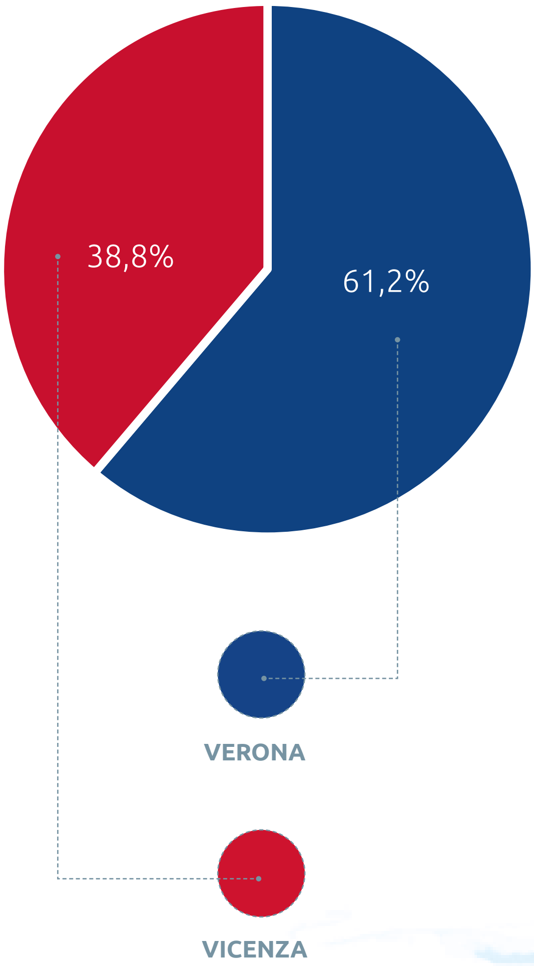
these are the second financial statements of the AGSM AIM Group after the merger of AIM Vicenza SpA into AGSM Verona SpA, with legal, accounting and tax effects from 1 January 2021.

The group 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 2022 show a turnover of Euro 3,331,891 thousand, a profit for the year of Euro 49,391 thousand, of which Euro 46,452 thousand pertaining to the group after depreciation, amortisation, write-downs and provisions of Euro 101,046 thousand. EBITDA was Euro 185,384 thousand.

The results for the year further confirmed the business soundness of the merger project. Indeed, the economic performance, which already significantly exceeded the aggregate values of the two industrial entities in 2021, the first year of the new group, improved further.

PROFILE OF THE AGSM AIM GROUP

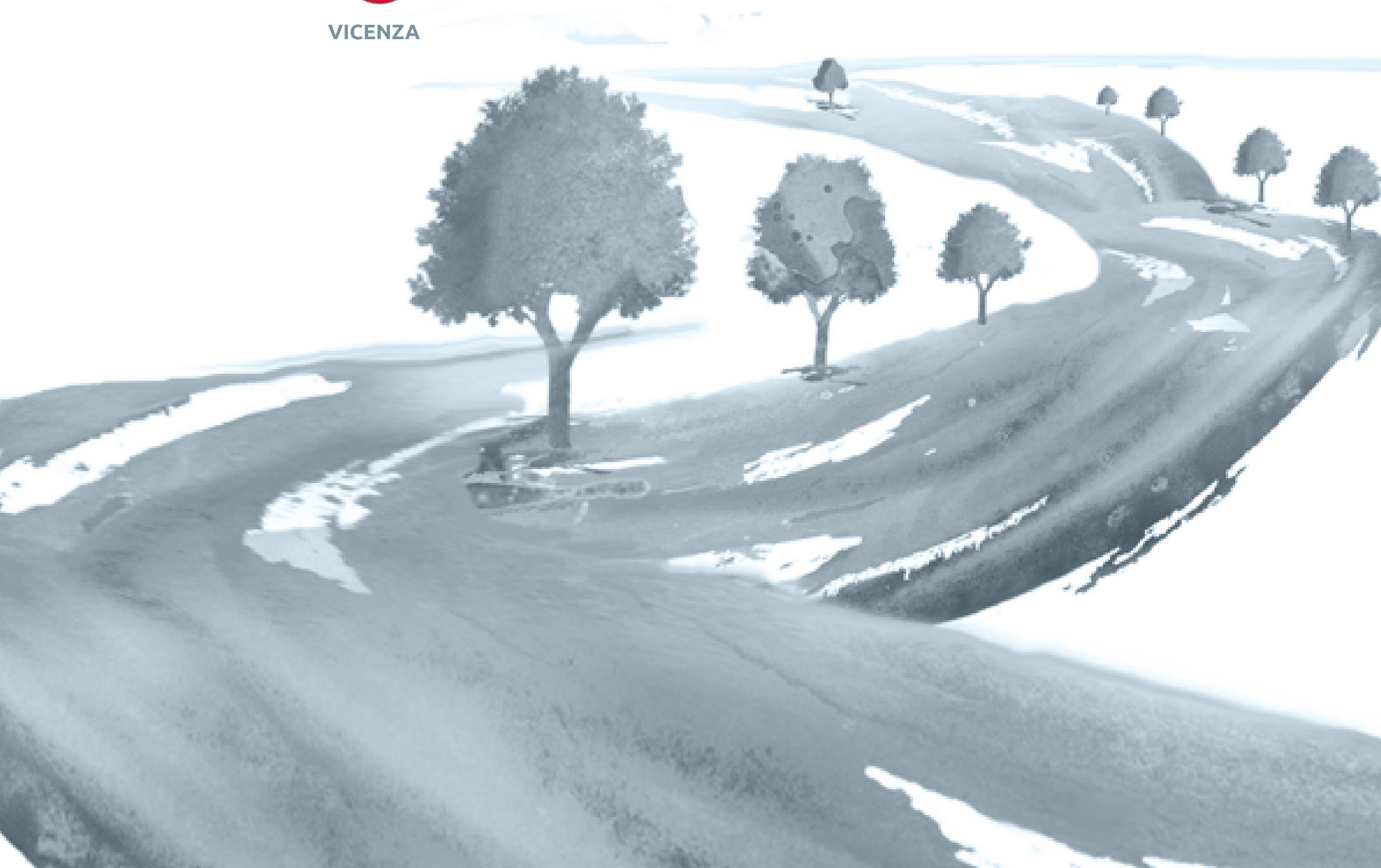


Ownership Structure

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:

- 61.20% held by the Municipality of Verona
- 38.80% held by the Municipality of Vicenza.

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.

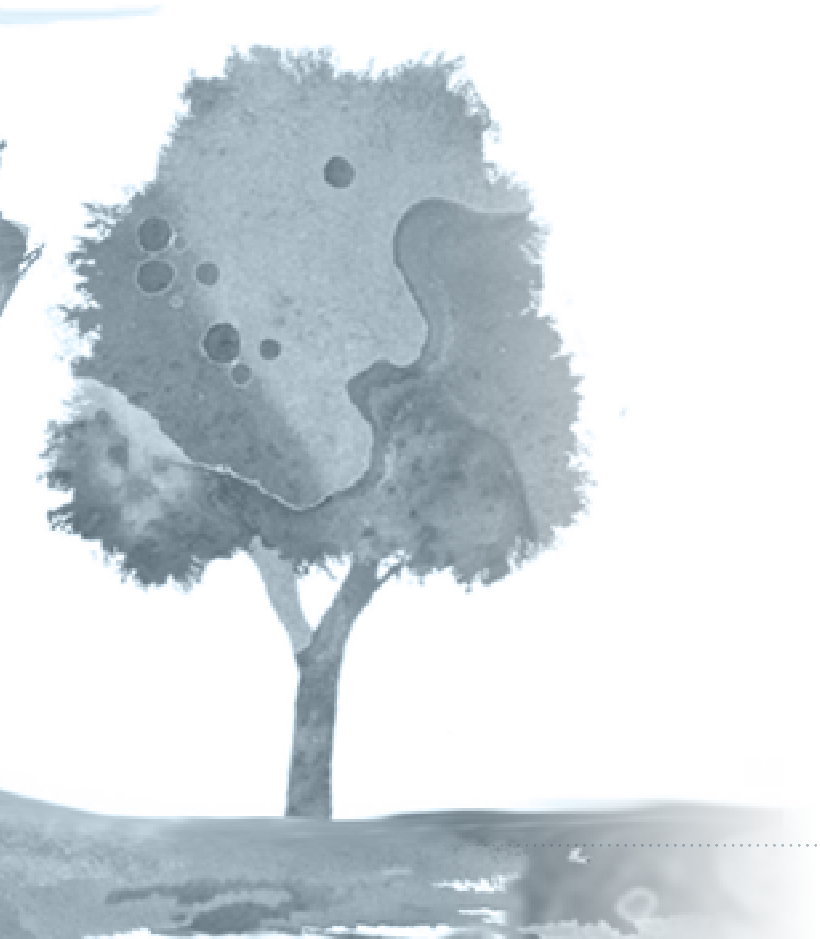


Business sectors and Corporate structure of the AGSM AIM Group

The Group operates mainly in the following areas:

- generation of electricity;
- production of electricity and heat for district heating networks;
- public lighting
- electricity and gas distribution and metering;
- sale of electricity, gas and heat;
- waste collection, treatment and transport, maintenance of public parks;
- telecommunications services;
- parking management.

With respect to the aforesaid activities, six Business Units (BUs) were identified and are listed below. As from 01.01.2022, as a result of the corporate reorganisation process, specific companies heading the six Business Units were established. For the Environment sector, which was excluded from the corporate reorganisation process last year, a newco was established during the year, AGSM AIM Ambiente Srl, which will be the reference point for various companies in the sector that will be subject to corporate transactions in 2023, some of which have already been completed as of the date of preparation of this document.



Power Business Unit: operating in the production of electricity with thermoelectric, hydroelectric, wind and photovoltaic systems, headed by AGSM AIM Power Srl;

Heat Business Unit: operating in the production of electricity and heat with cogeneration and thermal energy distribution systems, headed by AGSM AIM Calore Srl;

Networks Business Unit: operating in the gas and electricity distribution and metering sector, headed by V Reti SpA;

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

headed by AGSM AIM Energia SpA;

Smart Business Unit: operating in the public lighting, telecommunications and parking management and sustainable mobility sector, headed by AGSM AIM Smart Solutions Srl

Environment Business Unit: operating in the waste collection, treatment and disposal sector, headed by AGSM AIM Ambiente incorporated during the year, which was not operational as at 31 December All the companies operating in this sector will be merged into it.

The diagram below shows the group's corporate organisation as at 31 December 2022.

Group's corporate organisation

CONSORZIO GPO
33,46% AGSM AIM
4,19% Amia

AMIA SpA
100%

SIT
100%

VALORE AMBIENTE Srl
100%

Transeco Srl
100% Amia

Serit Srl
99,74% Amia

Bovolone Attiva Srl
40% Amia

Tre V Ambiente Srl
100% Sit Spa

Agrilux Srl
13,91% Sit Spa

Legnago Servizi Spa
49% Sit Spa

SIA Srl
49% Valore Ambiente Srl

AGSM HOLDING ALBANIA SH.A.
75% AGSM AIM
25% Amia
in liquidation

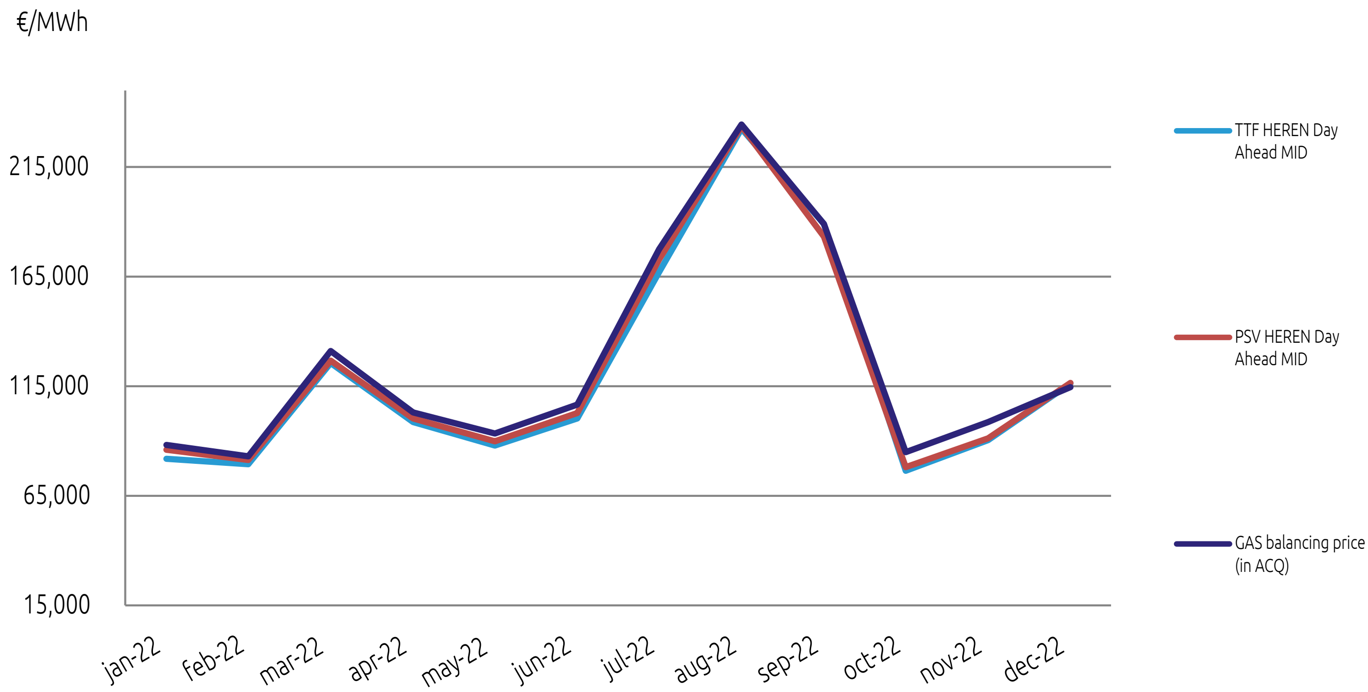
DRV Srl
50% Legnago Servizi Spa
50% Amia Spa

Eco Tirana SH.A.
49% AHA

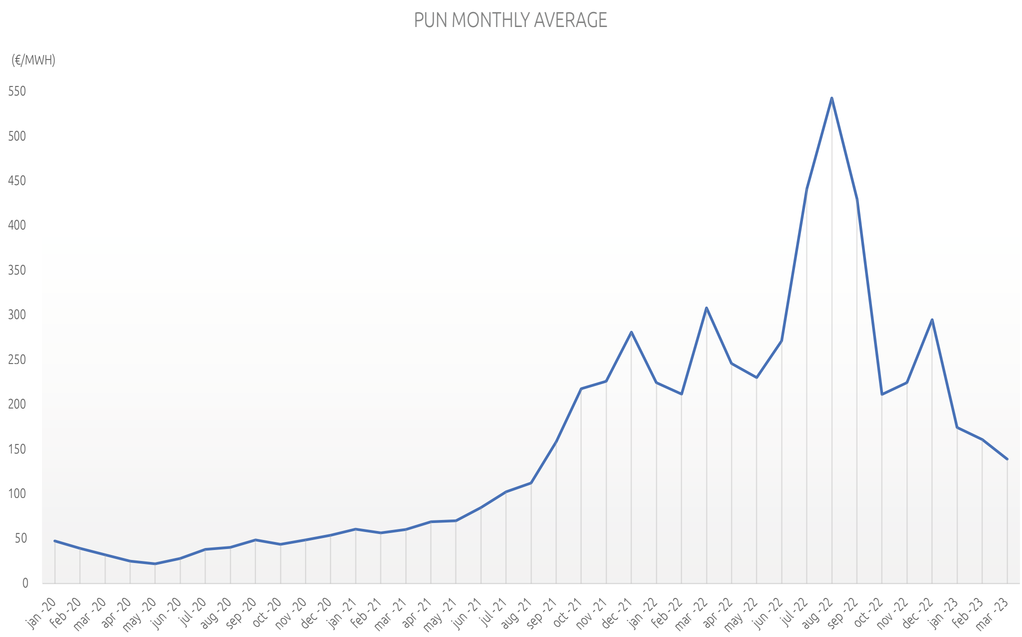
GENERAL MACROECONOMIC SCENARIO

The year 2022 was characterised, even more intensely than 2021, by significant turbulence in the energy markets accompanied by an exponential increase in energy costs.
On an annual basis, there was a double-digit generalised increase in commodity prices compared to 2021: Brent oil (+46%), electricity (+142%), gas (+165%) and coal (+140%).
For non-gas and electricity commodities, the rises were concentrated in the first half of the year, in March and June respectively. The trend then generally reversed and prices reached their annual lows in December.
As far as gas is concerned, prices on the main European hubs, which almost tripled compared to 2021, rose to all-time highs when new tensions related to the cut in Russian gas supplies emerged. In August 2022, the PSV (Italian Virtual Trading Point) stood at Euro 233.5/MWh and the TTF at Euro 232.5/MWh.

GAS SPOT PRICES



PUN MONTHLY AVERAGE



Annual average electricity prices also rose sharply as they were closely correlated with gas prices. In Italy they went from a previous all-time high of Euro 125.46/MWh in 2021 to a new peak of Euro 303.95/MWh, with the same situation occurring in the other European markets.

The energy sector was the only strong outperformer in 2022, while the other sectors underperformed, particularly precious metals and industrials, which were penalised by the macro context of rising interest rates and a weakening economic cycle.

Given the problems that arose in 2021 caused by a slowdown in injections due to a cold spring that diverted volumes intended for storage to consumption, in 2022 the European storage sites were filled to significant levels thanks to the economic and regulatory support implemented by the various European countries to hedge against further problems that could arise in the winter of 2022-2023. These measures, combined with the shortage of gas from Russia, caused gas prices, and consequently electricity prices, to rise uncontrollably until August.

The spring and summer of 2022 were characterised by gas prices that even rose up to 7-8 times their historic averages and the considerable uncertainties about supply for the winter worried all gas suppliers in the Italian market. As a result, hardly any gas suppliers renewed their traditional Re.Mi. (regulation and metering) gas contracts for the thermal year 2022-2023, and the few sales were concentrated with short-term contracts with delivery to PSV.

Another effect of the market situation that arose was the sharp change in payment terms from 20-30-50 days after the month of delivery to pre-payment.

In short, the causes of the price increases can be traced back to geopolitical tensions that began to unfold as early as 2021 with a gradual reduction in gas imports not covered by long-term contracts and with the risk, which did not actually materialise, of reaching zero supplies from Russia in mid-December.

The high levels of gas in storage reached in August and the very mild autumn, together with the maximisation of gas flows from North Africa and a substantial increase in LNG supplies, calmed the markets and drove prices down significantly. For companies operating in the sector of electricity production from sources that do not use fossil fuels, this situation led to a significant increase in margins, whereas for Companies operating in the sales sector, it generated a series of financial and economic critical issues which, among other things, also led to some companies, including long-standing ones in the sector, to default since they were unable to manage the exceptional situation.

In particular, these include:

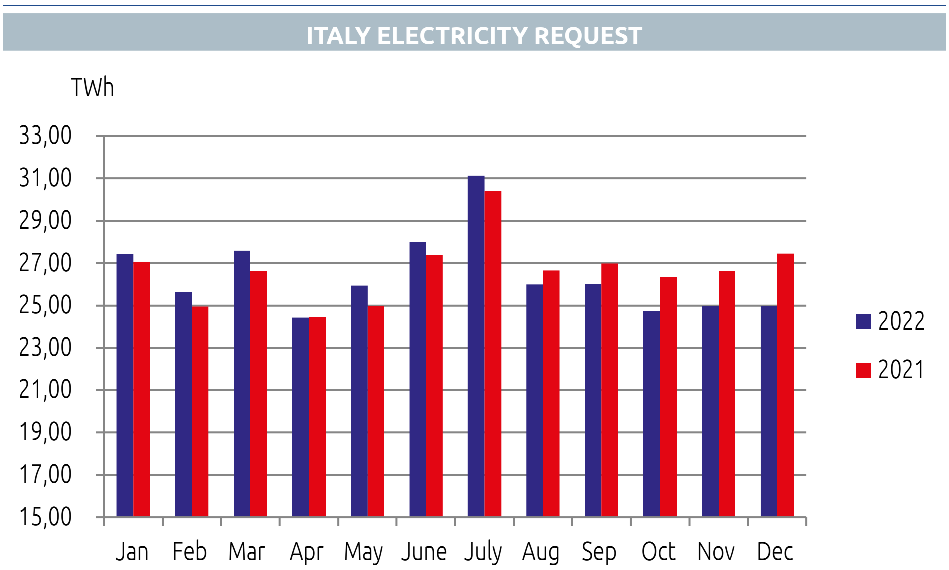
- the recorded rate of increase of purchase prices was unable to promptly pass on to sale prices, particularly throughout the domestic and SME market where sale prices are related to ARERA tariffs. ARERA tariffs are updated quarterly based on the trend in market price and the trend forecast for the following 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 2022, due to the continued upward trend, it will be achieved in 2023.
- 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, incurs an increase in proportion to the increase in unit costs.
- stop to unilateral changes in electricity and gas sales contracts.
- guarantees and pre-payment on new supplies.

Despite the fact that the market situation, outlined above, was worse than in 2021, the actual results of the electricity and gas segments were satisfactory, thanks to the organisation of dedicated teams engaged in an intensive analysis of past customer consumption with a view to better forecasting and the temporary adoption of a prudent sales policy.

Electricity market

Demand for electricity in Italy rose in the first half of 2022 compared to the same months of the previous year as a result of the continued industrial recovery after the lockdowns due to COVID-19. Unfortunately, the trend reversed from August onwards due to the high prices in the second half of the year. According to initial calculations carried out by Terna, total electricity demand in Italy in 2022 amounted to 316.83 TWh (-0.97% compared to 2021). The peak in power was recorded on Monday 25 July between 15:00 and 16:00 and amounted to 57,465 MW, whereas in 2021 it had occurred on Thursday 24 June between 14:00 and 15:00 and amounted to 55,293 MW. The demand for electricity in Italy, obtained as production + foreign balance - pump consumption, in 2022 compared to the corresponding figures for 2021 is as follows:

In 2022, the demand for electricity was 61.0% 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 31.1% (compared to 35.8% in 2021). The reduction was mainly due to the drop in hydroelectric production.



In 2022 total net domestic production met 86.43% of the demand for electricity, while 13.57% was met with the balance from foreign countries.
Total net production in 2022 was 273.84 TWh (-1.54% compared to 2021) and the share of sales from renewable energy plants contributed with the following percentages: hydroelectric power 10.21%, biomass 6.25%, geothermal 1.99 %, wind power 7.43% and photovoltaic 10.06%.
In detail, net domestic production, compared to last year, saw an increase in thermoelectric production (+7.04%) and a decrease in geothermal (-1.48%) and hydroelectric (-39.64%). There was a slight decrease in wind power (-1.27%), a strong increase in photovoltaic (+9.91%) and a slight increase in imports (+1.78%). The average purchase price for electricity on the stock exchange (PUN), i.e. the Single National Price, was Euro 303.95/MWh, up by Euro 178.49/MWh compared to 2021 (+142 %), reaching its highest annual value since the establishment of the electricity exchange (1 April 2004). The rise impacted all months, but obviously markedly those in the second half of the year. The driver of the sharp increase in the PUN was the high gas prices in Europe as a result of reduced Russian gas supplies and the need to fill gas storage plants up to a high

	PUN (Euro/MWh)	Peak (Euro/MWh)	Non Peak (Euro/MWh)
jan-22	224,50	258,48	207,09
feb-22	211,69	228,11	202,57
mar-22	308,07	326,79	297,01
apr-22	245,97	252,49	242,47
may-22	230,06	241,82	223,59
jun-22	271,31	296,67	256,63
jul-22	441,65	500,59	411,45
aug-22	543,15	558,62	534,04
sep-22	429,92	471,20	406,02
oct-22	211,50	245,58	194,08
nov-22	224,51	266,49	200,21
dec-22	294,91	356,52	261,02
average	303,95	335,36	286,47

level before the onset of winter.
The highest hourly price recorded was Euro 870.00/MWh and it occurred in two moments: from 20:00 to 21:00 on Saturday 27 August and from 20:00 to 21:00 on Tuesday 30 August, while the lowest price recorded was 10.00 Euro/MWh, from 14:00 to 15:00 on Sunday 17 April.
With regard to the sale price of electricity for Northern Italy on the day-ahead market (DAM), it rose by Euro 182.61/MWh compared to 2021.

Natural gas market

In 2022, Italy saw a drop in demand for natural gas (-9.5 % compared to 2021) back to the levels of 2020, a year characterised by the COVID-19 pandemic, reaching a total consumption of 68.98 billion cubic metres. All sectors recorded drops in consumption due partly to the exorbitant levels reached by gas prices and partly to the mild temperatures in 2022: civil consumption 28.92 billion cubic metres (-13.2%), industrial consumption 11.92 billion cubic metres (-15.2%) and thermoelectric consumption 25.18 billion cubic metres (-3.1%).

On the supply side, there was a significant reduction in gas imports via pipelines (-12%), mainly due to lower flows from Russia (-61%) and an increase in those via regasification terminals (+45%). Overall imports fell to 68.6 billion cubic metres (-4.2%).

In view of the critical nature of Russian supplies caused by the Russia-Ukraine conflict, which began in February 2022, there have been important efforts by the Italian authorities to compensate for the reduced flows from the East, which have resulted in the conclusion of important bilateral agreements, especially with Algeria.

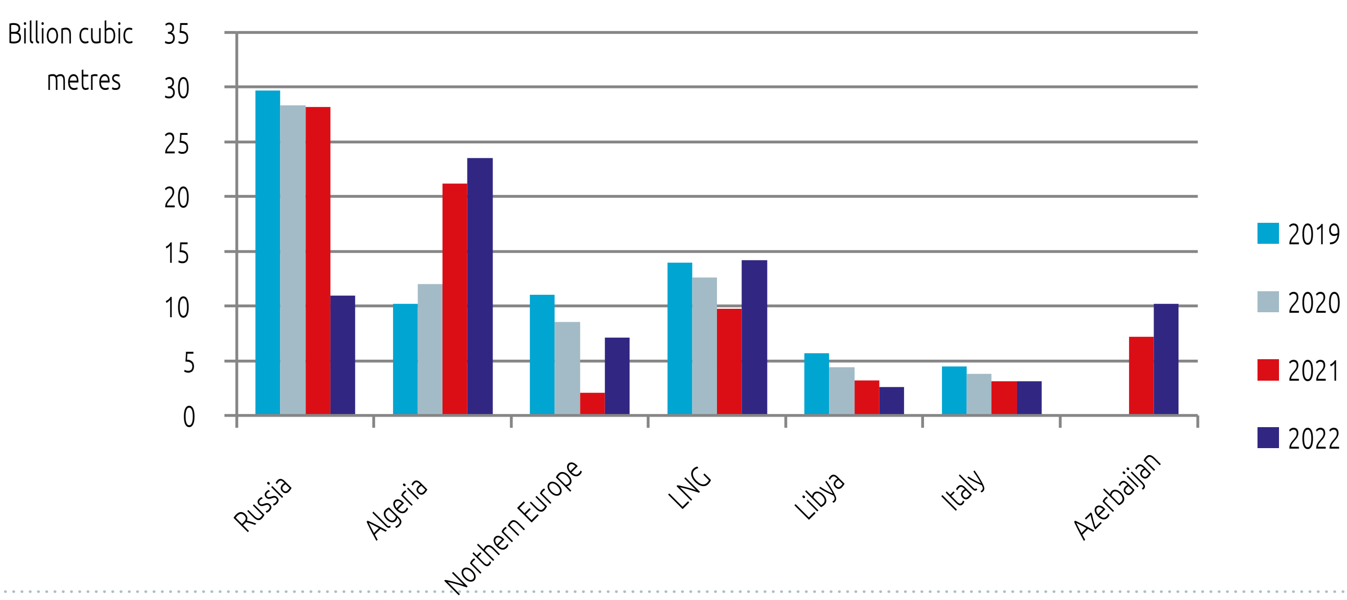
The quantity of gas injected into the Italian storage systems increased, reversing the downward trend of the previous three years and reaching an all-time high of 11.96 billion cubic metres (+22%), while the amount of gas supplied fell to 9.152 billion cubic metres (-19%). The gas inventory levels in Italian storage systems at 31/12/2022 reached 10,324 billion cubic metres (+37%).

The increase in gas stored in Italy, as in the rest of Europe, was conditioned by the effects of the Russian-Ukrainian crisis and the need to ensure an adequate level of stocks, even in the face of unfavourable economic and trade conditions.

More or less unchanged, domestic production increased slightly to 3.131 billion cubic metres.

Total gas supplies in 2022 (import and national production) totalled 71.8 billion cubic metres compared to 74.7 billion cubic metres in 2021 (-4%). Domestic production accounted for only 4.36%, with all imports except those from Russia and Libya being down:

ITALIAN GAS SUPPLIES

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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 2022. The table shown below indicates the main income statement results achieved in 2022.

Economic management

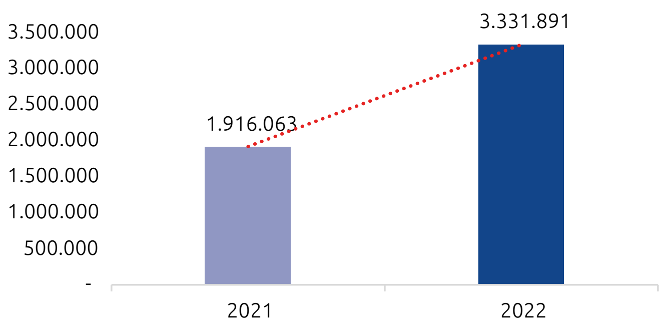
The Group significantly improved its economic performance in 2022, despite operating in a market environment still characterised by the health emergency and, in particular, a situation on the energy markets which, in the second half of the year, showed exponential increases in both gas and electricity prices and significant volatility. The Group is present in various sectors of the energy market and, thanks to its significant electricity generation business unit, it was able to contribute significantly to the achievement of margins together with the sales activity, which recorded a considerable recovery compared to the previous year.

The main performance indicators with reference to the results for the financial years 2022 and 2021 are shown below.
The values in the graphs below are in millions of Euro.

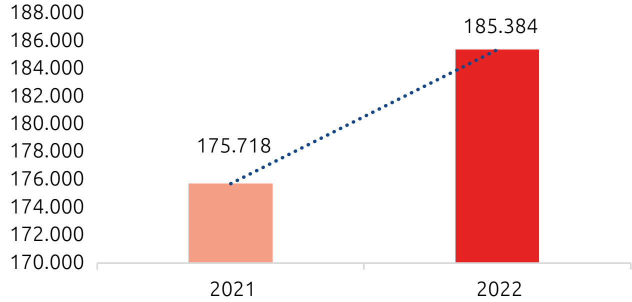
As mentioned above, the Group's overall profit for the year came to Euro 49,391 thousand, with a return on equity (ROE) of 8%.

MAIN PERFORMANCE INDICATORS

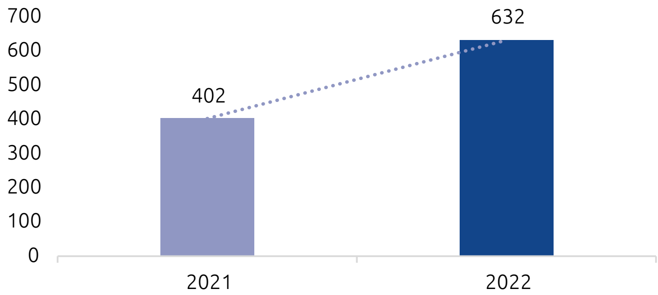
VALUE OF PRODUCTION



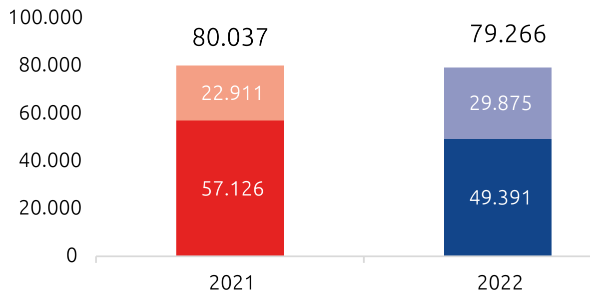
EBITDA

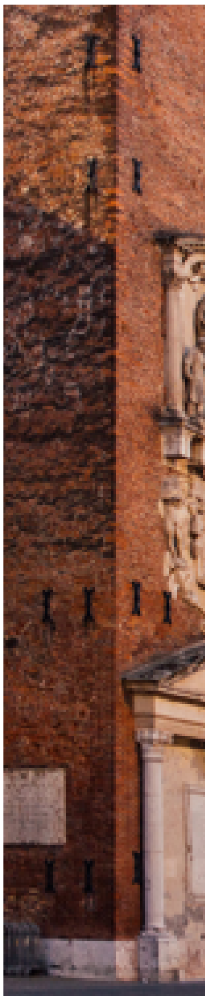


NFP



EBT AND PROFIT FOR THE YEAR





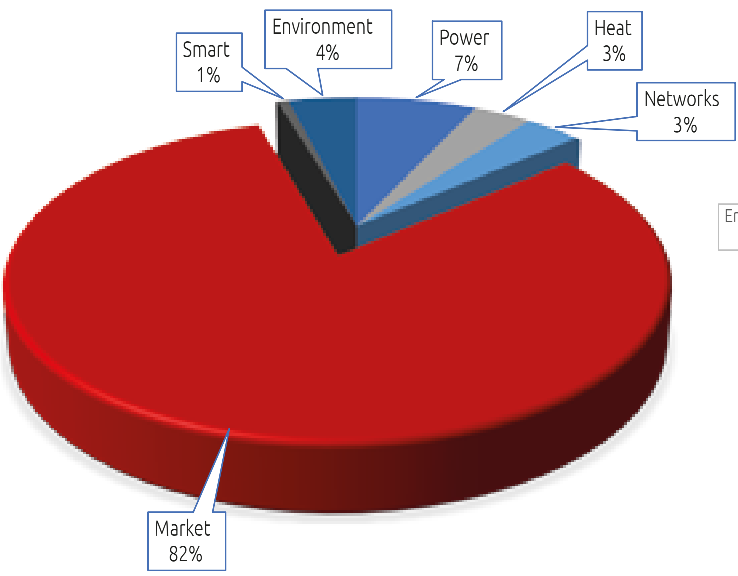
INCOME STATEMENT	2022	%	2021	%
Revenue	**3.331.891**	**100%**	**1.916.063**	**100%**
Revenue from sales and services	3.245.790	97%	1.814.020	95%
Change in inventories	9.877	0%	(2.378)	0%
Other revenue	76.224	2%	104.421	5%
Operating costs	**3.027.334**	**91%**	**1.624.906**	**85%**
Raw materials and consumables	2.588.051	78%	1.026.036	54%
Services	383.701	12%	549.730	29%
Leases and rentals	9.620	0%	9.693	1%
Other operating costs	45.962	1%	39.447	2%
Added value	**304.557**	**9%**	**291.157**	**15%**
Personnel costs	119.173	4%	115.439	6%
EBITDA	**185.384**	**6%**	**175.718**	**9%**
Amortisation, depreciation, and provisions	**101.046**	**3%**	**90.785**	**5%**
Amortisation and depreciation	74.333	2%	74.449	4%
Write-down of receivables	10.811	0%	7.801	0%
Other provisions	15.902	0%	7.472	0%
Impairment of fixed assets	-	0%	1.063	0%
Net operating income	**84.337**	**3%**	**84.933**	**5%**
Financial position	**(5.072)**	**0%**	**(4.896)**	**0%**
Income from equity investments	19	0%	73	0%
Financial income	2.626	0%	1.586	0%
Financial expenses	(9.820)	0%	(6.578)	0%
Adjustments to financial assets	2.104	0%	22	0%
Pre-tax profit (loss)	**79.266**	**3%**	**80.037**	**5%**
Income taxes	29.875	1%	22.911	1%
Profit (Loss) for the year	**49.391**	**2%**	**57.126**	**4%**
Profit (Loss) attributable to the Parent	46.452	2%	53.681	4%
Minority interests	2.939	0%	3.445	0%

- **Revenue** amounted to Euro 3,331,891 thousand, an increase of Euro 1,415,828 thousand (or 74%) compared to 31 December 2021;
- **Added value**, i.e. the difference between revenue and external costs, amounted to Euro 304,557 thousand, up by Euro 13,400 thousand on the previous year;
- **EBITDA** was Euro 185,384 thousand, up by Euro 9,666 thousand with a percentage on the value of production that remained at 6%;
- **Amortisation/depreciation and impairment** amounted to Euro 85,144 thousand;
- **pre-tax profit** amounted to Euro 79,266 thousand, substantially unchanged from 2021.

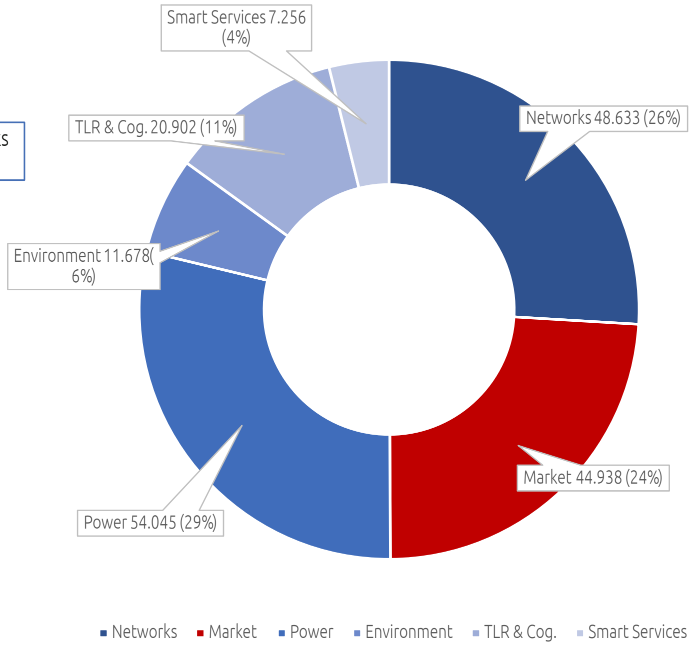
Below is a breakdown of revenue and EBITDA for each Business Unit:

Below is a breakdown of EBITDA for each Business Unit:

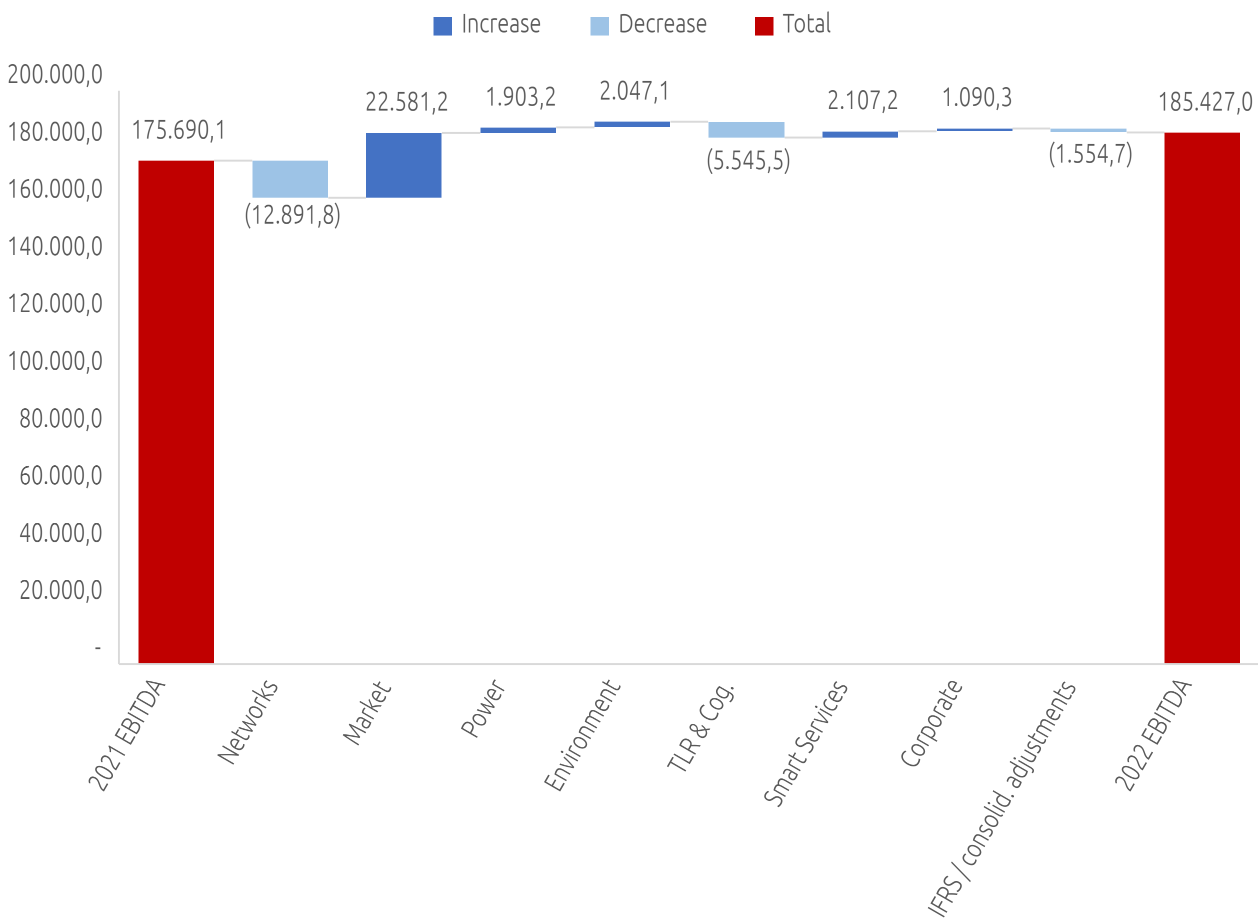
VALUE OF PRODUCTION BY BUSINESS UNIT 2022



2022 EBITDA BY BUSINESS UNIT



BRIDGE MOL 2021-2022



Financial position

The financial position can be summarised as follows in terms of changes in invested capital and sources of financing:

	2022	%	2021	%
INVESTED CAPITAL				
Net non-current assets				
Intangible assets	419.278		416.887	
Property, plant and equipment	474.498		458.630	
Goodwill	51.620		51.620	
Equity investments and other non-current financial assets	44.490		48.566	
Deferred tax assets/liabilities	10.524		13.122	
Employee benefits	(27.717)		(30.854)	
Provision for risks and charges	(55.320)		(58.538)	
Other non-current assets/liabilities	825		2.290	
Total net non-current assets	**918.199**	**70%**	**901.723**	**85%**
Net operating capital				
Short-term assets				
Inventories	30.575		14.096	
Trade receivables	684.390		573.949	
Other current assets	192.137		63.114	
Total short-term assets	**907.103**		**651.159**	
Short-term liabilities				
Trade payables	(388.110)		(373.137)	
Other current liabilities	(130.324)		(114.184)	
Total short-term liabilities	**(518.434)**		**(487.321)**	
Total net operating capital	**388.669**	**30%**	**163.837**	**15%**
TOTAL INVESTED CAPITAL	1.306.868		1.065.561	
SOURCES OF HEDGING				
Equity				
Share capital	(95.588)		(95.588)	
Legal reserve	(13.139)		(13.139)	
Other reserves	(497.824)		(483.058)	
Profit (loss) for the year	(46.452)		(53.681)	
Group total equity	**(653.003)**		**(645.465)**	
Minority interests	(21.155)		(18.667)	
Total equity	**(674.158)**	**52%**	**(664.132)**	**62%**
Net Financial Position				
Short-term net financial position	(417.079)		(309.133)	
Medium/long-term net financial position	(215.631)		(92.296)	
Total net financial position	**(632.709)**	**48%**	**(401.562)**	**38%**
TOTAL SOURCES	(1.306.868)		(106.561)	

Compared to the financial position of the previous year, the overall invested capital, equal to Euro 1,306,868, increased by Euro 241,174 thousand. The increase in working capital of Euro 224,681 thousand (from Euro 163,988 thousand to Euro 388,669 thousand) is the result of price increases and requests for pre-payments and guarantees from suppliers, which corresponds to a time lag in the collection dynamics from business activities.

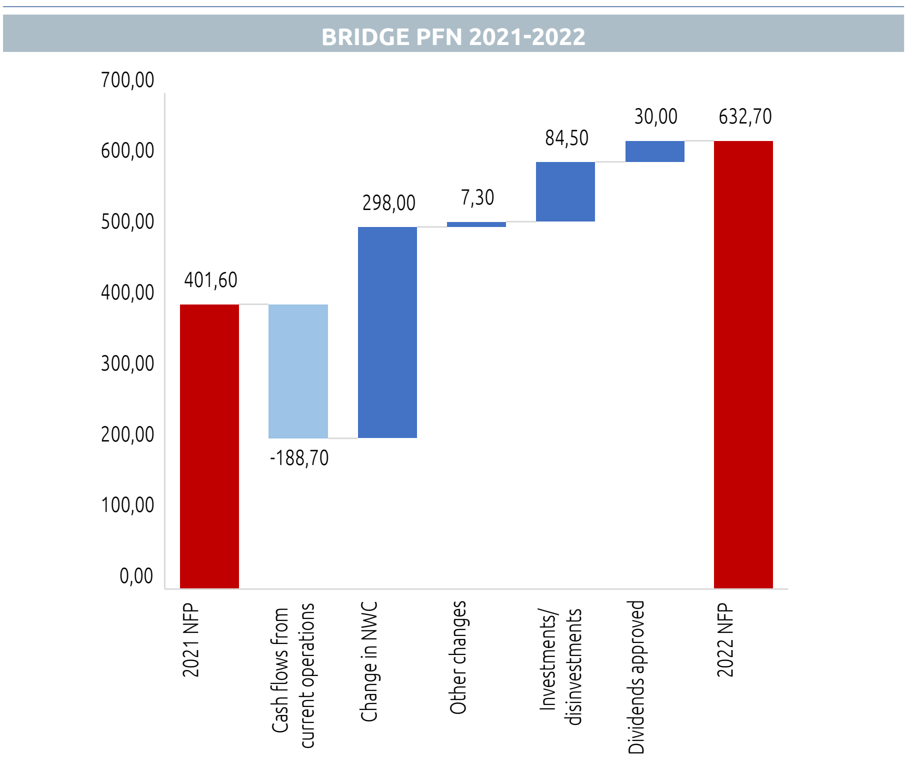
The increase in the total of non-current assets of Euro 16,493 thousand is attributable as to Euro 97,653 thousand to the significant investment activity with amortisation/depreciation of Euro 74,333 thousand

Fifty-two percent of net invested capital is financed by equity and the remainder by other sources of financing, mainly provided by the banking system, to support the working capital dynamics caused by the energy scenario.

At the end of the year, the total net financial debt with exposure compliant with the ESMA/31-62-1426 guideline stood at Euro 632,710 thousand. This figure also includes the amounts due to Shareholders for dividends already approved at the end of the year and not yet paid.

NET FINANCIAL DEBT	2022	2021
Cash and cash equivalents	21.396	30.556
Cash and cash equivalents	**21.396**	**30.556**
Current account liabilities	(297.195)	(194.237)
Mortgage loans - current portion	(67.623)	(100.800)
Bonds - current portion	(10.071)	(10.800)
Payables for rights of use - current portion	(2.454)	(2.719)
Payables for dividends to Municipalities	(61.132)	(31.132)
Current net financial debt	**(438.475)**	**(339.689)**
Mortgage loans - non-current portion	(200.886)	(63.271)
Bonds - non-current portion	(10.014)	(20.023)
Payables for rights of use - non-current portion	(4.598)	(9.002)
Other non-current financial payables	(133)	(133)
Non-current net financial debt	**(215.631)**	**(92.429)**
Total net financial debt	**(632.710)**	**(401.562)**

The following tables show the change in the net financial position in 2022 compared to 2021:



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 2022 as well.

Cash flow analysis	2022	2021
Gross self-financing from operations	192.376	165.219
Cash flow from changes in NWC	(232.347)	(148.569)
Cash flows from other operations	(61.376)	(17.952)
Total operating cash flows	**(101.347)**	**(1.302)**
Cash flow from investment activities	(97.653)	(71.122)
Cash flow from financial activities	189.840	27.655
Contribution of the merger to the Group's cash and cash equivalents	-	52.382
Net cash flow	**(9.160)**	**7.612**
Initial cash and cash equivalents	**30.556**	**22.944**
Closing cash and cash equivalents	**21.397**	**30.556**

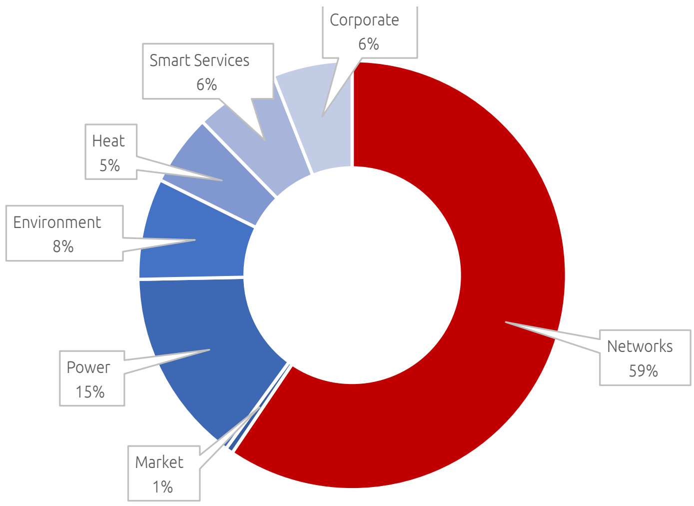
Investments

Investments, a strategic priority of the AGSM AIM Group, amounted to Euro 97,653 thousand in 2022, up 16% compared to 2021.

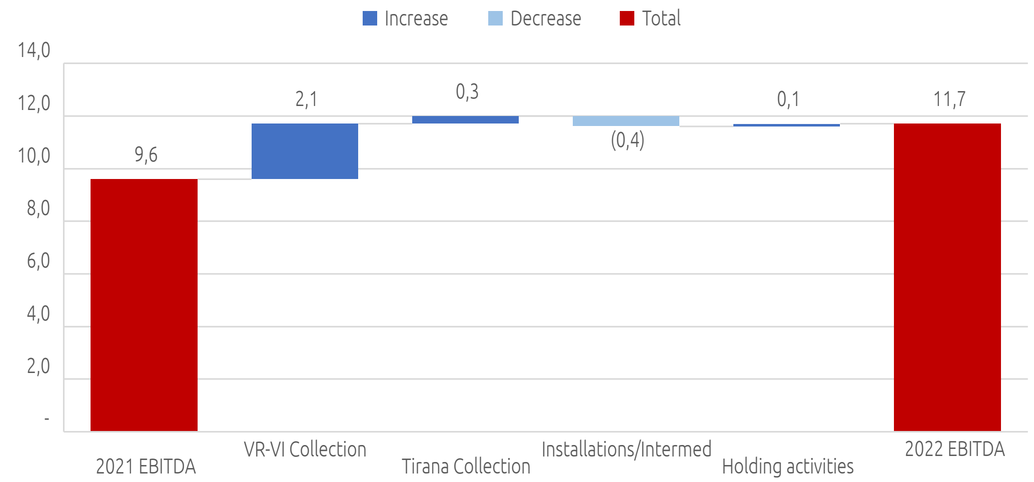
In particular, around Euro 58,100 thousand was invested in the upgrading, extension and digitisation of the networks, Euro 7,000 thousand in the environment sector, mainly intended for the renewal and increase of the vehicle fleet and over Euro 6,200 thousand in smart services, in particular for the renewal of public LED lighting, as well as for the telecommunications network and the electric charging infrastructure. Around Euro 23,500 thousand was invested for renewable generation and cogeneration plants. Lastly, in the corporate area, 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.

CAPEX BY BUSINESS UNIT



BRIDGE CAPEX 2021-2022



Acquisition transaction and events in the financial year 2022 and subsequent developments

In August 2022, after disclosure to the Parent Company and resolution by the Board of Directors of the subsidiary AGSM AIM Energia S.p.A., a preliminary purchase and sale agreement was signed, subject to conditions precedent to be fulfilled by 31 December 2022, for the purchase of the equity investment in Compago S.r.l., a Group holding company operating in the sale of electricity and gas.

In September 2022, as a result of the changed market context and, in particular, the growing critical issues in the area of electricity and gas procurement that could cast doubt on the business plan assumptions on the basis of which the price for the sale of the shares had been agreed, AGSM AIM Energia suspended all activities aimed at closing the transaction and asked the Parent Company for guidance.

At its meeting of 26 September 2022, the Parent Company's Board of Directors, after discussions internally and with the members of the Board of Directors of AGSM AIM Energia, delegated one of its members to undertake an urgent in-depth examination of the transaction related to the acquisition of Compago S.r.l., also with support from independent specialist experts. The following day, the subsidiary AGSM AIM Energia asked the Italian Antitrust Authority (AGCM) to suspend the proceedings aimed at granting authorisation for the transaction, thus suspending it. The AGCM ruled that, as regards the disclosure, there was no need to proceed.

In this context, in November 2022 Compago filed a petition pursuant to Article 700 of the Italian Code of Civil Procedure requesting that AGSM AIM Energia be ordered to notify the transaction to AGCM. The petition was dismissed by the Court of Venice by order of 4 March 2023. Compago filed an appeal against this order pursuant to Article 669-terdecies of the Code of Civil Procedure. By order dated 4 May 2023, the Court rejected the appeal and upheld the order that had been opposed.

Pending the litigation, during the current year, the Parent Company has carried out a further in-depth valuation of the Compago Group with Intermonte SIM S.p.A. and, in view of the first order issued by the Court of Venice, it appointed a lawyer to provide an independent opinion (parere pro veritate) in relation to the preliminary purchase and sale agreement. In particular, the Parent Company asked whether, due to the failure to fulfil all the conditions precedent by 31 December 2022, the agreement had become definitively ineffective with the consequent termination of the contractual obligation, and - if so - whether the possibility for seeking claims for damages would still be valid.

Company structure - removals and appointments of directors

On 7 December 2022, the Shareholders' Meeting rejected the proposal to remove the Chief Executive Officer and to initiate corporate liability action against him, and resolved to remove, pursuant to Article 21 of the Articles of Association, the Directors Stefano Casali and Francesca Vanzo, due to the loss of a relationship of trust with the Shareholders. At the same time, it appointed new members of the Board of Directors, to replace the revoked members: Prof. Federico Testa, indicated for the position of Chairperson of the Board of Directors, and Prof. Angela Broglia. At its meeting on 13 December 2022, the Board of Directors appointed Mr Testa as Chairperson of the Board of Directors.

Human resources

The financial year was characterised by a review of the corporate and organisational structure that affected the entire AGSM AIM Group.
In parallel with the corporate and organisational review, numerous projects were launched and are underway to standardise operating procedures, supported by a single, convergent software architecture.

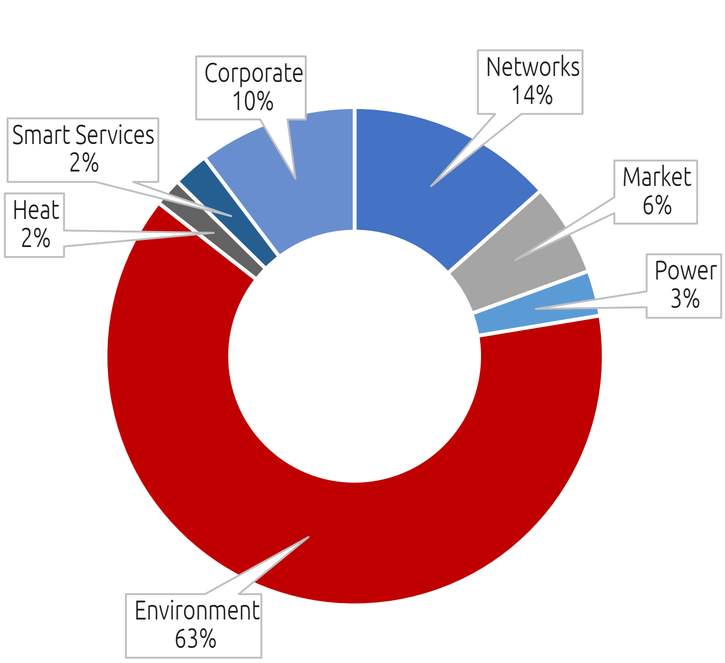
With regard to the management of the employment relations, as of April 2022, the use of smart working was formally approved for authorised staff categories through the signing of a memorandum of understanding between the AGSM AIM Group and the trade unions, which governs the operating procedures for managing smart working in the group, and the subsequent signing of a voluntary agreement between the management and employees interested in smart working.
As far as industrial relations are concerned, during 2022 the contents of an agreement were defined and shared with the trade unions, which is scheduled to come into effect in January 2023, aimed at standardising the various contractual provisions applied to workers in the various group locations. In addition, an agreement was signed in relation to the Performance Bonus, which also provides for its optional conversion, for employees, into welfare goods and services.

With regard to personnel management and development, a so-called "VOLT" project was implemented in 2022 to define the values and skills model for the entire AGSM AIM Group. Furthermore, the performance management process was designed and launched in pilot mode, initially involving the heads of the group's various organisational units.
All corporate recruiting and training management activities were also centralised to AGSM AIM SpA. Recruitment activities were aimed both at replacing employees leaving their job and at reinforcing various organisational units with highly educated and specialised personnel. The professional apprenticeship contract has been widely used.

The training activities concerned firstly the organisation and management of compulsory training in the field of work safety, and secondly the provision of technical-professional training on the basis of the specific needs that have emerged within the company. The performance management process was then supported with ad hoc training sessions targeting the personnel involved in the process. Lastly, a multi-year training programme was launched, which will involve about 75 group employees per year on a rotating basis, enabling them to benefit from a catalogue of webinars covering a wide range of topics in relation to technical-professional training, including soft skills, current affairs and the development of managerial skills. Asynchronous e-learning programmes on compliance topics such as cybersecurity and anti-corruption continued as well.
During the financial year 2022, the Group also continued its professional and career development activities by consistently defining and implementing promotions, salary increases and bonuses.

Total headcount came to 2,376, of which 1,980 in Italy. The graph below shows the workforce for the various business sectors.

WORKFORCE IN 2022



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:

- 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);
- 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;
- for which discrete financial information is available.

The operating sectors in which the company operates are:

- Power: 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, given that the Group chiefly operates in one area (north-east Italy).

	POWER	HEAT	NETWORKS	MARKET	SMART	ENVIRON-MENT	" CORPORATE and ELIMINA-TIONS "	CONSOLIDA-TED
Value of production	253	122	121	2.955	23	144	-286	3.332
Costs of production	-199	-101	-73	-2.910	-16	-132	284	-3.147
EBITDA	54	21	49	45	7	12	-2	185
EBITDA Margin	**21%**	**17%**	**40%**	**2%**	**32%**	**8%**	**1%**	**6%**
EBIT	36	16	21	25	3	2	-20	84
EBIT Margin	**14%**	**13%**	**18%**	**1%**	**13%**	**2%**	**7%**	**3%**
EBT	39	16	20	24	3	3	-25	79
EBT Margin	**15%**	**13%**	**17%**	**1%**	**13%**	**2%**	**9%**	**2%**
Tax for the year	-17	-3	-5	-7	-1	-1	4	-30
Profit	22	12	15	17	2	3	-22	49

Power Business Unit

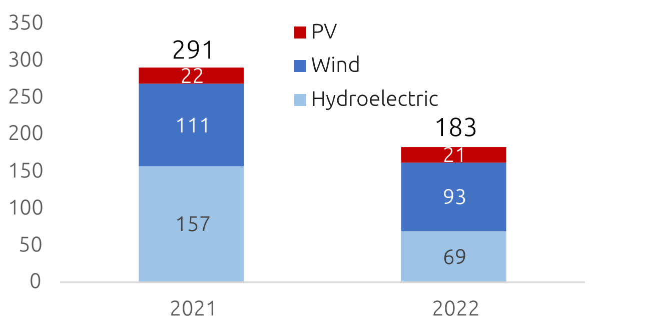
The Power Business Unit manages the plants for the production of electricity from various energy sources, thanks to a particularly diversified portfolio. More specifically, the business unit manages basin and run-of-the-river hydroelectric plants, wind and photovoltaic plants, thermoelectric and cogeneration plants.

INCOME STATEMENT	2022	2021	CHANGE	% CHANGE
Value of production	252.765	163.589	89.176	55%
Costs of production	(198.720)	(111.447)	(87.273)	78%
EBITDA	54.045	52.142	1.903	4%
EBITDA Margin	**21,4%**	**31,9%**		
EBIT	36.275	37.261	(987)	-3%
EBIT Margin	**14,4%**	**22,8%**		
EBT	38.576	35.806	2.770	8%
EBT Margin	**15,3%**	**21,9%**		
Tax for the year	(16.691)	(3.400)	(13.291)	04
Profit	21.885	32.406	(10.521)	-32%
Profit/VoP	**8,7%**	**19,8%**		

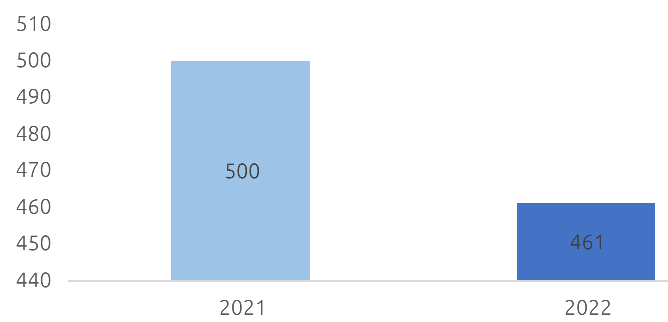
As at 31 December 2022, revenue for the period amounted to Euro 252.8 million, up sharply (over 55%) on the previous year. The increase in the BU's revenue was driven by the favourable energy scenario, which resulted in an increase in sales prices, while there was a decrease in the amount of energy generated by wind and hydroelectric sources due to the unfavourable weather situation, and by thermoelectric and photovoltaic plants due to shutdowns and planned revamping.

The regulatory measures that introduced the application of an extraordinary contribution charged to energy companies had a negative impact of Euro 17.1 million on the operating result of the Power Business Unit. The following chart shows the breakdown of the amounts generated by production source, which showed a decrease in GWH of 37% for renewables and 8% for thermoelectric sources.

RENEWABLE GWH - 37%



THERMOELECTRIC GWH - 8%

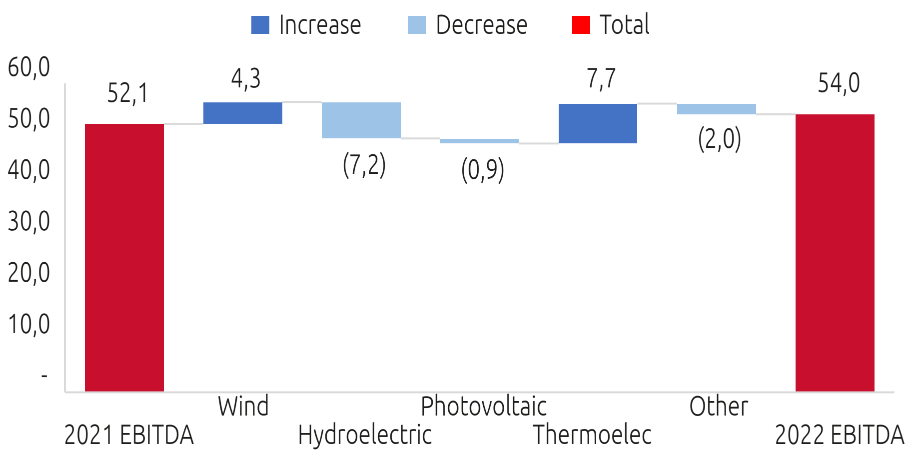


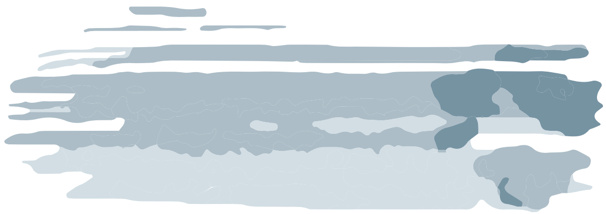
The EBITDA of the Power BU amounted to Euro 54 million, recording an increase of 4% compared to the previous year. In particular, the energy scenario underpinning the prices of energy produced had a strong impact on the value of production, mitigated by the lower generation of electricity, the lower incentive tariff, and the “Sostegni-ter” Decree. On the cost side, it is worth pointing out the impact of the highly significant increase in the price of gas in thermoelectric production, as well as the extraordinary maintenance charges and costs due to cancellation of CO_2 emission allowances.

Investments for the year amounted to Euro 14.3 million and accounted for 15% of the Group’s overall investments.

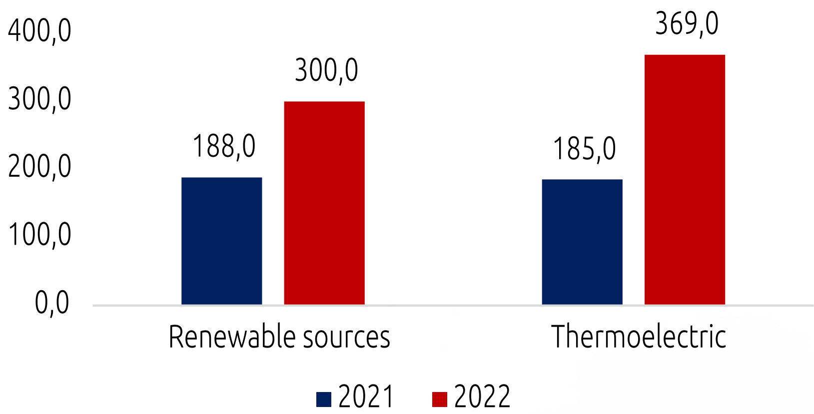
Sales prices increased by 60% in the renewable sources sector, from Euro 188/MWh in 2021 to Euro 300/MWh in 2022, and by well over 100% in the thermoelectric sector, from Euro 185/MWh in 2021 to Euro 369/MWh in 2022.

POWER - EBITDA BRIDGE 2021-2022 euro/million





UNIT REVENUE (€/MWh)

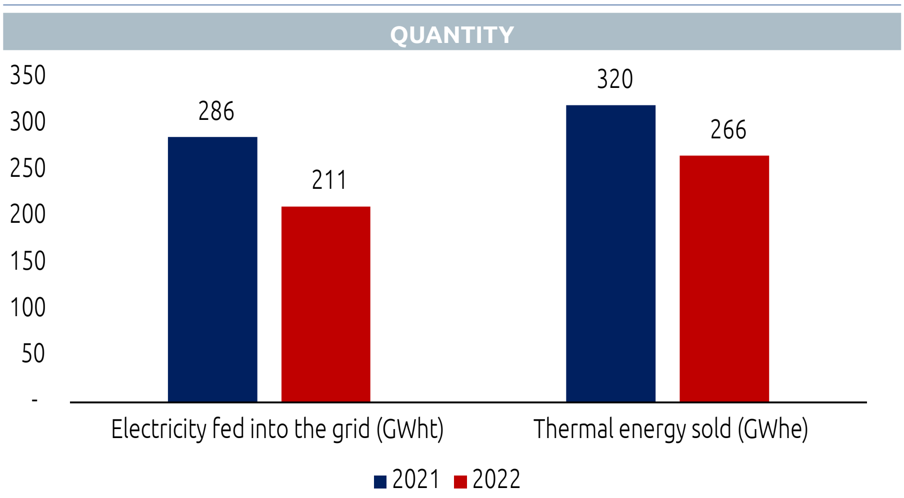


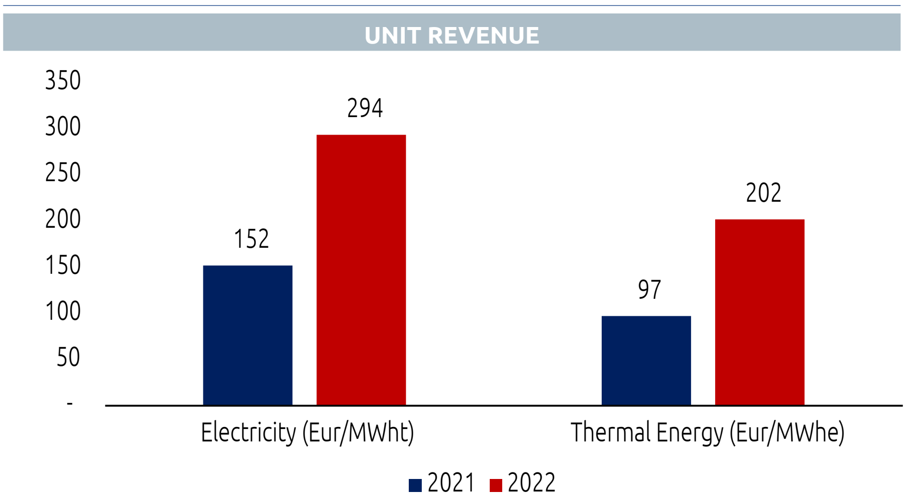
Heat Business Unit

The Heat business unit deals with the production and distribution of heat to customers connected to the district heating network in the municipalities of Verona and Vicenza, through cogeneration plants (Verona and Vicenza) and a geothermal well (Vicenza) that feed a network of more than 185 km of pipelines and 68,628 equivalent flats served with 236 thousand MWhT.
The BU was engaged in significant investments amounting to Euro 5.2 million with the aim of expanding the district heating networks in the cities of Verona and Vicenza as well as of enhancing and revamping of the production plants. It was also engaged in the development of the district heating network with a view to increasing the 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.

INCOME STATEMENT	2022	2021	CHANGE	% CHANGE
Value of production	122.326	75.780	46.547	61%
Costs of production	(101.424)	(49.332)	(52.092)	106%
EBITDA	20.902	26.448	(5.545)	-21%
EBITDA Margin	**17,1%**	**34,9%**		
EBIT	15.556	20.506	(4.950)	-24%
EBIT Margin	**12,7%**	**27,1%**		
EBT	15.594	20.505	(4.911)	-24%
EBT Margin	**12,7%**	**27,1%**		
Tax for the year	(3.189)	-	(3.189)	
Profit	12.405	-	12.405	
Profit/VoP	**10,1%**	**0,0%**		

As at 31 December 2022, revenue for the period amounted to Euro 122.3 million, up sharply (over 61%) on the previous year. The increase in revenue was driven by the favourable energy scenario on the sales price side, both for electricity from cogeneration and for thermal energy, offset by the higher charges for the purchase of gas, even though the BU benefited from the tax credit on gas consumption for Euro 4.6 million. EBITDA amounted to Euro 20.9 million, down by 24% from the previous year.
The changes in production volumes and sales prices are shown in the charts below.





Networks Business Unit

The Networks Business Unit deals with the management of the gas and electricity distribution and metering service.

INCOME STATEMENT	2022	2021	CHANGE	% CHANGE
Value of production	121.358	137.689	(16.332)	-12%
Costs of production	(72.724)	(76.164)	3.440	-5%
EBITDA	48.633	61.525	(12.892)	-21%
EBITDA Margin	**40,1%**	**44,7%**		
EBIT	21.410	35.808	(14.398)	-40%
EBIT Margin	**17,6%**	**26,0%**		
EBT	20.498	35.165	(14.668)	-42%
EBT Margin	**16,9%**	**25,5%**		
Tax for the year	(5.349,5)	(8.307,0)	2.958	(00)
Profit	15.148	26.858	(11.710)	-44%
Profit/VoP	**12,5%**	**19,5%**		

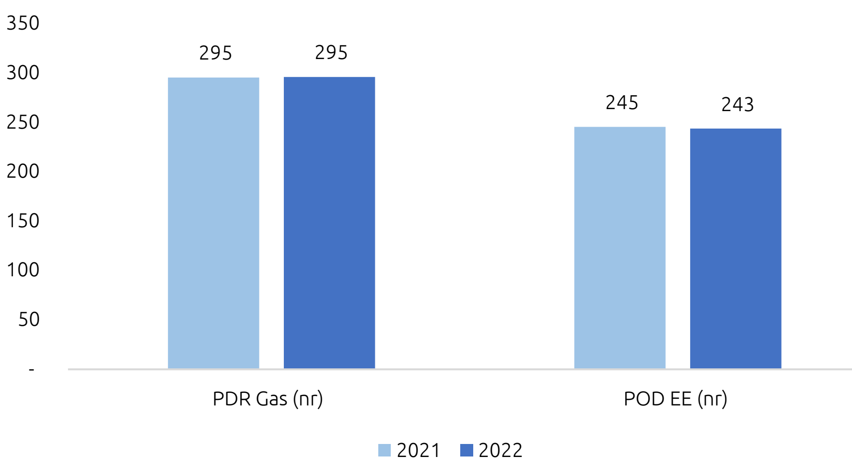
As at 31 December 2022, revenue for the period amounted to Euro 121.4 million, down by 12% from the previous year, when extraordinary revenue was recorded. The number of active Redelivery Points/Points of Delivery is basically unchanged.

EBITDA amounted to Euro 48.6 million, down by 21% compared to the previous year, for the reasons explained above.

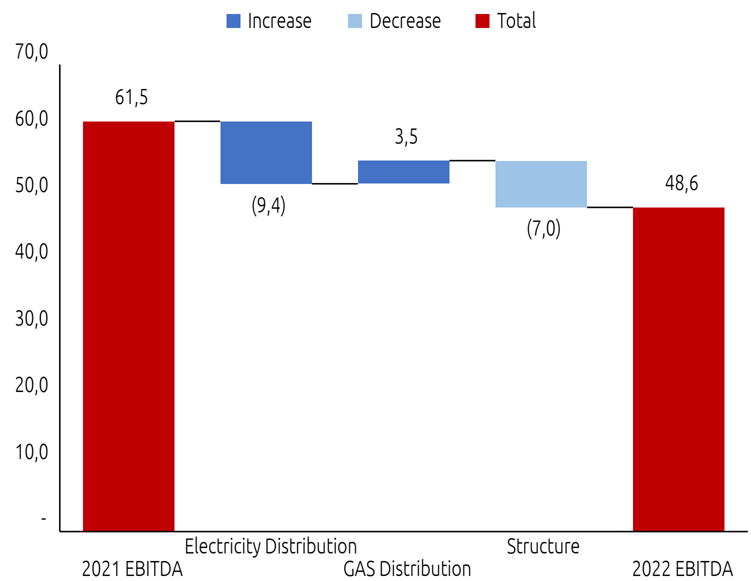
Investments during the year amounted to:

- Euro 33.2 million with regard to electricity distribution (33% of the Group's overall investments), which mainly involved routine work, new connections and extension of the remote control system;
- Euro 22 million with regard to gas distribution (22% of the Group's overall investments), which mainly involved the replacement of old pipelines, modernisation of networks and securing of connections, as well as the extension of the remote control system;
- Euro 2.9 million related to other investments, including Euro 1.5 million on remote control networks.

POS / ACTIVE PODS



NETWORKS 2021.2022 EBITDA BRIDGE



Market Business Unit

The Market Business Unit is the reference commercial unit for the sale of natural gas, electricity and district heating. With about 850,000 active supply points and a presence throughout Italy, the BU serves 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.

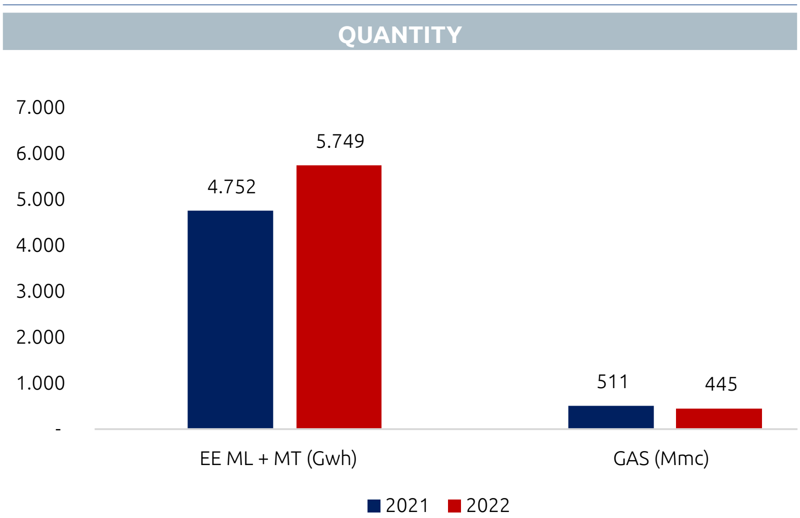
INCOME STATEMENT	2022	2021	CHANGE	% CHANGE
Value of production	2.954.555	1.584.862	1.369.693	86%
Costs of production	(2.909.617)	(1.562.505)	(1.347.112)	86%
EBITDA	44.938	22.357	22.581	101%
EBITDA Margin	**1,5%**	**1,4%**		
EBIT	25.217	14.075	11.142	79%
EBIT Margin	**0,9%**	**0,9%**		
EBT	23.701	14.276	9.425	66%
EBT Margin	**0,8%**	**0,9%**		
Tax for the year	(6.912)	(5.332)	(1.581)	00
Profit	16.788	8.948	7.840	88%
Profit/VoP	**0,6%**	**0,6%**		

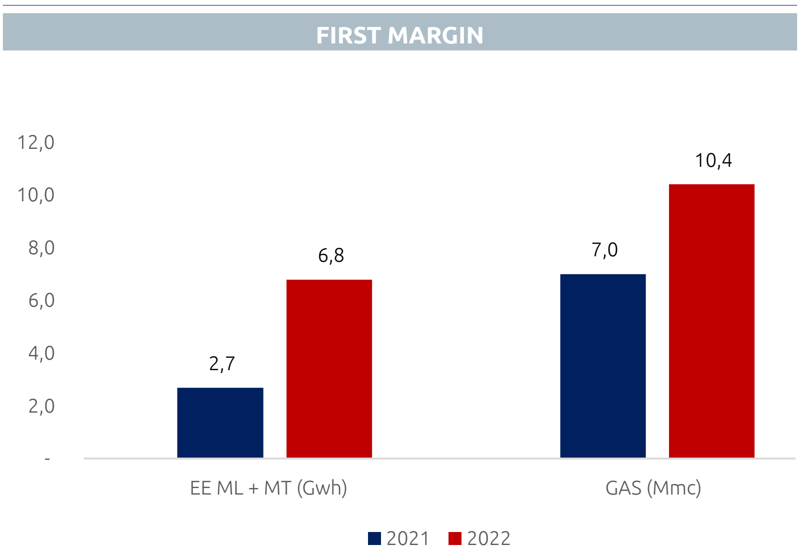
As at 31 December 2022, revenue for the period amounted to Euro 2,955 million, up (+86%) on the previous year, mainly due to higher sales volumes of electricity and the increase in gas and electricity prices on the free market.

As regards the number of supplies, the customer portfolio on the electricity free market at the end of 2022 consisted of approximately 527,222 customers compared to 486,000 in 2021. The customer portfolio on the gas market at the end of 2022 consisted of approximately 320,000 customers, essentially unchanged from the previous year.

EBITDA amounted to Euro 44.9 million, up (+101%) on the previous year. The increase in margins is attributable to the favourable energy scenario. Commodity prices for 2022 on the European energy markets grew significantly, reaching record highs (on an annual basis, there was a generalised double-digit increase in commodity prices: 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 overall investments.





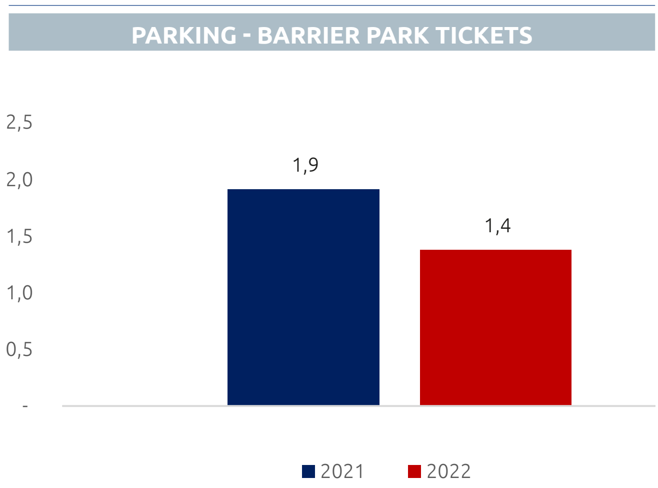
Smart Business Unit

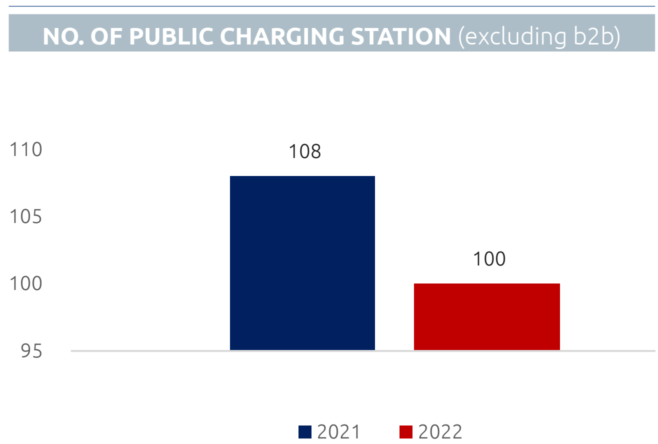
The Smart Business Unit operates in the areas of public lighting, telecommunications, management of surface and underground car parks, as well as the free and paid parking areas in the city of Vicenza. It also offers energy efficiency solutions for buildings.

INCOME STATEMENT	2022	2021	CHANGE	% CHANGE
Value of production	22.891	22.096	795	4%
Costs of production	(15.636)	(16.947)	1.312	-8%
EBITDA	7.256	5.148	2.107	41%
EBITDA Margin	**31,7%**	**23,3%**		
EBIT	2.933	94	2.839	3005%
EBIT Margin	**12,8%**	**0,4%**		
EBT	2.914	106	2.808	2661%
EBT Margin	**12,7%**	**0,5%**		
Tax for the year	(684)	(124)	(561)	05
Profit	2.229	(18)	2.247	-12479%
Profit/VoP	**9,7%**	**-0,1%**		

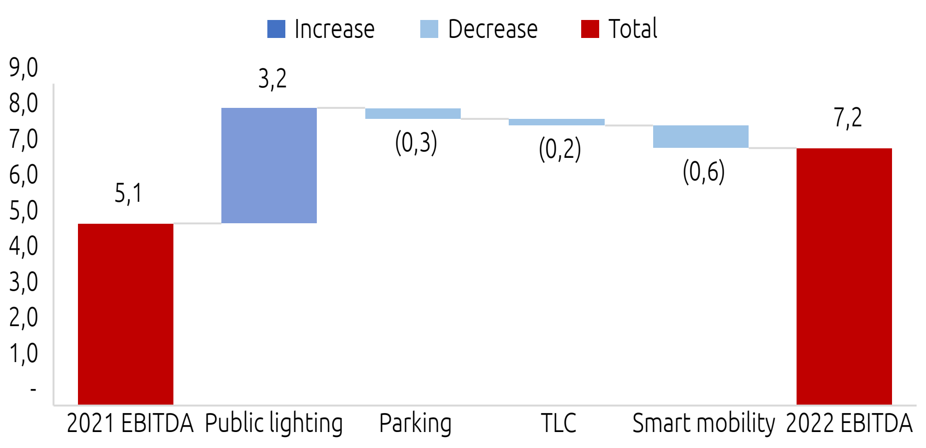
As at 31 December 2022, revenue for the period amounted to Euro 22.9 million, essentially steady compared to the previous year. The financial year saw the downsizing of parking activities due to the termination of the concession in the Municipality of Vicenza, and the introduction of smart mobility payments from September. Barrier car park tickets decreased (1.4 million entries in 2022 as against 1.9 million in 2021), along with the charging stations managed (100 in 2022 as against 108 in 2021).
As regards the public lighting business, adjustments were made to the fees to take into account the increase in energy prices and the programme for improved efficiency of the managed lighting points continued.

EBITDA amounted to Euro 7.2 million, up (+41%) compared to Euro 5.1 million in 2021.





SMART - EBITDA BRIDGE 2021-2022



Margins were positively affected by the improved efficiency of lighting points. Therefore, the operating margin generated by the public lighting division (+3.2 million) remained largely stable compared to the previous year. The margins of the parking division also improved (+ 1.2 million), whereas the other divisions showed a slight reduction in margins. Investments for the year amounted to Euro 6.2 million and accounted for 6% of the Group's overall investments.

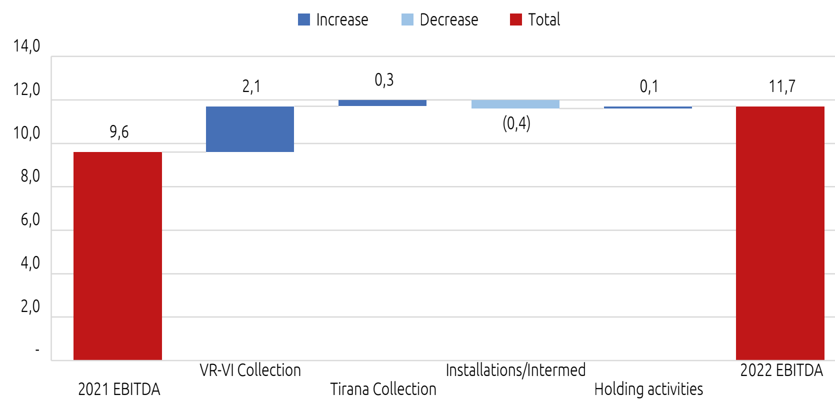
Environment Business Unit

The Environment Business Unit will be subject to reorganisation during 2023 also as a result of the definition of the municipal waste collection business carried out by AMIA SpA. 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.

Income Statement	2022	2021	Change	% change
Value of production	144.107	138.650	5.457	4%
Costs of production	(132.429)	(129.019)	(3.410)	3%
EBITDA	11.678	9.631	2.047	21%
EBITDA Margin	**8,1%**	**6,9%**		
EBIT	2.490	1.049	1.441	137%
EBIT Margin	**1,7%**	**0,8%**		
EBT	3.199	1.285	1.914	149%
EBT Margin	**2,2%**	**0,9%**		
Tax for the year	(576)	(363)	(213)	01
Profit	2.624	922	1.701	184%
Profit/VoP	**1,8%**	**0,7%**		

As at 31 December 2022, revenue for the period amounted to Euro 144.1 million, a slight increase (+4%) compared to the previous year, mainly due to the change in fees. EBITDA amounted to Euro 11.7 million, up (+21%) on the previous year.
With regard to waste collection and urban health activities, the BU recorded improved results.
Investments for the year amounted to Euro 7.5 million and accounted for 8% of the Group's general investments.

ENVIRONMENT - EBITDA BRIDGE 2021-2022




2023
2022
2021

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 2022.
The 2021 data were affected by the FTA (First Time Adoption), i.e. the first application of the international IFRS standards as well as by the accounting for the business combination mentioned above, 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 2022 figures, on the other hand, reflect the effect of the significant extraordinary corporate restructuring transactions that became effective for accounting and tax purposes as of 01 January 2022. As a matter of fact, following the spin-off of the industrial activities as a result of the contributions made to the subsidiaries, the corporate activities towards the investee companies relating to governance, procurement, administrative and financial services, planning and control, corporate affairs, car fleet, facility management, human resources management and engineering remained with AGSM AIM Spa. The parent company AGSM AIM SpA also manages the concession for gas distribution in the Municipality of Treviso, the concessions with their related assets for integrated water services in the Municipalities of Verona and Vicenza and the concession for urban health services in the Municipality of Vicenza.
Due to the complexity of the items to be taken into account for the comparison of the income statement and balance sheet values of the two financial years, with reference to the summarised income statement and balance sheet data of the Parent Company, reference should be made to the notes to the 2022 Separate Financial Statements, specifying that, with reference to the 2022 economic performance, the balance of financial management, largely positive due to the effect of income from equity investments, partly reduced by the increase in financial expenses, contributed considerably to the positive result for the year.
Investments for the year amounted to Euro 5.9 million and accounted for 6% of the Group's overall investments.

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Significant events after the reporting period

Extraordinary transactions

As part of the above-mentioned transaction to reorganise the Group and, more specifically, the environment sector, with effect from 14 April 2023, the demerger of AMIA SpA, a wholly-owned subsidiary, in favour of AGSM AIM Ambiente Srl (wholly-owned subsidiary) of the equity investments in Serit Srl, Transeco Srl, DRV Srl, Bovolone Attiva Srl, AGAM Holding Albania Sh.A and Consorzio GPO, as well as certain properties of inconspicuous value, is effective. The sale of the entire shareholding in AMIA Verona Spa is also planned, approximately by the end of June, to the Municipality of Verona for a consideration. Therefore, the company will leave the scope of the AGSM AIM Group.

The sale of the business unit of SIT SpA (wholly owned subsidiary) in charge of the collection of solid urban waste in the Municipality of S. Bonifacio, in favour of Valore Ambiente Srl, also wholly owned by AGSM AIM SpA, is effective from 01/02/2023. With regard to the Market BU, the project for the merger by incorporation of 2V Energy Srl into AGSM AIM Energia, which held 100% of its shares, has been prepared and deposited. The merger is expected to become effective by the end of the first half of 2023. In January 2023, two special purpose vehicles were acquired that will construct three photovoltaic plants during the year with a total nominal capacity of 12.2MWp

Petition pursuant to Article 2409 of the Italian Civil Code

On 21 March 2023, a petition was served pursuant to Article 2409 of the Italian Civil Code by the Board of Statutory Auditors against the directors of AGSM AIM S.p.A., to report certain breaches of directors' duties and serious irregularities in management - in particular attributable to the Chief Executive Officer - that may cause harm to the company, as well as to the subsidiary AGSM AIM Energia S.p.a., requesting an inspection and the adoption of appropriate measures to put an end to the damaging conduct. The proposal of three directors to take the company to court, agreeing with the findings of the Board of Statutory Auditors, was rejected by the Board of Directors at its meeting on 17 April 2023 with the other three directors voting against. By order of 4 May 2023, the Court of Venice appointed a special receiver in the proceedings for AGSM AIM SpA, Mr Renato Pastorelli from Treviso.

The pandemic in 2023

With the new financial year came the end of the emergency period and the consequent measures taken by the competent Government Bodies in terms of health emergencies. The Group has, however, maintained one of the instruments initially adopted to limit the effects of the pandemic i.e. the possibility for its employees to perform their work activities also remotely by signing a specific company agreement.

Financial aspects

In February, the Parent Company entered into two loan agreements with a pool of seven banks, one for Euro 250 million due on 31/12/2026 and the other for Euro 100 million due on 31/12/2025, aimed at supporting working capital requirements and supplementing pre-existing credit lines.

The favourable situation of energy product prices in this first part of the year resulted in lower financial requirements than previously assumed, with a significant reduction in bank exposure, which at 30 April was reduced by more than Euro 190 million compared to the Net Financial Position at 31 December 2022.

Regulatory aspects

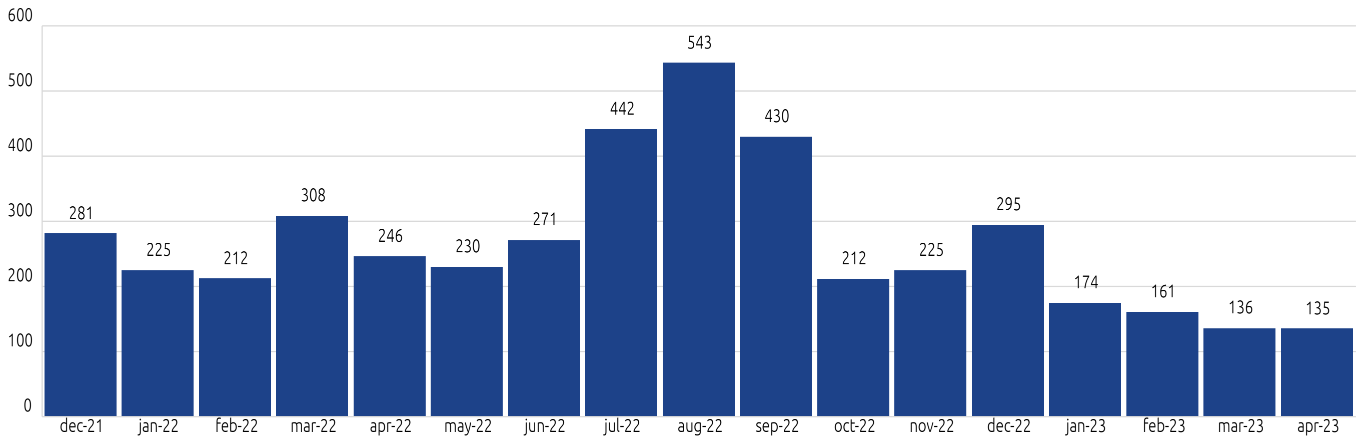
A specific request for clarifications was filed on 23 March concerning the method of calculating the temporary solidarity contribution.
The Group underwent a corporate reorganisation with effect from 1 January 2022, resulting in extraordinary transactions.

In calculating the contribution, it was deemed appropriate to redetermine the income for the four-year period 2018-2021 for comparative purposes, as well as equity as at 31 December 2021. No response to the specific request for clarifications had been received at the date of preparation of the financial statements.

Energy product prices and the continuing uncertainty related to the Russia-Ukraine war

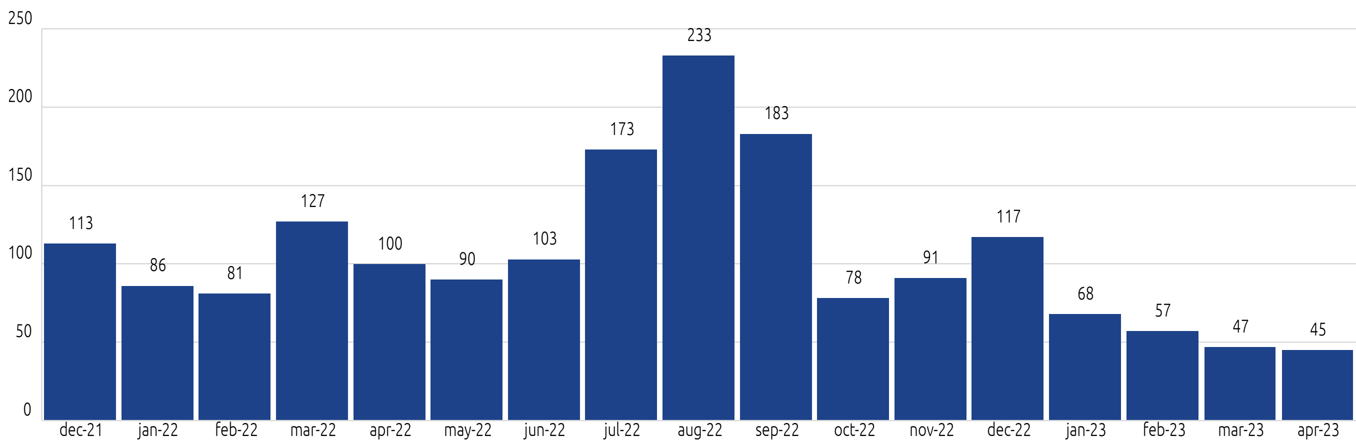
The chart below (source: GME) shows the trend of the PUN (Single National Price) in the early months of 2023. Although prices are still higher than historical values, it shows a significant reduction compared to the year 2022. The average PUN for the first four months stood at Euro 151/MWh compared to a 2022 average price of Euro 303/MWh, reaching an average value of Euro 135 in April, the lowest since January 2022.

2022/2023 PUN MONTHLY CHANGES Euro/MWh



The same situation applies to gas prices on international markets; the chart below shows the PSV (Virtual Trading Point) from January 2021 to 30 April 2023.

2022/2023 2022/2023 PSV MONTHLY CHANGES Euro/MWh



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 2022, 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 mainly to dividends approved and not yet paid and sundry concession fees.
- Trade receivables due from the Municipalities refer to services provided by the companies belonging to the various Business Units. The most significant values relate to 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 the main management and coordination activity for all Group companies.
Taking into account the description given in the previous paragraph, in 2022 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 SpA 96.3%
- V-RETI SpA 99.83% owned
- AGSM AIM SMART SOLUTION Srl 100% owned
- AMIA VERONA Spa, 100% owned
- AGSM HOLDING ALBANIA Sha, 75% directly owned and 25% indirectly
- ECO TIRANA Sha, 49% indirectly owned
- AGSM AIM POWER Srl 100% owned
- Consorzio Industriale Canale G. Camuzzoni di Verona Scarl, 75% indirectly owned
- Parcoeolico Carpinaccio Srl 63% indirectly owned
- Parcoeolico Riparbella Srl, 63% indirectly owned
- 2V Energy Srl, 100% indirectly owned
- TRANSECO Srl, 100% indirectly owned
- SER.I.T Srl, 99.74% indirectly owned
- CogasPiù Energia Srl, 60% indirectly owned
- Valore Ambiente Srl, 100% owned
- Società Intercomunale Ambiente Srl, 49% owned
- Società Igiene Territorio SpA, 100% owned
- TREV Ambiente Srl, indirectly 100% owned
- BLUEOIL Srl, 62.45% indirectly 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. AGSM AIM SpA., through its own structures, provides the subsidiaries with support for the proper performance of their management and administrative activities. These circumstances, together with the application of similar economic conditions to market conditions, mean 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.

ATreasury shares or shares or quotas of parent companies *(Article 2428, paragraph 3, point 3-4)*

The holding company AGSM AIM Spa does not hold any treasury shares or shares or quotas of the parent company entities.

Outlook *(Article 2428, paragraph 3, point 6)*

The outlook for the individual business units in 2023 can be summarised as follows:

Networks BU

The replacement of gas meters, the remote reading of gas supplied to customers equipped with electronic meters, and the development and extension of the electricity and gas network involving significant investments continued in 2022.

The contracting authority Vicenza 4 ordered the start of the restricted public tender procedure for the distribution of methane gas in the Minimum Territorial Area (ATEM) of interest. The deadline for submitting applications has been extended to 30 November 2023.

Market BU

Development guidelines for 2023 and beyond were defined with the primary objective of sustainable development from a financial, environmental and product perspective with the creation of value for shareholders and stakeholders. This will be achieved through organic development and M&A transactions of both the Customer base and the business and product lines.
For this reason, the customer acquisition process needs to be closely monitored both in terms of the sales channels and in terms of monitoring customer and market behaviour using business indicators and national benchmarks.
The Microbusiness and Mass Market customer segments currently guarantee a higher degree of loyalty. AGSM AIM Energia Spa continues to invest heavily in these segments also in terms of innovation and service quality. However, the large B2B and tender segments, which could opportunistically provide some good results, should also be monitored.
Resources, tools and the transformation programme are, together with communication, the internal factors that will determine the level of results.
Finally, due to the action of competitors and the gradually increasing market maturity, AGSM AIM Energia SpA needs to pursue its development path by acquiring new customers outside the territory as well as in non-commodity products.

Based on the defined guidelines, the following lines of action have been identified:

- 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 sectors of energy marketing, energy efficiency and non-commodity products;
- Acquisition of regulated market customers outside its reference territory;
- Management of the partner reseller segment (i.e. sale of electricity directly at PODs to customers managed by the buyer) by developing relationships with financially efficient parties;
- Diversification of sales channels, with the aim of balancing and diversifying the type of customers acquired;
- Continuation of process innovation and automation initiatives and unification of billing systems.

Environment BU

The Environment BU currently has the most heterogeneous corporate structure among the business units of the AGSM AIM Group. Given the complexity of this BU, it was decided to postpone the reorganisation operations as opposed to the other sectors. During 2022, the target to be achieved and the actions to be taken were identified and defined for the rationalisation of the corporate structure of AGSM AIM's equity investments in the environmental sector. In addition to the establishment of AGSM AIM Ambiente, the reference company in the sector which will manage the other equity investments, 2023 will see, first and foremost, AMIA Verona SpA leave the scope to become a direct investee of the Municipality of Verona, as well as the definition of disposals, contributions and mergers in order to streamline and reduce the number of companies belonging to this BU.

Smart BU

During 2022, AGSM AIM Smart Solutions started a process of internal organisation and start-up of innovative business lines that will be fully deployed during 2023. In particular, the results of the newly launched business lines, relating to electric mobility and energy efficiency, will stabilize during 2023, with the realisation of the initiatives whose contracts were finalised during 2022. The focus will also be on consolidating the traditional businesses of public lighting and telecommunications by enhancing the BU's commercial presence and assessing M&A transactions.

Power and Heat BU

The search for new opportunities in the power generation sector continues, both through the design of new plants and the acquisition of existing ones. In 2023, the construction of the 29.6 MW wind farm in the Apennines will start following the completion of the authorisation process.

Main risks and uncertainties to which the Group is exposed
(Article 2428, paragraph 2, point 6 bis)

Risks and uncertainties arising from the Ukraine-Russia military conflict

The year 2022 was characterised by a general slowdown in the global economy accompanied by a significant increase in energy commodity prices caused by the military conflict between Ukraine and Russia. This resulted in an inflation rate of +8.1%, the most significant increase since 1985 (when it was +9.2%).
Within the macroeconomic context briefly outlined above, and also in consideration of the recommendations issued by the financial market supervisory authorities (ESMA and CONSOB), the AGSM AIM Group constantly monitored the commodities market, particularly with reference to the high volatility of prices due to the reduced availability of gas from the areas affected by the war in Eastern Europe.
The corporate functions in charge of procurement, in collaboration with the administrative, financial, strategic planning and business control support functions, ensured constant monitoring of developments in the commodities market. This allowed them to assess and estimate the impact that the increase in gas and energy prices had on the Group's performance in 2022, also in light of a strongly evolving regulatory framework (i.e. embargo of products to and from Russia, the "Sostegni" Decree and "Taglia prezzi" Decree, etc.).
This trend of rising and volatile gas and energy prices had a mainly financial impact, which led to an increase in the Group's NFP, as shown in the specific paragraph.

Strategic risks

The AGSM AIM Group has a Business Plan that defines the strategic guidelines and industrial objectives that were used to determine a set of economic, equity and financial benchmarks, arranged also in compliance with the ESG aspects, capable of ensuring the achievement of long-term sustainable success for both shareholders and other stakeholders. These objectives 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 energy transition, innovation and decarbonisation (energy production from renewable sources, smart services, charging stations, building redevelopment);
- consolidation of the regulated sectors (renewal of concessions for the distribution of gas, resilient networks, and management of environmental health services for waste collection);
- organic growth;
- external growth (mergers and acquisitions);
- circular economy and sustainability.

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 global and/or local 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 facilities, 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 by some stakeholders that are not in favour of the presence of sites and facilities due to a negative perception of the Group's activities in the areas served. With regard to the Power, Environment, Networks and Energy Business Units, it is worth pointing out the importance of the issue of managing relations with certain stakeholders relating to the management and maintenance of plant efficiency, the expansion of existing plants, and the construction of new renewable energy production plants, such as the wind farm soon to be built in Tuscany at Monte Giogo di Villore (FI). 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 particularly wide range 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 and outlook data. Individually significant transactions, for which there is objective evidence of partial or total impossibility of recovery, are written down on an individual basis.

The volatility and the particularly upward trend in energy and gas prices recorded during 2022 led to a nominal increase in the value of production with a consequent increase in the volume of receivables from customers, particularly with reference to the Market Business Unit, which sells gas and electricity to end customers.

In this context, the functions in charge of credit risk management have defined and implemented specific customer lending policies. Customers have been subjected to an analysis of the counterparty's characteristics and expected creditworthiness, also activating specific preventive countermeasures aimed at reducing the level of credit risk exposure (e.g. requesting insurance guarantees and/or bank sureties, advance payments, etc.).

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.

In order to cope with the high volatility of energy and gas prices that characterised 2022, mainly due to the Russia-Ukraine military conflict, the Group set up a specific cross-functional work group that constantly monitored the macroeconomic context, the prospective evolution of commodity market prices and the credit exposure deriving from the invoicing of energy and gas sold. Taken together, these aspects had a significant impact on the Group's net financial position.

Thanks to the liquidity risk mitigation policies that were promptly defined and activated from time to time based on procurement needs, and to the existing, well-established relationships of trust with credit institutions, the Group was able to activate specific short-, medium- and long-term credit lines. These facilities made it possible to maintain an adequate financial capacity despite a significant increase in working capital requirements.

Commodity risk

As part of its operations in commodity markets - in particular of gas and electricity - the Group entered into supply and delivery contracts for both purchase and sale. Prices may be fixed or vary depending on the changes in certain market parameters.

The Group is therefore exposed to a market risk linked to fluctuations in gas and electricity prices with a direct impact on procurement costs, sales revenue, cash flows and, therefore, on EBITDA.

With specific reference to commodity risk management, the Group's main objective is to stabilise overall margins through active and informed management of this risk. In addition, derivative contracts have been entered into to hedge the risk.

Operational risks

Operational risk refers to the occurrence of adverse events that may cause losses resulting from shortcomings or inadequacies in company processes and procedures, organisational and human resource management, asset and system management, etc.
The monitoring of operational risks is ensured both by the individual organisational units that are required to define and formalise internal reference regulations for the management of operational processes and by specific support functions that specialise in the definition and implementation of "management systems" inspired by international standards. With reference to some of these systems, specific certifications have also been obtained (e.g. ISO 9001:2015 - Quality Management System, ISO 14001:2015 - Environmental Management System, ISO 45001:2018 - Occupational Health and Safety Management System).
By means of the operational risk governance model briefly described above, the Group intends to pursue a path of continuous improvement to ensure increasing levels of efficiency and effectiveness of operational processes. At the same time, it also aims to minimise the risk of any negative events or penalties for non-compliance with the regulatory provisions that govern the management of business activities, also from a technical point of view.

Interest rate risk

Interest rate risk relates to both medium-to-long-term and short-term financing activities that are affected by the decisions made by the banking supervisory authority as part of the definition and periodic revision of the key interest rates carried out by the European Central Bank, and to the performance of the financial market and the spread applied to their customers by credit institutions.
In this context, 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. In addition, derivative contracts have been entered into to hedge the risk.

Climate change risks

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

The first factor would entail a reduction in energy consumption during the cold season (October to March) for heating purposes by end customers, with a consequent reduction in expected revenue from sales and generation of energy, which would only partially be offset by an increase in consumption for cooling purposes.

The second factor could negatively influence different aspects related to business activities. For example, periods of prolonged drought would result in a lower than expected availability of water resources for hydroelectric generation purposes and a lower quantity of weather systems needed for wind-powered production, compared to the 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. In addition, the level of accuracy of energy consumption forecasts, which are fundamental for the correct purchase and sale of commodities (i.e. electricity and gas), could be negatively influenced by events of an extreme or unpredictable nature.

Finally, with specific reference to district heating services, the monitoring consists of the presence of company units dedicated to the constant updating of demand forecasts in relation to expected temperature trends as well as the consequent management and optimisation of heat production/supply.

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. With the help of the Compliance Function and, where deemed appropriate and necessary, with the support of external experts, the Group constantly monitors legislation and promptly promotes the launch of compliance projects.

With specific reference to Italian legislation on the ad-

ministrative liability of entities, it should be noted that the main Group companies have adopted their own organisational model pursuant to Legislative Decree 231/2001 and appointed their own supervisory body. A Code of Ethics and an Anti-Corruption Policy have also been defined and adopted at Group level.
With reference to the issues of privacy management and personal data protection, the Group has adopted its own privacy governance system capable of ensuring compliance with the provisions of the General Data Protection Regulation (Regulation (EU) 2016/679 - GDPR), including the appointment of a Data Protection Officer (DPO).

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 & communication technology risks

The Group's activities are managed through information systems that support the main business and support corporate processes.
Any inadequacy, fragmentation of the existing platforms and of those in the process of integration, or the failure to update these information systems in line with operational and 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 specific insurance coverage is in place for the ICT sector, with the aim of mitigating potential damage resulting from discontinuity in service provision.
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.
The conflict between Russia and Ukraine has contributed to an increased likelihood of cyber-attacks against sensitive targets such as organisations engaged in strategic sectors such as energy & utilities. With specific reference to its cybersecurity, the Group is committed to implementing a programme involving constant developments and continuous improvement of its operational processes, technological tools and corporate policies that enable it to reduce the risks and negative impacts of cyber-attacks, also thanks to careful monitoring of its hardware infrastructure and software systems.

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 ensure 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 ensure that the reporting is neutral and precise;
- the reliability of the financial reports, i.e. assure that the reports are clear and complete so that investors may take informed investment decisions;
- the timeliness of the financial reports, i.e. to assure that the reports meet their 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.

Within the framework of the Internal Control and Risk Management System, second-level control functions known as the Compliance Function and the Risk Management and ESG Function, together with the third line of control represented by the Internal Audit Function, have been set up and operate, each within the scope of its competence, to ensure the necessary monitoring of corporate risks.

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 ensure 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 in 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.
The current nine-year term of office is until the approval of the 2025 financial statements.

SUSTAINABILITY AND OTHER INFORMATION

AGSM AIM and sustainability

Within the framework of the important changes and great growth that have characterised the AGSM AIM Group, the Group has consolidated its process for corporate social responsibility by presenting the Consolidated Non-financial Statement (CNFS) for 2022, in accordance with Legislative Decree 254/16, transposing Directive 2013/34/EU. The CNFS was prepared as a separate document from this Report on Operations.
The CNFS responds to the precise need for transparency towards all stakeholders (suppliers, employees, users, citizens, local administrations, lenders) and represents a valuable tool to communicate and disseminate the Group's non-financial (environmental, social and economic) performance to the entire area where the Group operates. The principles of sustainability are integrated into the Group's strategies to foster continuous improvement in terms of impact on the environment, people and financial performance.

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.


FINANCIAL
SAVINGS GOAL

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FINANCIAL POSITION - ASSETS	NOTES	2022	2021
NON-CURRENT ASSETS			
Intangible assets	1	419.278.483	416.886.818
Property, plant and equipment	2	474.498.325	458.630.383
Goodwill	3	51.620.344	51.620.344
Equity investments	4	15.561.488	13.520.637
Other non-current financial assets	5	28.776.169	33.513.349
Deferred tax assets	6	43.271.140	50.024.803
Other non-current assets	7	48.275.686	46.677.781
Total non-current assets		**1.081.281.637**	**1.070.874.115**
CURRENT ASSETS			
Inventories	8	30.575.157	14.095.912
Trade receivables	9	684.390.330	573.948.945
Current financial assets	10	214.399	1.531.913
Current tax assets	11	28.921.111	6.570.013
Other current assets	12	163.153.691	56.544.471
Cash and cash equivalents	13	21.396.681	30.556.350
Total current assets		**928.651.369**	**683.247.603**
TOTAL ASSETS		**2.009.933.006**	**1.754.121.719**
FINANCIAL POSITION - LIABILITIES			
EQUITY			
Share capital		95.588.235	95.588.235
Legal reserve		13.138.532	13.138.532
Other reserves		497.823.716	483.057.532
Profit (loss) for the year		46.452.476	53.681.054
Group total equity		**653.002.959**	**645.465.353**
Minority interests		21.155.477	18.667.051
Total equity	**14**	**674.158.436**	**664.132.404**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	15	215.630.722	92.428.771
Employee benefits	16	27.716.622	30.854.362
Provision for risks and charges	17	55.319.766	58.538.225
Deferred tax liabilities	18	32.747.537	36.902.562
Other non-current liabilities	19	47.451.122	44.255.078
Total non-current liabilities		**378.865.769**	**262.978.998**
CURRENT LIABILITIES			
Current financial liabilities	20	438.475.188	339.739.405
Trade payables	21	388.109.894	373.136.996
Current tax liabilities	22	16.023.473	16.735.952
Other current liabilities	23	114.300.246	97.397.962
Total current liabilities		**956.908.802**	**827.010.316**
TOTAL LIABILITIES		**2.009.933.006**	**1.754.121.718**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT	NOTES	2022	2021
Revenue		**3.331.891.147**	**1.916.062.754**
Revenue from sales and services	24	3.245.790.397	1.814.019.610
Change in inventories	25	9.876.667	(2.377.586)
Other revenue	26	76.224.083	104.420.730
Operating costs		**3.027.334.021**	**1.624.905.785**
Raw materials and consumables	27	2.588.050.618	1.026.035.660
Services	28	383.701.249	549.729.882
Leases and rentals	29	9.620.390	9.693.322
Other operating costs	30	45.961.764	39.446.921
Added value		**304.557.126**	**291.156.969**
Personnel costs	31	119.173.450	115.438.892
EBITDA		**185.383.676**	**175.718.078**
Amortisation, depreciation, and provisions		**101.046.256**	**90.784.681**
Amortisation and depreciation	32	74.333.447	74.449.161
Write-down of receivables		10.810.727	7.801.398
Other provisions		15.902.082	7.471.587
Impairment of fixed assets		-	1.062.535
Net operating income		**84.337.420**	**84.933.396**
Financial position		**(5.071.521)**	**(4.896.151)**
Income from equity investments	33	18.889	73.291
Financial income	34	2.625.642	1.586.366
Financial expenses	35	(9.819.806)	(6.578.154)
Adjustments to financial assets	36	2.103.754	22.345
Pre-tax profit (loss)		**79.265.899**	**80.037.245**
Income taxes	37	29.874.630	22.911.245
Profit (Loss) for the year		**49.391.269**	**57.126.000**
Profit (Loss) attributable to the Parent		46.452.476	53.681.054
Minority interests		2.938.793	3.444.946

Other comprehensive income that will not be subsequently reclassified to profit or loss	2022	2021
Actuarial gains/(losses) for employee benefits	975.802	(3.158.479)
Tax effect on actuarial gains (losses) for employee benefits	(234.234)	758.035
Total actuarial gains (losses) net of the tax effect (B)	**741.568**	**(2.400.444)**
Change in the fair value of cash flow hedging derivatives	(10.025.692)	(5.944.971)
Tax effect on change in the fair value of cash flow hedging derivatives	2.406.166	1.426.780
Total actuarial gains (losses) net of the tax effect (C)	**(7.619.525)**	**(4.518.137)**
Total comprehensive profits (losses) net of tax effect (B) + (C)	**(6.877.957)**	**(6.918.581)**
Total comprehensive income (A) + (B) + (C)	**42.513.311**	**46.762.473**

STATEMENT OF CASH FLOWS

A. Cash flows from operating activities (indirect method)	2022	2021
Profit (loss) for the year	49.391.269	57.126.000
Income taxes	29.874.630	22.911.240
Interest expense	9.819.806	6.496.571
Interest income	(2.554.234)	(1.588.978)
(Dividends)	(18.889)	(72.984)
Losses deriving from the sale of assets	2.005.000	2.041.264
(Gains) deriving from the sale of assets	(799.175)	(9.499.325)
Profit/(loss) for the year before income taxes, interest, dividends and gains/losses on sales	**87.718.407**	**77.413.788**
Adjustments for non-monetary elements that did not have an impact on the NWC		
Accruals to provisions	32.216.384	12.566.224
Amortisation and depreciation	74.332.065	74.449.161
Impairment	-	1.812.535
Other non-monetary adjustments	(1.890.851)	(1.022.345)
Cash flows before changes in NWC	**192.376.005**	**165.219.362**
Changes in net working capital		
Decrease/(increase) in inventories	(14.082.909)	2.833.454
Decrease/(increase) in trade receivables	(113.041.362)	(287.592.721)
Increase/(decrease) in trade payables	11.148.524	150.334.543
Decrease/(increase) in accrued income and prepaid expenses	(5.389.404)	578.923
Increase/(decrease) in accrued expenses and deferred income	2.526.009	424.271
Other changes in net working capital	(113.507.364)	(15.147.949)
Cash flows after changes in NWC	**(39.970.502)**	**16.649.884**
Other adjustments		
Interest received	2.554.234	1.588.978
(Interest paid)	(9.819.806)	(6.496.571)
(Income tax paid)	(29.938.000)	(10.173.539)
Dividends received	377.749	-
(Use of provisions)	(24.550.497)	(2.871.000)
Cash flows from operating activities (A)	**(101.346.822)**	**(1.302.248)**

B. Cash flows from investing activities		
Intangible assets		
(Investments)	(35.468.148)	(34.676.000)
Disinvestments	-	1.186.000
Property, plant and equipment		
(Investments)	(62.185.186)	(47.696.000)
Disinvestments	-	11.285.516
Current financial assets		
(Investments)	-	(1.221.299)
(Aggregations net of cash and cash equivalents)	-	52.381.766
Cash flows from investing activities (B)	**(97.653.334)**	**(18.740.017)**
C. Cash flows from financing activities		
Third party financing		
Increase (decrease) in short-term payables to banks	102.958.186	107.203.802
Repayment of bonds	(10.737.868)	(9.986.913)
Raising of loans	202.499.252	44.500.000
Increase (decrease) in short-term payables for leases and factoring	-	1.173.463
Repayment of loans	(102.738.166)	(113.876.681)
Equity		
Dividends (and interim dividends) paid	(2.140.917)	(1.358.909)
Cash flows from financing activities (C)	**189.840.487**	**27.654.762**
Increase (decrease) in cash and cash equivalents (A± B ± C)	**(9.159.669)**	**7.612.497**
Cash and cash equivalents at the beginning of the year:	**30.556.350**	**22.943.853**
bank and postal accounts	30.409.868	22.895.934
cash-in-hand and cash equivalents	109.679	47.919
		-
Cash and cash equivalents at the end of the year:	**21.396.681**	**30.556.350**
bank and postal accounts	21.312.154	30.409.868
cheques	255	36.804
cash-in-hand and cash equivalents	84.273	109.679

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE Y

Equity	Share capital	Share premium reserve	Revaluation surplus	Legal reserve	Extraordinary reserve
Opening Balance	95.588	384.339	8.796	13.139	11.758
Allocation of the result	-	-	-	-	-
Increases	-	-	-	-	-
Dividends paid	-	-	-	-	(3.000)
Other comprehensive income	-	-	-	-	-
Other changes	-	-	-	-	-
Foreign exchange difference	-	-	-	-	-
Net profit (loss) for the year	-	-	-	-	-
Closing Balance	**95.588**	**384.339**	**8.796**	**13.139**	**8.758**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - PREVIOU

Equity	Share capital	Share premium reserve	Revaluation surplus	Legal reserve	Extraordinary reserve
Opening Balance	58.500	128.349	9.331	11.700	-
Allocation of the result	-	-	-	1.368	10.420
Increases	37.088	255.990	-	70	1.338
Dividends paid	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Other changes	-	-	(534)	-	-
Net profit (loss) for the year	-	-	-	-	-
Closing Balance	**95.588**	**384.339**	**8.796**	**13.139**	**11.758**

YEAR

Other reserves	Profit (loss) for the year	Group total equity	Minority interests in share capital and reserves	Minority interests	Total minority interests	Total equity
78.164	53.681	**645.465**	15.222	3.445	18.667	**664.132**
53.681	(53.681)	**-**	3.444	(3.445)	-	**-**
185	-	**185**	-	-	-	**-**
(27.000)	-	**(30.000)**	-	-	-	**-**
(6.526)	-	**(6.526)**	(352)	-	(352)	**(6.878)**
(2.653)	-	**(2.653)**	(134)	-	(134)	**(2.787)**
79	-	**79**	36	-	36	**115**
-	46.452	**46.452**	-	2.939	2.939	**49.391**
95.930	**46.452**	**653.003**	**18.217**	**2.939**	**21.155**	**674.158**

US YEAR

Other reserves	Profit (loss) for the year	Group total equity	Minority interests in share capital and reserves	Minority interests	Total minority interests	Total equity
85.734	26.621	**319.770**	14.086	1.563	15.65	**335.420**
14.823	(26.621)	**-**	1.563	(1.563)	-	**-**
(878)	-	**878**	-	-	-	**-**
(15.464)	-	**(15.464)**	(1359)	-	-	**(1.359)**
(6.910)	-	**(6.910)**	9	-	-	**9**
1.355	-	**779**	62	-	-	**62**
-	53.681	**53.681**	-	3.445	3.445	**57.126**
78.164	**53.681**	**645.465**	**18.217**	**3.445**	**18.667**	**664.132**

BASIS OF PREPARATION

The Consolidated Financial Statements of the AGSM AIM Group at 31 December 2022 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 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 reference to the obligation to prepare the consolidated financial statements in XHTML format, it should be noted that pursuant to the exemption provided for in Article 83 of Regulation 11791/99 (issuers of debt securities with a unit value of at least Euro 100,000) AGSM AIM S.p.A. is not required to comply with the above requirement. This is also confirmed under Irish law, as per the specific legal opinion obtained.

GOING CONCERN

Despite overcoming the COVID-19 pandemic, the outbreak of the war between Russia and Ukraine and its developments have forced us to constantly and systematically monitor the company's results, especially as regards the analysis of deviations from forecasts, given the impacts on energy markets.

As indicated in the paragraph "Risks and uncertainties arising from the health emergency caused by COVID-19" in the Report on Operations, the 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 results for the year, which also include the impacts connected with the outbreak of the current war, the management analysed the forecasts made with regard to possible future scenarios, including the effects of climate change as far as they can be foreseen, 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 2022-2025 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 of the Company.
- 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.

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.

AS AT 31 DECEMBER 2022 THE SCOPE OF CONSOLIDATION USING THE LINE-BY-LINE METHOD AND THE RESPECTIVE ACTIVITIES MANAGED BY EACH COMPANY WERE THE FOLLOWING:

- **AGSM AIM POWER Srl (former EN.IN. ESCO S.r.l.), 100% owned**
- **AGSM AIM ENERGIA SpA, 96.27% owned**
- **V-RETI SpA 99.83% owned**
- **AGSM AIM SMART SOLUTIONS Srl, 100% owned**
- **AGSM AIM CALORE Srl, 100% owned**
- **AMIA VERONA Spa, 100% owned**
- **2V Energy Srl, 100% owned**
- **Valore Ambiente, 100% owned**
- **Società Igiene Territorio Spa, 100% owned**
- **AGSM AIM Ambiente Srl, 100% owned**
- **CogasPiù Energia Srl, 60% indirectly owned**
- **Consorzio Industriale Canale G. Camuzzoni di Verona Scarl, 75% owned**
- **Parco Eolico Riparbella Srl, 63% owned**
- **Parco Eolico Carpinaccio Srl, 63% owned**
- **TRANSECO Srl, 100% indirectly owned**
- **SER.I.T Srl, 99.74% indirectly owned**
- **AGSM HOLDING ALBANIA Sha, 75% directly owned and 25% indirectly**
- **ECO TIRANA Sha, 49% indirectly owned**
- **Società Intercomunale Ambiente Srl, 49% owned**
- **TREV Ambiente Srl, indirectly 100% owned**
- **BLUEOIL Srl, 62.45% indirectly owned - in liquidation**

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 2022 have also been uniformly applied to all corresponding periods.
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 2022. 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.
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 an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

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 AGSM AIM 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.

Equity investments

Equity investments in associates and joint ventures are recognised using the equity method. Under this method, the equity 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 equity investment and, as it is not separately recognised, it is not tested for impairment separately. Other equity 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 and commodity price 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. With reference to 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 former employees.
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 former employees. These discounts also entail assessments which adequately consider when the related services will be provided and, accordingly, the need to calculate them using average present values.
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

Revenues and income are recognised net of returns, discounts and rebates, as well as taxes directly related to the sale of products and the provision of services. They are split between revenues from operating activities and financial income accruing between the date of sale and the date of payment.
In particular:

- revenues from the sale of energy, gas and heat are recognised and accounted for at the time of delivery and include the provision for deliveries made but not yet invoiced (estimated on the basis of historical analyses determined in relation to past consumption);
- revenues for distribution are recognised on the basis of the tariffs recognised by the Authority and are subject to equalisation at the end of the financial year to reflect, on an accrual basis, the remuneration recognised by the Authority for the investments made;
- revenues are recognised when (or gradually as) the relevant obligation is fulfilled, by transferring the promised goods or services to the customer. The transfer occurs when (or gradually as) the customer acquires control of the goods or services. The recognised revenue corresponds to the price attributed to the relevant obligation that is measured. Revenues are only recognised if it is considered probable that the relevant amount will be received for the goods or services transferred to the customer.

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 2021, except for the adoption of the new standards, amendments and interpretations in force from 1 January 2022.

Standards, interpretations, amendments and improvements required for the 2022 financial statements

Supplements and Clarifications to IFRS 3 - Business Combination

Clarification is given that the costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree's employees are not liabilities to be recognised at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, it recognises them in the post-combination financial statements, in accordance with other IFRS standards. The standard was then supplemented with certain exceptions concerning liabilities and contingent liabilities falling under other IFRSs.

This supplement had no impact on the Group's consolidated financial position.

Amendments to IAS 16 - Property, Plant and Equipment

The change concerned the issue of Proceeds before intended use. In particular, it is prohibited to deduct from the cost of property, plant and equipment the amounts received from the sale of items produced while the company is preparing the asset for its intended use. On the contrary, such sales proceeds and any related costs should be recognised directly in the income statement.

The amendment had no impact on the Group's consolidated financial position.

Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendments to IAS 37 dealt with the issue of the cost of fulfilling a contract, in the context of so-called onerous contracts. In particular, it is more clearly specified which costs should be taken into account in the definition of an onerous contract, expanding on the previous version. These changes should therefore result in more contracts being classified as onerous contracts. Nevertheless, the amendment had no impact on the Group's consolidated financial position.

Minor Amendments to IFRS 1 - First-time Adoption of IFRS; IFRS 9 - Financial Instruments; IAS 41 - Agriculture

Some minor amendments were made to IFRS 1 to facilitate the transition to IFRS for subsidiaries applying paragraph D16(a) of this standard; to IFRS 9 to better specify the fees that are part of the process of verifying whether conditions have changed for a financial liability; and to IAS 41 to better clarify the present value technique to be used in determining the fair value of an asset within the scope of this standard.

None of these amendments has had an impact on the Group's consolidated financial position.

Moreover, the Company 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 2022 IFRS financial statements

IFRS 17 Insurance Contracts

The new standard establishes the principles for the recognition, measurement 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. The application is not expected to have an impact on the consolidated financial position of the Group.

NON-RECURRING SIGNIFICANT TRANSACTIONS

The AGSM AIM Group is headed by the holding company AGSM AIM Spa. With effect from 1 January 2022, the following corporate reorganisation and streamlining transaction took place, which led to the merger of the equity investments of the specified subsidiaries into the leading companies of the respective BUs to which they belong:

- 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 Srl was merged by incorporation into AGSM AIM SMART SOLUTIONS Srl;

In addition, also with effect from 1 January 2022, the holding company AGSM AIM Spa transferred:

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

The transactions described above are aimed at developing synergies and integrations to improve positioning in the Group's businesses through the enhancement of the individual sector companies of their brands and territorial coverage. Following the spin-off of the above-mentioned industrial activities, the corporate activities towards the investee companies relating to governance, procurement, administrative and financial services, planning and control, corporate affairs, car fleet, facility management, human resources management and engineering remained with the holding company AGSM AIM Spa.

Further information on the structure of the Group and the activities of each BU is provided in the Report on Operations, to which one should refer for more details.

2 Notes to the Consolidated Statement of Financial Position

NON-CURRENT ASSETS

2.1 Intangible assets

The following table shows the amount of Intangible Assets as at 31 December 2021 and 2022 and the related changes.

Intangible assets - 2021	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks, and similar rights	Assets under concession	Intangible assets under development	Other	Total
Opening Balance	82	3.651	2.332	107.164	312	3.974	117.516
Extraordinary transactions	-	734	23.197	44.287	198	1.088	69.503
Increases	-	3.047	24	27.803	919	2.883	34.676
Reclassifications	(7)	783	6	(419)	(333)	(403)	(372)
Amortisation and depreciation	-	(2)	-	(707)	(4)	(472)	(1.186)
Disposals and Sales	(52)	(2.057)	(2.860)	(19.542)	-	(5.661)	(30.172)
Impairment	-	-	-	(493)	-	-	(493)
Other changes	-	-	-	463	-	-	463
Change in scope	-	91	8.505	136.310	157	81.888	226.951
Closing Balance	**23**	**6.247**	**31.204**	**294.866**	**1.249**	**83.297**	**416.887**

Intangible assets - 2022	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks, and similar rights	Assets under concession	Intangible assets under development	Other	Total
Opening Balance	23	6.247	31.204	294.866	1.249	83.297	416.887
Investments	-	3.410	277	29.826	895	1.060	35.468
Disposals and Sales	-	(12)	-	(517)	(38)	(763)	(1.330)
Reclassifications	(2)	(984)	(6.774)	9.271	(1.127)	(1.325)	(943)
Amortisation and depreciation	(11)	(2.575)	(1.807)	(21.016)	-	(4.777)	(30.187)
Other changes	-	5	-	(357)	(290)	24	(617)
Closing Balance	-	-	-	-	-	-	-
Saldo Finale	**9**	**6.092**	**22.900**	**312.072**	**689**	**77.516**	**419.278**

Intellectual property rights of Euro 6,092 thousand refer to software costs. The increase of Euro 3,410 thousand recorded in 2022 was mainly due to software costs incurred to implement management and invoicing systems. This item is amortised over 5 years.
Concessions of Euro 22,900 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 312,072 thousand refer to infrastructure used in public-to-private concession services agreements, accounted for in accordance with IFRIC 12. The increases for the year mainly relate to investments in the gas sector.
Assets under development and advances amount to Euro 689 thousand and mainly refer to the standardization of software and the mapping system between Group companies following the mergers.
The item “Other”, amounting to Euro 77,516 thousand, mainly includes costs for the acquisition of surface rights and the establishment of easements on the land on which the wind and photovoltaic plants are located, and improvements on the upgrading of public lighting plants in the Municipalities of Padua and Belluno.

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 2023-2025 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.

2.2 Property, plant and equipment

A breakdown of the item "Property, plant and equipment" as at 31 December 2022 is provided below with the relevant changes.i.

Historical cost	Land and buildings	Plant and Machinery	Transferable works	Industrial and commercial equipment	Other assets	Right-of-use assets	Assets under construction	Total
Opening Balance	205.103	830.853	53.304	44.039	84.100	14.631	13.932	1.245.962
Investments	2.778	29.863	177	2.715	4.012	611	22.029	62.185
Disposals and Sales	(202)	(21.118)	-	(1.118)	(2.014)	-	(926)	(25.378)
Reclassifications	(2.743)	11.226	-	(1.166)	5.329	394	(4.945)	8.095
Other changes	282	2	-	2.518	(2.475)	-	8	335
Foreign exchange difference	11	325	-	2	-	-	-	338
Closing Balance	**205.228**	**851.152**	**53.481**	**46.990**	**88.952**	**15.636**	**30.097**	**1.291.537**

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.

Accumulated Depreciation	Land and buildings	Plant and machinery	Transferable works	Industrial and commercial equipment	Other assets	Right-of-use assets	Total
Opening Balance	80.427	555.934	41.442	32.586	67.390	9.554	787.332
Disposals and Sales	(74)	(18.795)	-	(949)	(1.987)	-	(21.805)
Reclassifications	4.630	(1.805)	-	(524)	4.851	-	7.152
Amortisation and depreciation	4.654	29.506	1.092	1.505	5.841	1.547	44.145
Other changes	-	(318)	-	1.839	(1.449)	-	73
Foreign exchange difference	1	139	-	1	-	-	142
Closing Balance	**89.639**	**564.662**	**42.534**	**34.458**	**74.645**	**11.101**	**817.038**

The net changes as at 31 December 2022 and 2021 of the individual items belonging to property, plant and equipment are detailed below.

Net changes in 2021	Land and buildings	Plant and machinery	Transferable works	Industrial and commercial equipment	Other assets	Right-of-use assets	Assets under construction	Total
Opening Balance	85.927	215.241	12.890	5.629	9.961	2.224	6.909	338.781
Extraordinary transactions	38.243	19.561	-	962	-	-	1.923	60.690
Increases	2.635	27.878	281	2.503	4.264	3.094	7.043	47.696
Reclassifications	198	3.252	-	(648)	927	596	(3.953)	372
Disposals and Sales	(78)	(2.811)	-	(165)	(76)	-	(215)	(3.345)
Amortisation and depreciation	(4.651)	(29.577)	(1.308)	(2.977)	(4.190)	(1.500)	-	(44.204)
Impairment	-	(120)	-	-	-	-	-	(120)
Other changes	-	183	-	254	922	(116)	(31)	1.212
Change in scope	2.402	41.312	-	7.384	4.194	-	2.256	57.548
Closing Balance	**124.676**	**274.919**	**11.863**	**12.942**	**16.002**	**4.297**	**13.932**	**458.630**

Net changes in 2022	Land and buildings	Plant and machinery	Transferable works	Industrial and commercial equipment	Other assets	Right-of-use assets	Assets under construction	Total
Opening Balance	124.676	274.919	11.862	12.942	16.002	4.297	13.932	458.630
Investments	2.778	29.863	177	2.715	4.012	611	22.029	62.185
Disposals and Sales	(129)	(2.324)	-	(169)	(26)	-	(926)	(3.574)
Reclassifications	(7.373)	13.032	-	(2.131)	-	1.174	(4.945)	943
Amortisation and depreciation	(4.654)	(29.506)	(1.092)	(2.994)	(4.352)	(1.547)	-	(44.145)
Other changes	282	321	-	679	(1.026)	-	8	264
Foreign exchange difference	10	185	-	1	-	-	-	197
Closing Balance	**115.590**	**286.490**	**10.947**	**12.532**	**14.307**	**4.535**	**30.098**	**474.498**

Land and buildings amounted to Euro 115,589 thousand net of accumulated depreciation of Euro 89,639 thousand. This item mainly refers to the corporate offices and appurtenances, in addition to the land and industrial buildings, 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 286,490 thousand, net of accumulated depreciation of Euro 564,662 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, plant and machinery recorded new investments totalling Euro 29,863 thousand, of which the most significant were: Euro 15,352 thousand on high, medium and low voltage systems and networks, Euro 5,042 thousand on installation of electricity meters, Euro 3,990 thousand for the early redemption of two leased photovoltaic plants, and Euro 2,720 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 and renewals at the cogeneration plants. Reclassifications mainly include the portion of assets under construction in 2021 which became operational in 2022. Net disposals of plant and machinery amount to Euro 2,324 thousand and mainly relate 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 10,947 thousand net of accumulated depreciation of Euro 42,534 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 12,532 thousand net of accumulated depreciation of Euro 34,458 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 14,307 thousand net of accumulated depreciation of Euro 74,645 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 leased properties and fleet cars and leased vehicles used in urban health services, accounted for using the financial method in accordance with IFRS 16 - Leases.

Assets under construction equal to Euro 30,098 thousand mainly relate to the Revamping works of the anaerobic digestion section of the Cà del Bue solid urban waste treatment plant for Euro 12,080 thousand, to the works on the high, medium and low voltage electricity distribution and measurement plants for Euro 5,958 thousand, to the design, construction and preparatory repowering costs of the Cricoli and Borgo Trento cogeneration plants for Euro 3,431 thousand, and to studies, design and works relating to the renewals and construction of new plants for renewable production for Euro 2,795 thousand. It should be noted that the Ca' del Bue waste-to-energy plant (not considering the current revamping works on the anaerobic digestion section) has a residual value of Euro 4,861 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 1,005 thousand.

2.3 Goodwill

The breakdown of "Goodwill" as at 31 December 2022 and the changes that have occurred compared to 31 December 2021 are shown below:

Goodwill	
Opening Balance	51.620
Closing Balance	**51.620**

There were no changes in goodwill during 2022.

Goodwill refers to business combinations, which were recognised in accordance with IFRS 3 "Business Combinations". With regard to the amount of Euro 37,099 thousand attributable to the business combination realised on 1 January 2021, the amount was accounted for residually according to the Purchase Price Allocation (PPA) process for the portion not specifically attributable to the assets acquired and the pre-existing value of the item in question refers to goodwill acquired for consideration.

An impairment test was conducted on this value, with the support of an independent expert, in order to verify that it did not exceed the recoverable value. The recoverable value of goodwill was defined with respect to value in use and was calculated for each of the CGUs to which this goodwill is attributable. The value in use of each CGU was estimated using the Discounted Cash Flow ("DCF") method by discounting the operating cash flows generated by the assets at a discount rate representative of the weighted average cost of capital (WACC). The value in use was determined using the cash flows from each CGU, as deduced from the 2023 – 2025 Business Plan approved by the Board of Directors. In estimating the residual value, a growth rate beyond the timescale of the plan, identified for each CGU, was considered, consistent with business development expectations. The valuation method also included a sensitivity analysis on the valuation parameters used and, in particular, the threshold levels of the impairment test value. The difference between the value in use and the operating net invested capital at the reporting date was compared with the carrying values of goodwill in the Group's consolidated financial statements.

2.4 Equity investments

The breakdown of "Equity investments" as at 31 December 2022 and the changes that have occurred compared to 31 December 2021 are shown below:

Equity investments	Opening balance	Investments	Revaluations (Write-downs)	Closing Balance
Subsidiaries				
Torretta Rijeka d.o.o.	32	-	-	32
Total	**32**	**-**	**-**	**32**
Associates				
Agrilux S.r.l.	2.351	-	141	2.492
Bovolone Attiva Srl	183	-	33	216
DRV Collegata Srl	141	150	17	308
Consorzio GPO	9.080	-	751	9.831
Legnago Servizi Spa	866	-	934	1.800
SI.VE Srl	339	-	15	354
Total	**12.960**	**150**	**1.891**	**15.000**
Other companies				
Parco Eolico Monte Vitalba	161	-	-	161
ICQ Holding Spa	229	-	-	229
Soc. Coop. Energyland	4	-	-	4
Fondazione G. Rumor	87	-	-	87
Ascopiave S.p.A.	3	-	-	3
Banca Etica	33	-	-	33
Banca del Vomano	8	-	-	8
Confidi	3	-	-	3
Soenergy Srl	-	-	-	-
Other Companies	1	-	-	1
Total	**529**	**-**	**-**	**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.
Equity investments in other companies are measured at cost.

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 2022, the valuation at equity involves the recognition of a revaluation of Euro 751 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%.

Agrilux Srl

The company, an investee of S.I.T. S.p.A., produces electricity from biogas. The equity investment was revalued by Euro 141 thousand compared to the financial statements as at 31 December 2021.

Legnago Servizi S.p.A.

This investee company of S.I.T. S.p.A. is the concessionaire for the construction and management of the Integrated Waste Treatment and Disposal System of Torretta di Legnago (VR). The equity investment was revalued on the basis of the financial statements as at 31 December 2022.

Si.Ve. Srl

This investee company of AGSM AIM SpA provides environmental health services mainly in the Municipality of Legnago and some neighbouring municipalities.

Bovolone Attiva Srl

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

DRV Srl

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

Parco Eolico Monte Vitalba Srl

The company Parco Eolico Monte Vitalba S.r.l. has a quota capital of Euro 10 thousand and quotaholders' equity at 31 December 2022 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 2022 the Company closed with a profit of Euro 214 thousand.

ICQ Holding Spa

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 2022 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.

Soenergy Srl

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 these financial statements were prepared, the approved financial statements of the associate Soenergy Srl were not available. The equity investment has been fully written down.

2.5 Other non-current financial assets

A breakdown of "Other non-current financial assets" as at 31 December 2022 and 2021, is provided below.

Other non-current financial assets	2022	2021	Change	% change
Financial receivables from subsidiaries	48	68	(20)	-29%
Financial receivables from others	21.331	26.050	(4.719)	-18%
Other securities	7.397	7.395	2	0%
Total	**28.776**	**33.513**	**(4.737)**	**-14%**

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 the residual value of assets of the gas network under concession. "Other securities" mainly refers to three restricted current accounts of the Provincial Administration of Vicenza for the post-closure charges of the Grumolo delle Abbadesse landfill and the restricted account for the management of the initial post-operation transitional period.

2.6 Deferred tax assets

A breakdown of the item "Deferred tax assets" as at 31 December 2022 and 2021, is provided below.

Deferred tax assets	2022	2021	Change	% change
Deferred tax assets	43.261	50.025	(6.764)	-14%
Total	**43.261**	**50.025**	**(6.764)**	**-14%**

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 2022, while the increases concern negative income components charged during the year but temporarily without the requirements for deductibility.

2.7 Other non-current assets

A breakdown of "Other non-current assets" as at 31 December 2022 and 2021, is provided below.

Other non-current assets	2022	2021	Change	% change
Receivables from others	1.836	1.836	-	0%
Prepaid expenses	6.245	1.744	4.501	258%
Security deposits	40.194	43.097	(2.903)	-7%
Total	**48.276**	**46.678**	**1.598**	**3%**

Other non-current receivables refer to security deposits of Euro 40,194 thousand to guarantee withdrawal dispatching in favour of Terna and to cover dispatching fees, and also to security deposits requested by the Electricity Market Operator to cover the purchase of electricity.

Non-current prepaid expenses include prepaid expenses for multi-year sponsorship contracts, prepaid fees for multi-year concessions of the gas and energy distribution networks in Vicenza and the gas distribution network in Verona, and prepaid multi-year charges on guarantees, insurance and maintenance fees.

CURRENT ASSETS

2.8 Inventories

A breakdown of "Inventories" at 31 December 2022 and 2021 is provided below.

Inventories	2022	2021	Change	% change
Raw materials, consumables and supplies	16.470	14.882	1.588	11%
Provision for warehouse write-downs	(920)	(3.141)	2.221	-71%
Semi-finished products and work in progress	26	12	14	117%
Contract work in progress	42	42	-	0%
Finished products and merchandise	12.157	2.294	9.863	430%
Advances	2.800	6	2.794	43155%
Total	**30.575**	**14.096**	**16.479**	**117%**

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 920 thousand allocated in previous years to present the balances at their presumed realisable value, which incurred the reduction as shown in the table during the year, as a result of the conditions for the allocation not being met.
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 2022/2023. Advances and assets held for sale include the amount of Euro 2,450 thousand referring to the land for sale located in the Municipality of Rivoli Veronese, which the Group intends to sell at the end of a settlement agreed with the municipality regarding its intended use. The amount reflects the fair value based on an appraisal prepared by an independent expert.

2.9 Trade receivables

A breakdown of "Trade receivables" as at 31 December 2022 and 2021, is provided below.

Trade receivables	2022	2021	Change	% change
Trade receivables	670.670	559.535	111.135	20%
Receivables from parent company	8.189	7.451	738	10%
Receivables from subsidiaries of the parent company	5.411	6.891	(1.480)	-21%
Receivables from associates	121	72	49	68%
Total	**684.390**	**573.949**	**110.441**	**19%**

Trade receivables

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

Allowance for doubtful accounts	Opening balance	Accrual	Uses	Other changes	Saldo finale
Allowance for doubtful accounts	Closing Balance	10.811	(7.530)	(42)	35.030
Total	**31.791**	**10.811**	**(7.530)**	**(42)**	**35.030**

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 2022, it set aside Euro 10,811 thousand.

Receivables from parents

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 parents

The receivables in question, which amount to Euro 5,411 thousand, refer to amounts accrued for services and supplies to subsidiaries of the Municipality of Verona, mainly from Acque Veronesi Scarl.

2.10 Current financial assets

A breakdown of the caption "Current financial assets" as at 31 December 2022 and 2021, is provided below.

Current financial assets	2022	2021	Change	% change
Financial derivatives not held as non-current assets	126	1.080	(954)	-88%
Financial receivables from associates	62	150	(88)	-58%
Other equity investments in current assets	21	21	-	0%
Financial receivables from subsidiaries - current portion	-	68	(68)	-100%
Current portion of non-current financial receivables from others	5	213	(208)	-98%
Total	**214**	**1.532**	**(1.318)**	**-86%**

The item "Financial derivatives" includes the positive fair value of hedging derivative contracts outstanding on the measurement date. Financial receivables from associates include Euro 62 thousand for financial receivables related to the associate DRV Srl.

2.11 Current tax assets

A breakdown of the item "Current tax assets" as at 31 December 2022 and 2021, is provided below.

Current tax assets	2022	2021	Change	% change
Current tax assets – IRES	25.973	5.313	20.660	388%
Current tax assets – IRAP	2.948	1.257	1.691	135%
Total	**28.921**	**6.570**	**28.921**	**440%**

2.12 Other current assets

A breakdown of the item "Other current assets" as at 31 December 2022 and 2021, is provided below.

Other current assets	2022	2021	Change	% change
Receivables from CSEA	75.247	20.053	55.194	275%
Advances to suppliers	40.129	2.717	37.412	1377%
Tax receivables	19.602	16.505	3.097	19%
Current prepaid expenses	4.233	2.845	1.388	49%
EEC - Energy Efficiency Certificates	4.002	4.187	(186)	-4%
Incentive receivables on renewable sources	2.071	3.002	(932)	-31%
Sundry receivables from parent companies	91	100	(8)	-9%
Sundry receivables from associates	56	294	(239)	-81%
Accrued income	12	116	(104)	-90%
Other receivables	17.712	6.724	10.988	163%
Total	**163.154**	**56.544**	**106.609**	**189%**

Receivables from CSEA (Cassa per i Servizi Energetici e Ambientali) mainly include receivables arising from items from the current and previous years, from equalisation in the distribution and metering of gas and electricity, the cancellation of Energy Efficiency Certificates and premiums and indemnities relating to 2022 as well as to previous years. The change compared to the amount for the previous year was impacted by the effects of the introduction of government measures to counter high energy bills, i.e. the zeroing of general system charges for distribution users with corresponding reimbursement by CSEA according to collection schedules that have entailed for the Group, as for all distributors in general, the creation of an unprecedented financial requirement.
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.

2.13 Cash and cash equivalents

A breakdown of "Cash and cash equivalents" as at 31 December 2022 and 2021, is provided below.

Cash and cash equivalents	2022	2021	Change	% change
Bank and postal accounts	21.312	30.410	(9.098)	-30%
Cheques	-	37	(37)	-99%
Cash-in-hand and cash equivalents	84	110	(25)	-23%
Total	**21.397**	**30.556**	**(9.160)**	**-30%**

Equity	Share capital	Share premium reserve	Revaluation surplus	Legal reserve	Extraordinary reserve	Other reserves
Opening Balance	95.588	384.339	8.796	13.139	11.758	78.164
Allocation of the result	-	-	-	-	-	53.681
Increases	-	-	-	-	-	185
Dividends paid	-	-	-	-	(3.000)	(27.000)
Other comprehensive income	-	-	-	-	-	(6.526)
Other changes	-	-	-	-	-	(2.653)
Foreign exchange difference	-	-	-	-	-	79
Net profit (loss) for the year	-	-	-	-	-	-
Closing Balance	**95.588**	**384.339**	**8.796**	**13.139**	**8.758**	**95.930**

EQUITY

2.14 Equity

Profit (loss) for the year	Group total equity	Minority interests in share capital and reserves	Minority interests	Total minority interests	Total equity
53.681	**645.465**	15.222	3.445	18.667	**664.132**
(53.681)	**-**	3.444	(3.445)	-	**-**
-	**185**	-	-	-	**-**
-	**(30.000)**	-	-	-	**-**
-	**(6.526)**	(352)	-	(352)	**(6.878)**
-	**(2.653)**	(134)	-	(134)	**(2.787)**
-	**79**	36	-	36	**115**
46.452	**46.452**	-	2.939	2.939	**49.391**
46.452	**653.003**	**18.217**	**2.939**	**21.155**	**674.158**

Pursuant to Article 2427, point 7 bis, of the Italian Civil Code, it should be noted that the legal reserve can only be used to cover losses and the other reserves cannot be distributed as regards the portion deriving from the allocation of revaluations of equity investments valued at equity, while all other reserves can be used to cover losses, to increase the share capital and also for distribution to shareholders.

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 even further 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 not increased during the year. The extraordinary reserve of Euro 8,758 thousand decreased compared to the previous year due to the distribution of Euro 3,000 thousand in dividends to the City of Vicenza.

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 IFRS FTA reserve represents the amount as at 1 January 2021 for the adoption of IAS/IFRS. The cash flow hedge reserve, recognised at a negative value of Euro 96 thousand, corresponds to the valuation using the Cash Flow Hedge method of derivatives with the gas purchased as its underlying. The value is recognised net of tax effects. As provided for in Article 2426, paragraph 1, number 11-bis, of the Italian Civil Code: "equity reserves arising from the fair value measurement of derivatives used to hedge the expected cash flows of another financial instrument or planned transaction are not considered in the calculation of equity for the purposes of Articles 2412, 2433, 2442, 2446 and 2447 and, if positive, are not available and cannot be used to cover losses." Retained earnings, which amounted to Euro 26,291 thousand, increased due to the allocation of the previous year's result and decreased due to the distribution of dividends.

Profit for the year

Consolidated profit for the year amounted to Euro 49,391 thousand and includes the profit for the period of the AGSM AIM Group.

Minority interests

Minority interests amounted to Euro 21,155 thousand, of which Euro 2,939 thousand for profits.

Statement for reconciliation between Parent Company and consolidated financial statements

	2022		2021	
Statement of reconciliation	**Profit (Loss)**	**Equity**	**Profit (Loss)**	**Equity**
Statutory values of AGSM AIM SpA	14.242	579.148	49.939	595.367
Elimination of the effects of transactions between consolidated companies	(4)	(149)	22	(108)
Dividends received from consolidated companies	(33.590)	-	(27.875)	-
Value of consolidated equity investments		(671.561)		(421.064)
Equity and profit (loss) of consolidated companies	69.617	628.959	38.792	350.371
Group Accounting Standards Adjustment	-	-	-	-
Amortisation of Deficits	(3.760)	115.352	(6.950)	119.112
Effect of other adjustments	(54)	1.254	(248)	1.788
Balances of the Consolidated Financial Statements attributable to the Group	46.452	653.003	53.681	645.465
Balances of the Consolidated Financial Statements attributable to minority interests	2.939	21.155	3.445	18.667
Total consolidated financial statements balances	**49.391**	**674.158**	**57.126**	**664.132**

NON-CURRENT LIABILITIES

2.15 Non-current financial liabilities

A breakdown of the item "Non-current financial liabilities" at 31 December 2022 and 2021 is provided below.

Non-current financial liabilities	2022	2021	Change	% change
Bank loans	200.886	63.271	137.614	217%
Bonds	10.014	20.023	(10.009)	-50%
Loans and borrowings from other financial backers	4.598	9.002	(4.404)	-49%
Payables to shareholders for loans	133	133	-	0%
Total	**215.631**	**92.429**	**123.202**	**133%**

Bonds, which amounted to Euro 10,014 thousand, consisted of the non-current portion of the non-convertible, unsubordinated and unsecured bond loan, with an original value of Euro 70,500 thousand, placed on the Main Securities Market, a regulated market managed by the Euronext Dublin Irish Stock Exchange. The first issue of Euro 50,000 thousand was listed on 20/09/2017, while a second tranche amounting to Euro 20,500 thousand was issued on 17/09/2018.
The following table shows the changes in non-current financial liabilities that occurred during the year:

	Opening balance	Increases	Decreases	Other changes	Reclassifications	Foreign exchange difference	Closing Balance
Bonds – non-current portion	20.023	-	63	-	(10.071)	-	10.014
Bank loans	63.271	185.522	(434)	367	(47.884)	43	200.886
Total	**83.294**	**185.522**	**(371)**	**367**	**(57.956)**	**43**	**210.899**

The total amount of long-term bank loans of Euro 200,886 thousand represents the principal amount of mortgage loans. The total amount of bank loans, including the short-term portion of the principal amount, as reported under current liabilities, is Euro 268,508 thousand and includes the loan of Euro 150,000 raised in August 2022. The amount refers to the nominal value of the loans net of Euro 721 relating to amortised cost.
Loans granted by banks require compliance with certain covenants, which, as at 31 December 2022, have been met. The costs incurred by the Company to obtain bank loans were initially recognised with a reduction in financial liabilities and subsequently recognised among financial expenses using the amortised cost method in accordance with IFRS 9. Loans and borrowings from other financial backers include the non-current portion of lease payables for property, plant and equipment recorded in accordance with IFRS 16.

2.16 Employee benefits

The breakdown of the item "Employee benefits" at 31 December 2022 and the changes occurred compared to 31 December 2021 are shown below.

Employee benefits	Opening balance	Accruals	Uses	Other changes	Other income components	Closing Balance
Employee severance indemnities	22.636	3.715	(2.520)	(2.954)	(2.042)	18.835
Provision for rate discounts	8.218	71	(551)	78	1.066	8.882
Total	**30.854**	**3.786**	**(3.071)**	**(2.876)**	**(976)**	**27.717**

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 19, 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.

2.17 Provision for risks and charges

A breakdown of the "Provision for risks and charges" as at 31 December 2022 and 2021, is provided below.

Provision for risks and future charges	Opening balance	Accruals	Uses	Other changes	Closing Balance
Provisions for pensions and similar obligations	649	18	(52)	(217)	397
Provision for future charges	43.361	2.071	(13.235)	(309)	31.888
Provision for sundry risks	14.528	13.831	(1.320)	(4.006)	23.034
Total	**58.538**	**15.920**	**(14.606)**	**(4.532)**	**55.320**

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

- Euro 9,043 thousand related to cyclical maintenance, dismantling charges, demolition, and environmental restoration of the electricity and cogeneration power plants;
- Euro 3,301 for charges referring to the concessions with the Municipality of Vicenza and some Municipalities of the Province of Vicenza for gas distribution, in consideration of the ongoing dispute with the latter for the extension of the distribution service;
- Euro 10,310 thousand for the post-closure works to be carried out at the Grumolo delle Abbadesse landfill and Euro 1,116 thousand for the post-closure works at the Lonigo landfill;
- Euro 2,780 thousand related to charges expected following the early termination of the Public Lighting concession of the Municipality of Vicenza (currently under evaluation with the Municipality itself).

The use of provisions for future charges, equal to Euro 13,235 thousand, mainly refers to the maintenance carried out in the third quarter on the Mincio Thermoelectric Power Plant for Euro 7,503 thousand and to the settlement with the Municipality of Verona signed on 23 June 2022 concerning the definition of a concession fee for gas distribution starting from 2013, which led to the use of the provision for Euro 4,500 thousand.

The Provisions for sundry risks mainly includes a prudential estimate of the amounts that may be due to third parties as a result of interpretations of sector regulations for about Euro 11,000 thousand, allocations for disputes and contractual risks for Euro 4,000, and allocations for disputes with employees and other personnel.

During the year, the amount of Euro 2,200 thousand set aside in previous years for inventory problems that do not exist today was reclassified among the provisions for risks. The provision for sundry risks was released in connection with disputes that were settled.

2.18 Deferred tax liabilities

A breakdown of the item “Deferred tax liabilities” as at 31 December 2022 and 2021, is provided below.

Deferred tax liabilities	Opening balance	Accruals	Uses	Other income components	Other changes	Closing Balance
Provisions for taxes, including deferred tax liabilities	36.903	(1.206)	(2.063)	(259)	(627)	32.748
Total	**36.903**	**(1.206)**	**(2.063)**	**(259)**	**(627)**	**32.748**

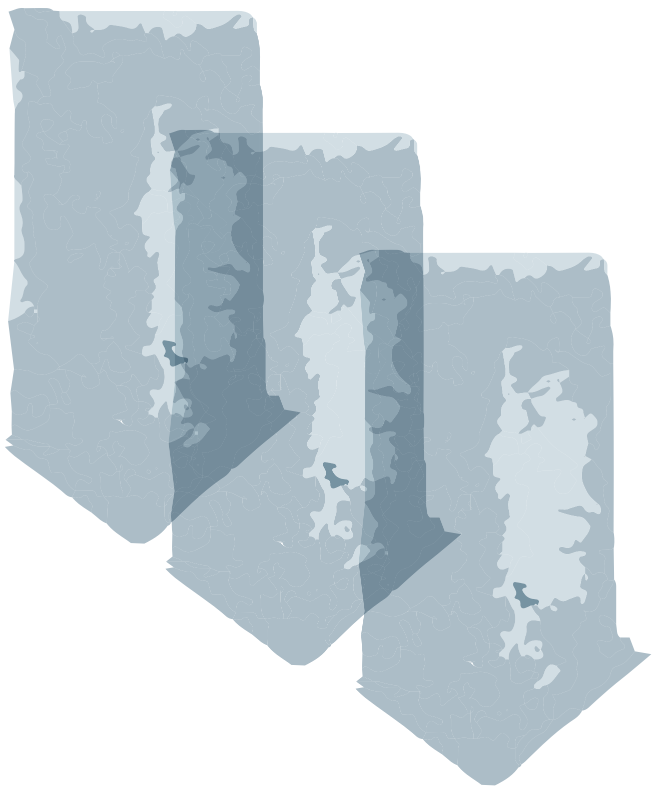
The provision for deferred taxes includes the payable for deferred tax liabilities on positive income components recognised in 2022 or in previous years, which do not show the characteristics for contributing to the taxable income for the current year. Deferred tax liabilities originated mainly from differences between the statutory and tax values of fixed assets. Uses are mainly attributable to the reversal of tax depreciation carried out in previous years and the tax effect of fair value allocated within the purchase price allocation.

2.19 Other non-current liabilities

A breakdown of “Other non-current liabilities” as at 31 December 2022 and 2021, is provided below.

Other non-current liabilities	2022	2021	Change	% change
Provisions for financial instrument liabilities	16.744	7.672	9.072	118%
Advances	3.284	4.620	(1.336)	-29%
Other non-current payables	573	610	(38)	-6%
Deferred income	26.850	31.352	(4.502)	-14%
Total	**47.451**	**44.255**	**3.196**	**7%**

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

2.20 Current financial liabilities

A breakdown of the item "Current financial liabilities" as at 31 December 2022 and 2021, is provided below.

Current financial liabilities	2022	2021	Change	% change
Bank borrowings	364.818	295.037	69.780	24%
Payable to the Municipality of Verona for approved dividends	41.656	25.132	16.524	66%
Payable to the Municipality of Vicenza for approved dividends	19.476	6.000	13.476	225%
Bonds	10.071	10.800	(729)	-7%
Payables to shareholders for loans	-	-	-	-100%
Loans and borrowings from other financial backers	2.454	2.769	(215)	-10%
Total	**438.475**	**339.739**	**98.736**	**29%**

Bank borrowings increased during the year, mainly due to increased working capital requirements. Current account liabilities amounted to Euro 296,770 thousand, while loans with short-term maturities amounted to Euro 67,623. During the year new short-term loans were disbursed for a total of Euro 135,245 thousand. The portion of mortgage loans repaid in 2022 was Euro 96,638 thousand. Financial payables to the Municipality of Verona refer to dividends approved in 2020, 2021 and 2022. The payable to the Municipality of Vicenza relates to the distribution of the dividend approved in 2021 and 2022. The item "Bonds" consists of the current portion of the bond already commented on under non-current financial liabilities. During 2022, the previous non-convertible bond known as the "Rivoli Bond" and issued by the company in 2015 was redeemed in full. Loans and borrowings from other financial backers include 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.

2.21 Trade payables

A breakdown of "Trade payables" as at 31 December 2022 and 2021, is provided below.

Trade payables	2022	2021	Change	% change
Trade payables	381.142	370.235	10.907	3%
Advances	3.879	1.009	2.870	284%
Payables to parent companies	2.355	1.401	954	68%
Payables to subsidiaries of the parent companies	559	317	242	76%
Payables to subsidiaries	87	-	87	0%
Payables to associates	87	175	(88)	-50%
Total	**388.110**	**373.137**	**14.973**	**4%**

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.

2.22 Current tax liabilities

A breakdown of the item "Current tax liabilities" as at 31 December 2022 and 2021, is provided below.

Current tax liabilities	2022	2021	Change	% change
Current tax payables for IRES	9.350	14.548	(5.198)	-36%
Payable for solidarity contribution as per Law 197/22	5.551	-	5.551	NA
Current tax payables for IRAP	1.123	2.188	(1.065)	-49%
Total	**16.023**	**16.736**	**(712)**	**-4%**

Current tax liabilities refer to current IRES (corporate income tax) and IRAP (regional tax on productive activity) taxes for the year.
The remaining amount of Euro 5,551 thousand refers to the "temporary solidarity contribution". The 2023 Budget Law, in Article 1, paragraphs 115 to 119, introduced a "temporary solidarity contribution" to be paid by entities engaged in the production of electricity, methane gas or natural gas extraction, entities reselling electricity, methane gas and natural gas, and entities engaged in the production, distribution and trade of petroleum products. Entities that permanently import or introduce electricity, natural gas, methane gas or petroleum products into the territory of the State from other EU countries are also required to pay the contribution. However, the contribution is only due if at least 75% of the 2022 revenue derives from the activities listed above. The amount of the contribution is set at 50% on the portion of total income – determined for corporate income tax purposes, for the financial year ending 31 December 2022 – that exceeds the average income of the previous four tax periods by at least 10%.

2.23 Other current liabilities

A breakdown of "Other current liabilities" as at 31 December 2022 and 2021, is provided below.

Other current liabilities	2022	2021	Change	% change
Payables for excise duties	18.527	17.185	1.342	8%
Security deposits	17.115	16.672	443	3%
Tax payables	16.312	15.641	671	4%
Payables to CSEA	13.562	11.257	2.305	20%
Deferred income	10.188	3.489	6.699	192%
Payables to employees	9.342	11.004	(1.662)	-15%
Payables to social security and welfare institutions	7.433	6.208	1.225	20%
Payable for collection of RAI TV licence fee	2.198	2.850	(652)	-23%
Accrued expenses	1.106	777	329	42%
Sundry payables to parent companies	49	144	(95)	-66%
Sundry payables to subsidiaries	16	-	16	0%
Other current payables	18.451	12.171	6.281	52%
Total	**114.300**	**97.398**	**16.902**	**17%**

The item "Security deposits", which amounts to Euro 17,115 thousand, includes the payables for security deposits received from customers at the time of signing service supply contracts. The item "Tax payables" mainly includes the Group's VAT payable to the Tax Authorities and the excise duty payable.
The item "Payables to CSEA" mainly refers to electricity equalisation adjustments not yet paid at the end of the year amounting to Euro 13,116 thousand, to Euro 249 thousand of tariff components for the sixth two-month

period of 2022 and to Euro 197 thousand of equalisation amounts for 2021 and previous years of the gas distribution service costs and revenue.

Deferred income mainly refers to grants related to plants, as well as to gas and electricity distribution, connections, networks and concessions.

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 2022. The “Social security charges payable”, includes the payables to INPS, “Gestione Separata” (separate pension fund), INPDAP and various supplementary pension institutions. The item “Payable for collection of the RAI TV licence fee” refers to the payable to the Italian Revenue Agency for the amount stated and collected in the electricity bills.

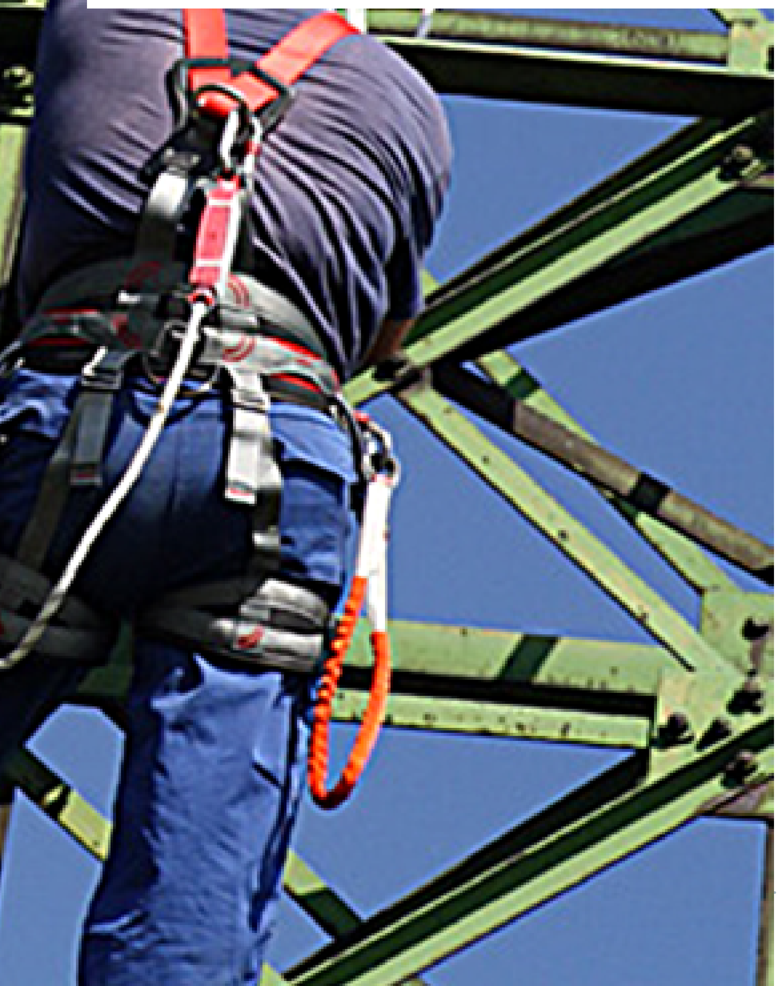
Other current payables mainly consist of payables to users related to bills and payables to the Municipality of Vicenza related to collections received on behalf of the Municipality for TARI (waste collection tax) and OSAP (tax for the occupation of public spaces and areas).

Notes to the Consolidated Income Statement

2.24 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 2022 and 2021 with an indication of the change.

Revenue from sales and services	2022	2021	Change	% change
Revenue from electricity	2.371.231	1.361.767	1.009.464	72%
Revenue from methane gas	681.513	243.480	438.033	180%
Fees for collection and sweeping	110.845	108.654	2.191	2%
Revenue from heat	54.162	27.606	26.556	96%
Revenue from public lighting	12.190	9.696	2.494	26%
Revenue from solid urban waste treatment	6.960	4.085	2.875	70%
Revenue from sales of recycled materials	6.321	4.970	1.351	27%
Income from car parks and parking services	4.252	5.266	(1.014)	-19%
Revenue from connections	2.849	1.570	1.279	81%
Revenue from fibre optics	2.067	2.204	(137)	-6%
Revenue from electric mobility	36	-	36	0%
Sundry revenue	(6.635)	44.722	(51.357)	-114%
Total	**3.245.790**	**1.814.020**	**1.431.771**	**79%**



Revenue from electricity, amounting to Euro 2,371,231 thousand relates to the production, distribution and sale of electricity to end customers and wholesalers. The significant increase over the previous year is mainly due to the increase in commodity prices. The Report on Operations contains a detailed analysis of the changes in revenue in the various business units compared to 2021. Total revenue from methane gas, amounting to Euro 681,513 thousand, relates to the distribution and sale to end customers and wholesale customers and reflect the price fluctuations of this commodity.

Revenue from urban health services, totalling Euro 110,845 thousand, relates to the collection and transport of urban waste mainly in the provinces of Verona and Vicenza.

Sundry revenue refers to services rendered to third parties and, in particular, to pass-through revenue to offset EUAs (European Emission Allowances) for Euro 14,426 thousand, rental fees of plants and service contracts to the associate company Acque Veronesi Scarl for Euro 7,908 thousand. The amount was negative due to the crediting of distribution bonuses to end customers under the energy decrees issued by the government during the year.

Revenue from contributions for electricity, gas and heat connections amounted to Euro 2,849 thousand.

Revenue from the sale of heat, amounting to Euro 54,162 thousand, refers to the sale of heat for district heating in the urban networks of Verona and Vicenza.

Revenue from public lighting refers 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.

Revenue from car parks and parking services for Euro 4,252 thousand relates to fees for the management of the parking service in the Municipality of Vicenza.

Revenue from solid urban waste treatment, amounting to Euro 6,960 thousand, relates to customers, public entities or companies operating in the management of waste services in the Province of Vicenza and in Albania. Revenue from telecommunications services refers to the rent of the fibre optic network and connectivity services, partly rendered to the municipalities of Verona and Vicenza.

Sundry revenue show a negative balance because it includes the recognition of the social bonus paid to electricity and gas end customers in accordance with the decrees issued by the Government to mitigate high energy bills. They also include water network rents and services provided to Acque Veronesi Scarl and Viacqua srl, for Euro 7,626 thousand, revenue from the cancellation of black certificates (emission allowances) for Euro 14,426 thousand, and fees for environmental health services rendered to private customers for Euro 8,655 thousand.

REVENUE BY GEOGRAPHIC AREA

The revenue mentioned above was achieved in Italy, especially in the cities of Verona and Vicenza, in addition to their provinces. With regard to urban health services, it was partly achieved in the city of Tirana (Albania), despite the insignificant impact in comparison to the Group's total revenue.

2.25 Change in inventories

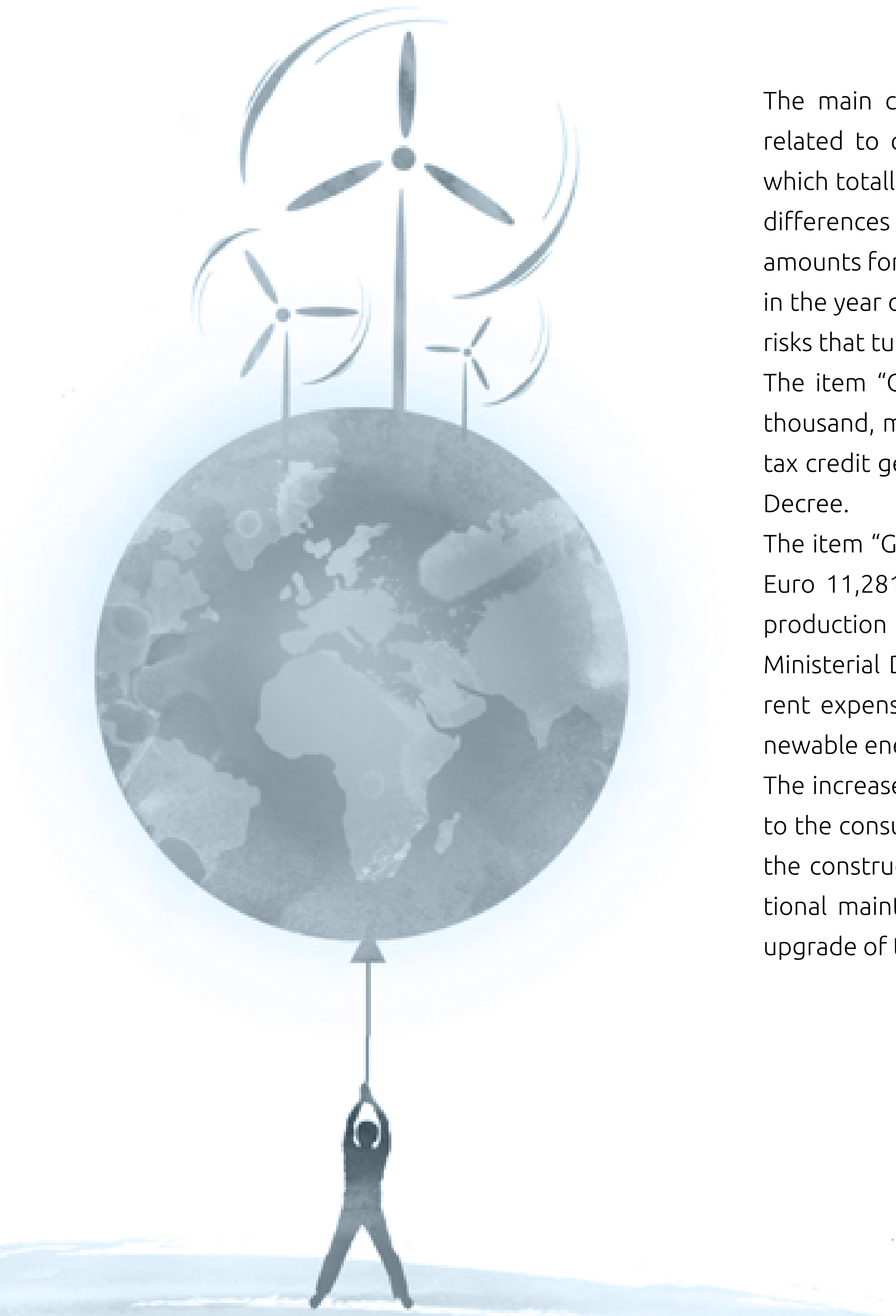
Change in inventories of finished products and goods	2022	2021	Change	% change
Change in product inventories	9.877	(2.378)	(12.254)	-515%
Total	**9.877**	**(2.378)**	**(12.254)**	**-515%**

This item refers to gas in storage intended for sale.

2.26 Other revenue

A breakdown of "Other revenue" is provided below for the financial years ended 31 December 2022 and 2021.

Other revenue	2022	2021	Change	% change
Contingent items and non-realised losses	15.081	13.050	2.031	16%
Grants for current expenses	11.281	21.237	(9.956)	-47%
Other revenue	9.280	9.779	(499)	-5%
Electricity market revenue	6.160	5.866	293	5%
Contributions/grants	2.440	7.226	(4.786)	-66%
Revenue from services to third parties	1.472	1.333	139	10%
Certified revenue	1.202	716	486	68%
Indemnities, reimbursements and other	1.140	2.570	(1.430)	-56%
Real estate income	1.132	1.423	(291)	-20%
Gains	957	9.499	(8.542)	-90%
Other revenue	**50.144**	**72.699**	**(22.554)**	**-31%**
Increases in non-current assets	**26.080**	**31.722**	**(5.642)**	**-18%**
Total	**76.224**	**104.421**	**(28.197)**	**-27%**



The main component of other revenue is the item related to contingent items and non-realised losses, which totalled Euro 15,081 thousand and included the differences between the estimated or unforeseeable amounts for the year 2021 and those actually achieved in the year of accrual and the reversal of provisions for risks that turned out to be non-existent.

The item "Other revenue", amounting to Euro 9,280 thousand, mainly includes the offsetting entry for the tax credit generated as a result of the 2022 "Aiuti Bis" Decree.

The item "Grants for current expenses", amounting to Euro 11,281 thousand, mainly includes incentives on production from renewable sources, as required by Ministerial Decree of 6 July 2012, and grants for current expenses in the exploitation of photovoltaic renewable energy sources.

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

2.27 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 2022 and 2021.

Costs for raw materials and consumables	2022	2021	Change	% change
Electricity	1.766.912	693.990	1.072.922	155%
Gas	784.255	296.701	487.554	164%
Purchase of materials	39.969	33.653	6.316	19%
Purchase of heat	1.242	464	778	168%
Change in inventories	(4.328)	1.228	(5.556)	-452%
Total	**2.588.051**	**1.026.036**	**1.562.015**	**152%**

Please refer to the Report on Operations for an analysis of the various factors that influenced this item, both in terms of volume and price.

Purchases of electricity, which amount to Euro 1766912 thousand, refer to the energy purchased by sourcing for sale to end and wholesale customers.

Purchases of gas, which amount to Euro 784,255 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 for consumables, fuel, and maintenance materials that were also purchased during the year by AGSM AIM group companies to build up warehouse stock.

The item "Purchase of heat" of Euro 1,242 thousand refers to the procurement of heat from third parties.

2.28 Services

A breakdown of "Services" is provided below for the financial years ended 31 December 2022 and 2021.

Services	2022	2021	Change	% change
Electricity transport and system costs	276.930	421.116	(144.186)	-34%
Other environmental services and disposal costs	22.127	14.353	7.774	54%
Costs for works and maintenance	19.900	13.413	6.487	48%
Commissions	11.355	7.257	4.098	56%
Professional services	7.181	9.849	(2.668)	-27%
Insurance	5.419	4.974	445	9%
Various outsourced services	5.268	7.421	(2.153)	-29%
Hardware and software maintenance	4.320	2.291	2.029	89%
Security, cleaning and porterage	3.207	2.990	217	7%
Personnel costs	3.173	2.790	383	14%
Bank services	3.018	3.056	(38)	-1%
IT services	2.812	453	2.359	521%
Advertising and sponsorships	2.615	2.690	(76)	-3%
Delivery and bill collection charges	2.008	784	1.224	156%
Service agreement charges	1.483	722	761	105%
Maintenance of green areas: greenhouses and gardens	1.339	1.455	(116)	-8%
Telephony expenses	1.279	1.283	(4)	0%
Directors' remuneration	1.334	1.211	123	10%
Temporary employment	754	919	(165)	-18%
Board of Statutory Auditors fees	591	587	4	1%
Meter reading	288	443	(155)	-35%
Other services	7.300	33.653	(26.353)	-78%
Total	**383.701**	**549.730**	**(166.029)**	**-30%**

The item "Electricity transport and system costs" includes the pass-through items related to the transport of electricity and gas. The item also includes pass-through chargebacks to offset EUAs amounting to Euro 14,426 thousand. 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 "Costs for works and maintenance" mainly refers to services for maintenance of production plants and networks for Euro 19,900 thousand.

Waste disposal costs refer to the charges incurred by the Group in connection with environmental health activities. The item "Various outsourced services", amounting to Euro 5,268 thousand, includes costs relating to call centre activities, enveloping and collection of invoices and external processing relating to waste collection and treatment.

2.29 Leases and rentals

A breakdown of "Leases and rentals" is provided below for the financial years ended 31 December 2022 and 2021.

Leases and rentals	2022	2021	Change	% change
Rent for the use of third-party networks	5.056	1.396	3.660	262%
Concession charges	1.583	3.471	(1.888)	-54%
Rentals	1.431	834	597	72%
Rents and leases	1.229	1.284	(55)	4%
Other	321	31	(291)	-939%
Total	**9.620**	**9.693**	**(73)**	**-1%**

The item "Rent for the use of third-party networks" refers to rents paid for the use of gas distribution networks outside the municipal territory of Verona and Vicenza, located in Val d'Illasi (formerly Covigas), in the Municipality of Goito and in the municipalities of Valle del Chiampo and the fee paid to the Municipality of Treviso for the concession of the gas distribution service.

Concession charges include the fee for parking management activities in the Municipality of Vicenza amounting to Euro 1,307 thousand.
Residual items include rental and lease costs, as well as costs for hiring the company's industrial vehicles, and costs for concessions.

2.30 Other operating costs

A breakdown of "Other operating costs" is provided below for the financial years ended 31 December 2022 and 2021.

Other operating costs	2022	2021	Change	% change
Purchase of certificates	22.237	18.195	4.042	22%
Contingent liabilities	10.064	6.527	3.537	54%
Crossing fees	4.352	3.295	1.057	32%
Other taxes and duties	2.753	1.832	921	50%
Losses on disposals and non-realised gains	2.005	2.041	(36)	-2%
IMU (municipal property tax) and TASI (municipal tax)	1.593	1.701	(108)	6%
Authority Contribution	642	452	190	42%
Donations	370	1.297	(927)	-71%
Indemnities	196	277	(81)	-29%
Other general expenses	1.750	3.829	(2.079)	-54%
Total	**45.962**	**39.446**	**6.516**	**17%**

The item "Purchase of certificates", amounting to Euro 22,237 thousand, refers to the purchase of EUAs (European Emission Allowances) necessary to fulfil the offset obligation for the Group's plants subject to the "Emission Trading" Directive.
Contingent liabilities amount to Euro 10,064 and include adjustments and corrections of estimates referring to previous years and adjustments for the imbalance of consumption units.
The item "Losses on disposals" refers to the write-off of obsolete assets that are no longer usable.
"Donations" include Euro 370 thousand of contributions made during 2022 for initiatives in favour of culture and entertainment.

2.31 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 2022 and 2021:

Personnel costs	2022	2021	Change	% change
Wages and salaries	85.497	83.594	1.903	2%
Social security contributions	26.382	25.758	624	2%
Employee severance indemnities	5.501	5.095	406	8%
Other personnel costs	1.791	990	801	81%
Employee pensions and similar obligations	2	2	-	0%
Total	**119.173**	**115.439**	**3.735**	**3%**

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

Headcount	2021	2022 Changes	2022
Senior managers	26	-3	23
Middle managers	63	6	69
White collar workers	741	-1	740
Blue collar workers	1.563	-19	1.544
Total	**2.393**	**-17**	**2.376**

2.32 Amortisation, depreciation, accruals and impairment

A breakdown of "Amortisation, depreciation, accruals and impairment" is provided below for the financial years ended 31 December 2022 and 2021.

Amortisation, depreciation, accruals and impairment	2022	2021	Change	% change
Intangible assets	30.188	24.847	5.341	21%
Property, plant and equipment	44.145	49.602	(5.457)	-11%
Total amortisation/depreciation	**74.333**	**74.449**	**(116)**	**0%**
Other impairment of non-current assets	-	1.063	(1.063)	0%
Write-down of receivables	10.811	7.801	3.009	39%
Total impairment and write-downs	**10.811**	**8.864**	**1.947**	**22%**
Provisions for liabilities	13.831	4.062	9.770	241%
Other provisions	2.071	3.410	(1.339)	-39%
Total provisions	**15.902**	**7.472**	**8.430**	**113%**
Total	**101.046**	**90.785**	**10.262**	**11%**

Amortisation/depreciation and impairment of non-current assets

Amortisation/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 risks and other provisions

Provisions for the year mainly refer to potential liabilities arising from regulatory interpretations amounting to Euro 11 million, as well as specific provisions for possible contractual disputes amounting to Euro 2 million.

FINANCIAL INCOME AND EXPENSES

2.33 Income from equity investments

A breakdown of "Income from equity investments" is provided below for the financial years ended 31 December 2022 and 2021.

Income from equity investments	2022	2021	Change	% change
Income from equity investments in associates	-	71	(71)	0%
Income from equity investments in other companies	19	2	17	850%
Total	**19**	**73**	**(54)**	**-74%**

Income from equity investments in other companies mainly includes dividends received and recognised following the approvals for distribution by the shareholders' meetings of these companies.

2.34 Financial income

A breakdown of "Financial Income" is provided below for the financial years ended 31 December 2022 and 2021.

Financial income	2022	2021	Change	% change
Income from subsidiaries	-	2	(2)	0%
Income from subsidiaries of parents	3	-	3	NA
Income from other companies	-	9	(8)	-99%
Default interest income	1.811	1.037	775	75%
Interest income on bank and postal savings accounts	57	190	(133)	-70%
Other interest income	755	349	406	116%
Total	**2.626**	**1.586**	**1.039**	**66%**

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

2.35 Financial expenses

A breakdown of "Financial expenses" is provided below for the financial years ended 31 December 2022 and 2021.

Financial expenses	2022	2021	Change	% change
Expenses payable to associates	**-**	**67**	**(67)**	**0%**
Expenses payable to parents	**2**	**7**	**(6)**	**-79%**
Expenses payable to subsidiaries of parents	**(2)**	**7**	**(9)**	**-121%**
Interest expenses on loans	3.684	2.389	1.294	54%
Interest expenses on current account overdrafts	2.791	524	2.267	433%
Interest expenses on medium-term loans	7	9	(2)	-23%
Interest expenses on leases	1.140	215	925	431%
Interest expenses on security deposits	183	231	(48)	-21%
Interest expenses on bonds	623	1.099	(476)	-43%
Bank expenses and charges	677	1.026	(349)	-34%
Other interest expenses	716	1.004	(288)	-29%
Expenses payable to third parties	**9.820**	**6.497**	**3.323**	**51%**
Total	**9.820**	**6.578**	**3.242**	**49%**

Financial expenses include interest payable on amounts due to banks for mortgage loans, bonds, medium/long-term loans and on uses of current account overdraft credit facilities.
Other interest expenses mainly refer to the recognition in accordance with the provisions of IAS 19 of discounts and other rate subsidies and employee severance indemnities, as well as the recognition in accordance with the provisions of IFRS 16 of actual charges on lease and rental contracts.

2.36 Adjustments to financial assets

A breakdown of "Adjustments to financial assets" is provided below for the financial years ended 31 December 2022 and 2021.

Adjustments to financial assets	2022	2021	Change	% change
Revaluations of equity investments	2.155	1.022	1.133	111%
Total revaluations	**2.155**	**1.022**	**1.133**	**111%**
Impairment of equity investments	(51)	(1.000)	949	-95%
Total impairment	**(51)**	**(1.000)**	**949**	**-95%**
Total	**2.104**	**22**	**2.081**	**9459%**

Revaluations refer to the adjustment to the equity value of the equity investments held in associates, mainly GPO and LESE. See the table in these explanatory notes for details of the reference shareholders' equity.

INCOME TAXES

2.37 Income taxes

A breakdown of "Income taxes" is provided below for the financial years ended 31 December 2022 and 2021.

Income taxes	2022	2021	Change	% change
Current taxes	30.268	29.938	329	1%
of which:				
- IRES	20.448	25.062	(4.614)	-18%
- IRAP	3.905	4.876	(972)	-20%
- solidarity contribution as per Law 197 of 29.12.22	5.551	-	5.551	0%
Other current taxes	365	-	365	0%
Deferred taxes	4.634	(6.409)	11.044	-172%
Previous years' taxes	(41)	109	(149)	-137%
Income from tax consolidation	(4.987)	(727)	(4.261)	586%
Total	**29.875**	**22.911**	**6.963**	**30%**

Current taxes are broken down into IRES of Euro 20,448 thousand and IRAP of Euro 3,905 thousand.

New solidarity contribution under the 2023 Budget Law

The 2023 Budget Law, in Article 1, paragraphs 115 to 119, introduced a "temporary solidarity contribution" to be paid by entities engaged in the production of electricity, methane gas or natural gas extraction, entities reselling electricity, methane gas and natural gas, and entities engaged in the production, distribution and trade of petroleum products. Entities that permanently import or introduce electricity, natural gas, methane gas or petroleum products into the territory of the State from other EU countries are also required to pay the contribution. However, the contribution is only due if at least 75% of the 2022 revenue derives from the activities listed above. The amount of the contribution is set at 50% on the portion of total income – determined for corporate income tax purposes, for the financial year ending 31 December 2022 – that exceeds the average income of the previous four tax periods by at least 10%.

Overall profits and losses

Total profits/losses are income components directly allocated to equity. They amount to Euro 742 thousand for actuarial losses on employees' defined benefit plans and to Euro 7,620 thousand for changes in the fair value of hedging derivatives.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Other information

Si riporta alla pagina successiva l'elenco delle partecipazioni in imprese controllate e collegate.

Information pursuant to Article 2427, point 5, of the Italian Civil Code

Statement of equity investments in subsidiaries and associates

LIST OF COMPANIES CONSOLIDATED

Name	Head office	Control through the company
2VEnergy Srl	Verona	AGSM AIM Energia Spa
AGSM Holding Albania Sh.A.	Tirana (Albania)	AGSM AIM Spa AMIA Verona Spa
AGSM AIM Ambiente Srl	Vicenza	AGSM AIM Spa
Azienda Multiservizi Igiene Ambientale	Verona	AGSM AIM Spa
V-Reti SpA	Vicenza	AGSM AIM Spa
AGSM AIM Calore Srl	Verona	AGSM AIM Spa
BLUEOIL Srl	Bolzano Vicentino (VI)	TreV Ambiente Srl
Consorzio Canale Camuzzoni	Verona	AGSM AIM Power Srl
COGASPIU' Energie Srl	Vicenza	AGSM AIM Energia SpA
ECO Tirana	Tirana	AGSM Holding Albania
AGSM AIM Power Srl	Verona	AGSM AIM Spa
Parcoeolico Carpinaccio SrL	Verona	AGSM AIM Power Srl
Parco Eolico Riparbella Srl	Verona	AGSM AIM Power Srl
AGSM AIM Smart Solutions Srl	Vicenza	AGSM AIM Spa
AGSM AIM Energia SpA	Verona	AGSM AIM Spa
Serit	Cavaion Veronese (VR)	AMIA Verona Spa
Società Intercomunale Ambiente S.r.l.	Grumolo delle Abbadesse (VI)	Valore Ambiente Srl
S.I.T. Società Igiene Territorio Spa	Vicenza	AGSM AIM Spa
Transeco	Zevio (VR)	AMIA Verona Spa
Tre V Ambiente S.r.l.	Vicenza	SIT Spa
Valore Ambiente Srl	Vicenza	AGSM AIM Spa

LIST OF COMPANIES

Name	Head office	Control through the company
DRV srl	Legnago (VR)	AMIA Verona Spa
BOVOLONE ATTIVA Srl	Bovolone (VR)	AMIA Verona Spa
Consorzio GPO	Genova	AGSM AIM Spa AMIA Verona Spa
S.I.V.E S.r.l.	Legnago (VR)	AGSM AIM Spa
Agrilux S.r.l.	Lozzo At. (PD)	SIT Spa
Legnago Servizi S.p.a.	Legnago (VR)	SIT Spa

ON A LINE-BY-LINE BASIS

Share capital	Equity	Profit (Loss)	% stake	Book value
2.000	3.817	790	100,00%	2.983
1.146	772	-59	75,00% 25,00%	750 250
50	17	-33	100,00%	50
12.804	22.748	478	100,00%	21.382
90.400	327.426	14.281	99,83%	316.937
3.000	50.470	12.950	100,00%	37.520
10	-409	-109	62,45%	0
100	13.064	-1	75,00%	5.572
200	1.854	-331	60,00%	3.889
1.429	2.278	422	49,00%	16
3.000	70.322	17.212	100,00%	61.776
27	12.012	1.888	63,00%	5.521
27	19.775	3.159	63,00%	6.714
3.000	50.608	2.428	100,00%	52.582
5.271	55.244	16.329	96,27%	135.687
2.050	3.734	114	99,74%	4.661
11	867	288	49,00%	425
1.000	694	-101	100,00%	694
110	243	35	100,00%	665
15	245	58	100,00%	453
1.012	14.048	1.260	100,00%	13.062

CARRIED AT EQUITY

Share capital	Equity	Profit (Loss)	% stake	Book value
100	141	-258	50,00%	347
80	540	13	40,00%	286
20.197	22.878	301	33,46% 4,19%	8.737 839
151	1.460	40	24,25%	36
6.000	18.321	1.417	13,91%	2.492
120	3.674	1.514	49,00%	1.800

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 at 31/12/22
09/09/2015	Interest rate swap	Intesa San Paolo	31/12/2024	Hedging	Interest Risk	4.000	Euro	126
07/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.055	Euro	-501
08/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.093	Euro	-539
09/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.022	Euro	-468
10/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	1.977	Euro	-424
11/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	1.785	Euro	-233
14/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	3.146	Euro	-785
15/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.195	Euro	-641
16/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	1.979	Euro	-425
17/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.080	Euro	-526
18/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.009	Euro	-455
21/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.055	Euro	-501
22/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.175	Euro	-621
23/11/2022	Commodity swap	Intesa San Paolo	31/03/2023	Hedging	Revenue	2.270	Euro	-715
03/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	3.039	Euro	-1.410
04/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	2.265	Euro	-728
04/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	2.067	Euro	-529
25/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	2.146	Euro	-609
28/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	2.385	Euro	-747
29/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	2.343	Euro	-705
29/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	1.481	Euro	-668
30/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	2.775	Euro	-1.262
30/11/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	2.956	Euro	-1.443
01/12/2022	Commodity swap	MPS	31/03/2023	Hedging	Revenue	3.758	Euro	-1.808

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 177,770 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 and to SNAM for the gas transport 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 issued in 2019 in favour of the Company. The appeal hearing was held on 10 March 2022 and the case was taken under advisement. The publication of the judgment is pending.

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

Extraordinary transactions

As part of the above-mentioned transaction to reorganise the Group and, more specifically, the environment sector, with effect from 14 April 2023, the demerger of AMIA SpA, a wholly-owned subsidiary, in favour of AGSM AIM Ambiente Srl (wholly-owned subsidiary) of the equity investments in Serit Srl, Transeco Srl, DRV Srl, Bovolone Attiva Srl, AGAM Holding Albania Sh.A and Consorzio GPO, as well as certain properties of inconspicuous value, is effective. The sale of the entire shareholding in AMIA Verona Spa is also planned, approximately by the end of June, to the Municipality of Verona for a consideration. Therefore, the company will leave the scope of the AGSM AIM Group. The sale of the business unit of SIT SpA (wholly owned subsidiary) in charge of the collection of solid urban waste in the Municipality of S. Bonifacio, in favour of Valore Ambiente Srl, also wholly owned by AGSM AIM SpA, is effective from 01/02/2023. With regard to the Market BU, the project for the merger by incorporation of 2V Energy Srl into AGSM AIM Energia, which held 100% of its shares, has been prepared and deposited. The merger is expected to become effective by the end of the first half of 2023.

In January 2023, two special purpose vehicles were acquired that will construct three photovoltaic plants during the year with a total nominal capacity of 12.2MWp.

Petition pursuant to Article 2409 of the Italian Civil Code

On 21 March 2023, a petition was served pursuant to Article 2409 of the Italian Civil Code by the Board of Statutory Auditors against the directors of AGSM AIM S.p.A., to report certain breaches of directors' duties and serious irregularities in management - in particular attributable to the Chief Executive Officer - that may cause harm to the company, as well as to the subsidiary AGSM AIM Energia S.p.a., requesting an inspection and the adoption of appropriate measures to put an end to the damaging conduct. The proposal of three directors to take the company to court, agreeing with the findings of the Board of Statutory Auditors, was rejected by the Board of Directors at its meeting on 17 April 2023 with the other three directors voting against. By order of 4 May 2023, the Court of Venice appointed a special receiver in the proceedings for AGSM AIM SpA, Mr Renato Pastorelli from Treviso.

The pandemic in 2023

With the new financial year came the end of the emergency period and the consequent measures taken by the competent Government Bodies in terms of health emergencies. The Group has, however, maintained one of the instruments initially adopted to limit the effects of the pandemic i.e. the possibility for its employees to perform their work activities also remotely by signing a specific company agreement.

Financial aspects

In February, the Parent Company entered into two loan agreements with a pool of seven banks, one for Euro 250 million due on 31/12/2026 and the other for Euro 100 million due on 31/12/2025, aimed at supporting working capital requirements and supplementing pre-existing credit lines. The favourable situation of energy product prices in this first part of the year resulted in lower financial requirements than previously assumed, with a significant reduction in bank exposure, which at 30 April was reduced by more than Euro 190 million compared to the Net Financial Position at 31 December 2022.

Regulatory aspects

A specific request for clarifications was filed on 23 March concerning the method of calculating the temporary solidarity contribution. The Group underwent a corporate reorganisation with effect from 1 January 2022, resulting in extraordinary transactions. In calculating the contribution, it was deemed appropriate to redetermine the income for the four-year period 2018-2021 for comparative purposes, as well as equity as at 31 December 2021. No response to the specific request for clarifications had been received at the date of preparation of the financial statements.

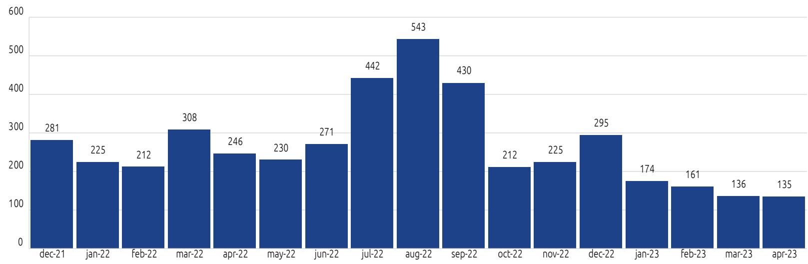
Energy product prices and the continuing uncertainty related to the Russia-Ukraine war

The chart below (source: GME) shows the trend of the PUN (Single National Price) in the early months of 2023. Although prices are still higher than historical values, it shows a significant reduction compared to the year 2022.

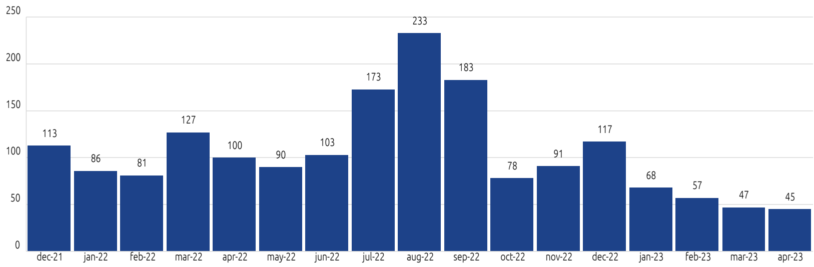
The average PUN for the first four months stood at Euro 151/MWh compared to a 2022 average price of Euro 303/MWh, reaching an average value of Euro 135 in April, the lowest since January 2022.

The same situation applies to gas prices on international markets; the chart below shows the PSV (Virtual Trading Point) from January 2021 to 30 April 2023.

2022/2023 PUN MONTHLY CHANGES Euro/MWh



2022/2023 2022/2023 PSV MONTHLY CHANGES Euro/MWh



Information pursuant to article 2427, point 22-quinquies and sexies, of the Italian Civil Code

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

With reference to the information required by Article 2427, point 22-quinquies and sexies 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, Board of Statutory Auditors and Independent Auditors

	Period	Remuneration
Directors	01/01/2022-31/12/2022	1.334
Board of Statutory Auditors	01/01/2022-31/12/2022	591
Independent Auditors	01/01/2022-31/12/2022	288

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 31, 2022

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

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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, 2022, 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, 2022 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.

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 2.9 "Trade receivables"* Commercial trade receivables amounted to Euro 670,670 thousand as at December 31, 2022. 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 2.1 "Intangible assets"* The Group accounted for Assets under concession for Euro 312,072 thousand as at December 31, 2022. 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.

Impairment test of the goodwill

Note 2.3 "Goodwill"

The Group includes in the financial statements goodwill for a total of Euro 51,620 thousand.

The value recorded as goodwill refers to the effect of the business combination, which was recognised in accordance with IFRS 3 "business combination", that for Euro 37,099 thousand was carried out residually according to the Purchase Price Allocation (PPA) process for the portion not specifically attributable to the assets acquired, while the pre-existing value of this item refers to goodwill acquired for consideration.

An impairment test was conducted on this value, with the support of an independent expert, in order to verify that it did not exceed the recoverable value. The recoverable value of goodwill was defined with respect to value in use and was calculated for each Cash Generating Unit ("CGU") to which this goodwill is attributable. The value in use of each CGU was estimated using the Discounted Cash Flow ("DCF") method, by discounting the operating cash flows generated by the assets at a discount rate representative of the weighted average cost of capital (WACC). The value in use was determined using the cash flows from each CGU, as deduced from the "Piano industriale refresh 2023 - 2025" approved by the Board of Directors. In estimating the residual value, a growth rate beyond the timescale of the plan, identified for each CGU, was considered, consistent with business development expectations. The valuation method also included a sensitivity analysis on the valuation parameters used and, in particular, the threshold levels of the impairment test value. The difference between the value in use and the operating net invested capital at the reporting date was compared with the carrying values of goodwill in the Group's consolidated financial statements.

Our main audit procedures performed, also with the support of our internal specialists, included the following:

- assessment of the expertise, capacity and objectivity of the expert appointed by the Directors for the preparation of the impairment test;
- verification of the adequacy of the impairment model;
- assessment of the reasonableness of the key underlying assumptions for the "Piano industriale refresh 2023 - 2025", also considering variances between the forecast and actual results;
- assessment of the key underlying assumptions for the impairment model, in particular the ones related to cash flow projections, the correct configuration of the CGUs consistent with any changes within the Group perimeter, discount rates, future growth rates;
- verification of the clerical accuracy of the impairment model;
- check of the sensitivity analysis of impairment when key assumptions change;
- verification of the disclosures provided in the notes to the consolidated financial statements.

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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, 2022, 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, 2022 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, 2022 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, 2022 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, June 9, 2023

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	2022	2021
NON-CURRENT ASSETS			
Intangible assets	1	87.734.999	97.478.608
Property, plant and equipment	2	79.480.302	294.429.075
Goodwill	3	-	1.273.207
Equity investments	4	649.566.847	416.382.611
Other non-current financial assets	5	23.065.038	25.209.249
Deferred tax assets	6	7.958.851	22.357.600
Other non-current assets	7	1.441.953	1.383.825
Total non-current assets		**849.247.991**	**858.514.175**
CURRENT ASSETS			
Inventories	8	641.084	5.338.471
Trade receivables	9	34.464.378	132.651.965
Current financial assets	10	462.622.406	143.149.994
Current tax assets	11	11.529.536	2.563.752
Other current assets	12	61.188.382	18.618.288
Cash and cash equivalents	13	1.055.490	8.344.354
Total current assets		**571.501.275**	**310.666.824**
TOTAL ASSETS		**1.420.749.266**	**1.169.180.999**
FINANCIAL POSITION - LIABILITIES			
EQUITY			
Share capital	14	95.588.235	95.588.235
Legal reserve	15	13.138.532	13.138.532
Other reserves	16	456.178.914	436.700.448
Profit (loss) for the year	17	14.242.469	49.939.376
Group total equity		**579.148.149**	**595.366.591**
Minority interests	18	-	-
Total equity		**579.148.149**	**595.366.591**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	19	210.340.722	81.640.609
Employee benefits	20	9.143.328	12.613.079
Provision for risks and charges	21	7.677.516	23.158.518
Deferred tax liabilities	22	3.323.638	5.867.154
Other non-current liabilities	23	15.769.559	21.849.681
Total non-current liabilities		**246.254.763**	**145.129.041**
CURRENT LIABILITIES			
Current financial liabilities	24	516.600.225	320.392.306
Trade payables	25	33.677.861	69.753.574
Current tax liabilities	26	9.494.876	15.317.026
Other current liabilities	27	35.573.393	23.222.460
Total current liabilities		**595.346.354**	**428.685.366**
TOTAL LIABILITIES		**1.420.749.266**	**1.169.180.998**

STATEMENT OF COMPREHENSIVE INCOME OF THE PARENT COMPANY

INCOME STATEMENT	NOTES	2022	2021
Revenue		**72.053.178**	**301.617.578**
Revenue from sales and services	28	63.964.573	269.072.163
Change in inventories	29	-	-
Other revenue	30	8.088.605	32.545.415
Operating costs		**57.197.724**	**206.400.715**
Raw materials and consumables	31	8.374.779	116.313.007
Services	32	42.868.611	60.509.678
Leases and rentals	33	2.021.592	4.208.745
Other operating costs		3.932.742	25.369.285
Added value		**14.855.454**	**95.216.862**
Personnel costs	34	18.099.313	25.605.210
EBITDA		**(3.243.858)**	**69.611.652**
Amortisation, depreciation, and provisions		**12.484.150**	**37.374.538**
Amortisation and depreciation	35	12.059.150	34.091.816
Write-down of receivables	36	-	-
Other provisions	37	425.000	3.032.722
Impairment of fixed assets	38	-	250.000
Net operating income		**(15.728.009)**	**32.237.114**
Financial position		**27.566.047**	**24.615.130**
Income from equity investments	39	29.893.788	27.940.458
Financial income	40	5.795.236	2.119.738
Financial expenses	41	(8.193.457)	(4.846.463)
Adjustments to financial assets	42	70.480	(598.603)
Pre-tax profit (loss)		**11.838.039**	**56.852.244**
Income taxes	43	(2.404.430)	6.912.868
Profit (Loss) for the year		**14.242.469**	**49.939.376**

Other comprehensive income that will not be subsequently reclassified to profit or loss	2022	2021
Actuarial gains/(losses) for employee benefits	(127.040)	(1.776.847)
Tax effect on actuarial gains (losses) for employee benefits	30.490	426.443
Total actuarial gains (losses) net of the tax effect (B)	**(96.550)**	**1.350.404**
Change in the fair value of cash flow hedging derivatives	243.511	189.129
Tax effect on change in the fair value of cash flow hedging derivatives	(58.442)	(45.391)
Total actuarial gains (losses) net of the tax effect (C)	**185.069**	**143.738**
Total comprehensive profits (losses) net of tax effect (B) + (C)	**88.518**	**(1.206.666)**
Total comprehensive income (A) + (B) + (C)	**14.330.987**	**48.732.711**

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

A. CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)	2022	2021
Profit (loss) for the year	14.242.469	49.939.376
Income taxes	(2.404.430)	6.912.868
Interest expense	8.193.457	4.846.463
Interest income	(5.795.237)	(1.925.668)
(Dividends)	(29.884.509)	(27.940.457)
Losses deriving from the sale of assets	99.703	607.314
(Gains) deriving from the sale of assets	(256.423)	(2.126.488)
PROFIT/(LOSS) FOR THE YEAR BEFORE INCOME TAXES, INTEREST, DIVIDENDS AND GAINS/LOSSES ON SALES	**(15.804.971)**	**30.313.408**
Adjustments for non-monetary elements that were not offset in the NWC		
Accruals to provisions	1.270.103	4.194.726
Amortisation and depreciation	12.059.151	34.091.816
Impairment	660.662	1.050.000
Valuation of equity investments	(654.353)	(201.397)
CASH FLOWS BEFORE CHANGES IN NWC	**(2.469.408)**	**69.448.553**
Changes in net working capital		
Decrease/(increase) in inventories	(68.474)	337.258
Decrease/(increase) in trade receivables	50.895.911	(67.795.344)
Increase/(decrease) in trade payables	24.684.028	4.912.899
Decrease/(increase) in accrued income and prepaid expenses	319.263	1.862
Increase/(decrease) in accrued expenses and deferred income	(213.326)	(3.207.672)
Other changes in net working capital	15.910.111	(28.743.535)
CASH FLOW AFTER CHANGES IN NWC	**89.058.106**	**(25.045.979)**
Other adjustments		
Interest received	5.608.879	1.265
(Interest paid)	(8.193.457)	(4.186.339)
(Income tax paid)	(10.135.647)	(10.173.539)
Dividends received	29.875.231	27.476.124
(Use of provisions)	(4.184.902)	(468.000)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**102.028.210**	**(12.396.469)**

B. CASH FLOW FROM INVESTMENT ACTIVITY:		
Intangible assets		
(Investments)	(3.365.000)	(4.274.000)
Property, plant and equipment		
(Investments)	(16.794.000)	(26.078.000)
Disinvestments	1.416.000	2.428.174
Financial fixed assets		
(Investments)	(1.415.151)	0
Disinvestments	-	2.866.442
Current financial assets		
(Investments)	(800.000)	-
Disinvestments	10.112.257	-
(Acquisition of subsidiaries or business units net of cash)	-	43.836.142
CASH FLOW FROM INVESTMENT ACTIVITY (B)	**(10.845.893)**	**18.778.758**

C. CASH FLOWS FROM FINANCING ACTIVITY:	2022	2021
Third party financing		
Increase (decrease) in short-term payables to banks	-	71.854.959
Repayment of bonds	(10.737.868)	(9.986.913)
Raising of loans	334.089.123	44.733.973
Repayment of loans	(95.332.375)	(61.975.222)
Change in centralised treasury management	(326.490.062)	(43.304.206)
CASH FLOW FROM FINANCING ACTIVITY (C)	**(98.471.181)**	**1.322.592**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A± B ± C)	**(7.288.863)**	**7.704.881**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8.344.354	639.473
bank and postal accounts	8.257.318	615.659
cash and cash on hand	87.036	23.813
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1.055.490	8.344.354
bank and postal accounts	1.013.729	8.257.318
cash-in-hand and cash equivalents	41.762	87.036

The cash flows presented in the statement of cash flows are net of the changes to the amount of the individual items caused by the extraordinary transactions that took place during the year and that are shown in the tables commented in the Notes to the financial statements. However, it should be noted that these transactions had no impact on the cash and cash equivalents of the companies involved.

STATEMENT OF CHANGES IN EQUITY

Equity	Share capital	Share premium/ contribution reserve	Legal reserve	Extraordinary reserve
Opening Balance	95.588	384.339	13.139	11.758
Allocation of the result	-	-	-	-
Increases	-	-	-	-
Dividends paid	-	-	-	(3.000)
Other comprehensive income	-	-	-	-
Other changes	-	-	-	-
Net profit (loss) for the year	-	-	-	-
Closing Balance	**95.588**	**384.339**	**13.139**	**8.758**

BASIS OF PREPARATION

The Financial Statements of the Parent Company AGSM AIM SpA at 31 December 2022 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 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.
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.

GOING CONCERN

Despite overcoming the COVID-19 pandemic, the outbreak of the war between Russia and Ukraine and its developments have forced us to constantly and systematically monitor the company's results, especially as regards the analysis of deviations from forecasts, given the impacts on energy markets.
The management analysed the management and financial indicators that did not reveal any risks linked to the

Provision for grants related to plants	Transformation reserves as per Law 127/97	IFRS FTA Reserve	Other reserves	Cash flow hedge reserve	Retained earnings/ (losses)	Profit (loss) for the year	Total equity
3.194	34.836	(5.892)	8.156	(90)	399	49.939	595.367
-	-	-	-	-	49.939	(49.939)	-
-	-	-	-	185	-	-	185
-	-	-	-	-	(27.000)	-	(30.000)
-	-	-	(96)	-	-	-	(96)
-	-	-	(552)	-	2	-	(550)
-	-	-	-	-	-	14.243	14.243
3.194	**34.836**	**(5.892)**	**7.508**	**96**	**23.340**	**14.243**	**579.148**

ability of the AGSM AIM to operate on a going concern basis.
In consideration of the results for the year, which also include the impacts connected with the war, the management analysed the forecasts made with regard to possible future scenarios, including the impacts from climate change as far as they can be foreseen, 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 2022-2025 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.

FINANCIAL STATEMENTS

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 sep-

arately 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 2022 have also been uniformly applied to all corresponding periods.
Figures in the financial statements are in Euros, whereas in the Notes all amounts have been rounded to the nearest thousand of Euros, unless otherwise stated.

Comparison of balances

The previous year's balances are not fully comparable with those as at 31 December 2022, due to the extraordinary transactions that took place with effect from 1 January 2022, as described in the Report on Operations.
However, in the individual comment sections of the financial statement items, the changes or impacts referable to these extraordinary transactions have been indicated. In addition, explanatory schedules that take into account the effects of these transactions are provided at the end of this document, thus allowing for the restatement of the opening balances at 1 January 2022 on a like-for-like basis and the possibility of substantial comparability of data.

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 in the year under examination. 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 an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

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 within the Company: intangible assets with a finite useful life that are amortised over their useful life and are subject to an impairment test whenever there are indications of a possible impairment; intangible assets with an indefinite useful life that are not amortised but are subject to an annual impairment test.

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 valuations 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.

Equity investments

Equity investments in subsidiaries and other companies are valued using the cost method. Equity investments in associates and joint ventures are recognised using the 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. The Company uses 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 which take into account the period of the related pension plan. With reference to 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 former employees.
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 former employees. These discounts also entail assessments which adequately consider when the related services will be provided and, accordingly, the need to calculate them using average present values.
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

Revenues and income are recognised net of returns, discounts and rebates, as well as taxes directly related to the sale of products and the provision of services. They are split between revenues from operating activities and financial income accruing between the date of sale and the date of payment.

In particular, these include:

- revenues for distribution are recognised on the basis of the tariffs recognised by the Authority and are subject to equalisation at the end of the financial year to reflect, on an accrual basis, the remuneration recognised by the Authority for the investments made;
- revenues are recognised when (or gradually as) the relevant obligation is fulfilled, by transferring the promised goods or services to the customer. The transfer occurs when (or gradually as) the customer acquires control of the goods or services. The recognised revenue corresponds to the price attributed to the relevant obligation that is measured. Revenues are only recognised if it is considered probable that the relevant amount will be received for the goods or services transferred to the customer.

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 income statement, 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 2021, except for the adoption of the new standards, amendments and interpretations in force from 1 January 2022.

Standards, interpretations, amendments and improvements required for the 2022 financial statements

Supplements and Clarifications to IFRS 3 - Business Combination

Clarification is given that the costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree's employees are not liabilities to be recognised at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, it recognises them in the post-combination

financial statements, in accordance with other IFRS standards. The standard was then supplemented with certain exceptions concerning liabilities and contingent liabilities falling under other IFRSs.
This supplement had no impact on the financial position.

Amendments to IAS 16 - Property, Plant and Equipment

The change concerned the issue of Proceeds before intended use. In particular, it is prohibited to deduct from the cost of property, plant and equipment the amounts received from the sale of items produced while the company is preparing the asset for its intended use. On the contrary, such sales proceeds and any related costs should be recognised directly in the income statement. The change had no impact on the financial position.

Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendments to IAS 37 dealt with the issue of the cost of fulfilling a contract, in the context of so-called onerous contracts. In particular, it is more clearly specified which costs should be taken into account in the definition of an onerous contract, expanding on the previous version. These changes should therefore result in more contracts being classified as onerous contracts.
Nevertheless, the change had no impact on the financial position.

Minor Amendments to IFRS 1 - First-time Adoption of IFRS; IFRS 9 - Financial Instruments; IAS 41 - Agriculture

Some minor amendments were made to IFRS 1 to facilitate the transition to IFRS for subsidiaries applying paragraph D16(a) of this standard; to IFRS 9 to better specify the fees that are part of the process of verifying whether conditions have changed for a financial liability; and to IAS 41 to better clarify the present value technique to be used in determining the fair value of an asset within the scope of this standard.
None of these changes had an impact on the financial position.
Moreover, the Company 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 2022 IFRS financial statements

IFRS 17 Insurance Contracts

The new standard establishes the principles for the recognition, measurement 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.
The application is not expected to have an impact on the financial position.

NON-RECURRING SIGNIFICANT TRANSACTIONS

AGSM AIM SpA is the holding company of the AGSM AIM Group. With effect from 1 January 2022, the following corporate reorganisation and streamlining transaction took place, which led to the merger of the equity investments of the specified subsidiaries into the leading companies of the respective BUs to which they belong:

- 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.;

In addition, also with effect from 1 January 2022, AGSM AIM Spa transferred:

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

The transactions described above are aimed at developing synergies and integrations to improve positioning in the Group's businesses through the enhancement of the individual sector companies of their brands and territorial coverage. Following the spin-off of the above-mentioned industrial activities, the corporate activities towards the investee companies relating to governance, procurement, administrative and financial services, planning and control, corporate affairs, car fleet, facility management, human resources management and engineering remained with AGSM AIM Spa. It also manages the concession for gas distribution in the Municipality of Treviso, the concessions with their related assets for integrated water services in the Municipalities of Verona and Vicenza and the concession for urban health services in the Municipality of Vicenza.

3 Notes to the Statement of Financial Position of the Parent Company

Notes to the Statement of Financial Position of the Parent Company

NON-CURRENT ASSETS

3.1 Intangible assets

A breakdown of the item "Intangible assets" as at 31 December 2022, is provided below with the relevant changes.

Net value	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks, and similar rights	Assets under concession	Intangible assets under development	Other	Total
Opening Balance	18	4.136	22.144	68.705	320	2.155	97.479
Investments	-	1.361	-	1.290	714	-	3.365
Extraordinary transactions	(18)	(1.823)	(859)	-	-	(1.865)	(4.566)
Reclassifications	-	3	1	110	(3)	-	111
Amortisation and depreciation	-	(1.079)	(1.231)	(6.028)	-	(35)	(8.373)
Other changes	-	-	-	-	(280)	-	(280)
Closing Balance	**-**	**2.599**	**20.055**	**64.077**	**750**	**254**	**87.735**

Extraordinary transactions refer to transfers of business units that took place on or after 1 January 2022.
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 refer to values deriving from the enhanced valuation of the gas distribution concession granted by the Municipality of Treviso. Concessions are mainly amortised on a straight-line basis over the term of the concession agreements.
Assets under concession refer to property, plant and equipment and intangible assets serving the conces-

sions that meet the requirements to be recognised in accordance with IFRIC 12. They are mainly related for Euro 23,229 thousand to the integrated water service concession of the city of Verona, for Euro 40,847 thousand to property, plant and equipment serving the concessions of the integrated water service of the city of Vicenza, and to property, plant and equipment related to gas distribution in the Municipality of Treviso.

3.2 Property, plant and equipment

The breakdown of property, plant and equipment at 31 December 2022 and the changes occurred during the year, with regard to the historical cost of non-current assets is shown below.

Historical cost	Land and buildings	Plant and Machinery	Transferable works	Industrial and commercial equipment	Other assets	Right-of-use assets	Assets under construction	Total
Opening Balance	140.663	647.414	32.681	5.996	15.211	1.365	9.433	852.765
Investments	1.845	685	-	39	1.177		13.047	16.794
Disposals and Sales	(35)	(4.381)	-	(235)	(138)	-	-	(4.789)
Extraordinary transactions	(45.397)	(605.666)	(32.681)	(2.592)	(1.638)	(65)	(8.223)	(696.262)
Other changes	-	-	-	1	-	394	1.681	2.076
Reclassifications	113	1.305	-	(1)	45	-	(1.573)	(111)
Closing Balance	**97.189**	**39.357**	**-**	**3.208**	**14.657**	**1.695**	**14.366**	**170.472**

Investments mainly relate to:

- revamping of the anaerobic digestion section of the Cà del Bue solid urban waste treatment plant for Euro 11,479 thousand; work was still in progress as of 31 December 2022;
- construction of new sites for wind and photovoltaic renewable energy production;
- construction of the infrastructure part for IT development projects (hardware equipment);
- extensions and improvements to company premises and their appurtenances.

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

Accumulated Depreciation	Land and buildings	Plant and machinery	Transferable works	Industrial and commercial equipment	Other assets	Right-of-use assets	Total
Saldo Iniziale	51.325	456.122	32.582	4.633	13.036	638	558.336
Dismissioni e Cessioni	(15)	(2.991)	-	(234)	(133)	-	(3.373)
Operazione straordinarie	(19.273)	(412.914)	(32.582)	(1.490)	(1.364)	(36)	(467.660)
Riclassifiche	4.370	(4.370)	-	-	-	-	-
Ammortamenti	2.060	449	-	51	825	301	3.686
Altre variazioni	-	2	-	-	-	-	2
Saldo Finale	**38.467**	**36.298**	**-**	**2.960**	**12.364**	**903**	**90.992**

The amounts shown under extraordinary transactions refer to the production assets that were contributed in the extraordinary transactions described above.

An analysis is provided below of the size of the individual items belonging to property, plant and equipment as at 31 December 2022.

Net value	Land and buildings	Plant and machinery	Transferable works	Industrial and commercial equipment	Other assets	Right-of-use assets	Assets under construction	Total
Opening Balance	89.338	191.292	99	1.363	2.175	727	9.434	294.429
Investments	1.845	685	-	39	1.177	-	13.047	16.793
Disposals and Sales	(20)	(1.390)	-	(1)	(5)	-	-	(1.416)
Extraordinary transactions	(26.124)	(192.752)	(99)	(1.102)	(274)	(29)	(8.223)	(228.603)
Reclassifications	(4.257)	5.675	-	(1)	45	-	(1.573)	(111)
Amortisation and depreciation	(2.060)	(449)	-	(51)	(825)	(301)	-	(3.686)
Other changes	-	(2)	-	1	-	394	1.681	2.074
Closing Balance	**58.722**	**3.059**	**-**	**248**	**2.293**	**792**	**14.366**	**79.480**

Land and buildings mainly refer to buildings and appurtenances of the company headquarters (Euro 53,810 thousand), and to buildings and appurtenances of the Cà del Bue power plant. Plant and machinery consists mainly of general plant at the various company sites.
Other assets mainly include office furniture and fittings (Euro 373 thousand), cars and transport vehicles used by the various company divisions for Euro 139 thousand, and electronic machinery (IT devices and video surveillance equipment) for Euro 1,781 thousand.

Right-of-use assets include immovable property covered by lease agreements and motor vehicles in the vehicle fleet covered by long-term rental agreements.
Assets under construction relate to Revamping works of the anaerobic digestion section of the Cà del Bue solid urban waste treatment plant for Euro 12,080 thousand and activities related to the development of new renewable energy plants (Euro 594 thousand for a wind power plant and Euro 679 thousand related to photovoltaic plants).

Depreciation rates

	Economic/Technical Rates
- Buildings	1,67% - 6,00%
- General plant and machinery	3,33% - 6,00%
- Meters and measuring instruments	6,67%-8,70%
- Equipment, instrumentation and tools	5,00-10,00%
- Vehicles and trucks	5,00%-6,67%-20,00%-25,00%
- Electronic machinery	20,00%
- Assets under concession (water and gas)	1,75%-10,00%
- Concessions and leasehold improvements	durata concessione
- Software licences	20,00%

3.3 Goodwill

The balance of "Goodwill" at 31 December 2022 and the changes occurred compared to 31 December 2021 are shown below.

	Goodwill
Opening Balance	1.273
Extraordinary transactions	(1.273)
Closing Balance	**-**

The goodwill present at 31 December 2021 related to the acquisition of a photovoltaic power generation plant in Carisio (VC) transferred to AGSM AIM POWER Srl.

3.4 Equity investments

For the Equity investments at 31 December 2022 and with reference to each equity investment held, the final amount and the amounts relating to any revaluations, impairment losses and changes that occurred during the year, are shown below.

As a result of the business combination that took place in the previous year, according to IFRS 3 - Business combinations, the value of certain equity investments includes the fair value measurement as an allocation of the price related to the business combination transaction.

Equity investments	Opening balance	Investments	Revaluations (Write-downs)	Extraordinary transactions	Closing Balance
Subsidiaries					
AIM Energy Srl	117.852	-	-	(117.852)	-
AGSM HOLDING ALBANIA	750	-	-	-	750
AGSM AIM Ambiente Srl	-	50	-	-	50
Azienda Multiservizi Igiene Ambientale	21.382	-	-	-	21.382
V-Reti SpA	88.469	-	-	228.467	316.937
Astra Solar Srl	1.297	-	-	(1.297)	-
AGSM AIM Calore Srl	-	10	-	37.510	37.520
Consorzio Canale Camuzzoni	5.572	-	-	(5.572)	-
Diesse Energia Srl	1.516	-	-	(1.516)	-
AGSM AIM Power Srl	4.350	-	-	57.426	61.776
AIM Mobilità Srl	3.668	-	-	(3.668)	-
Parcoeolico Carpinaccio SrL	5.521	-	-	(5.521)	-
Parco Eolico Riparbella Srl	6.714	-	-	(6.714)	-
AGSM AIM Smart Solutions Srl	14.007	-	-	38.575	52.582
Servizi a Rete Srl	96.972	-	-	(96.972)	-
AGSM AIM Energia SpA	17.835	-	-	117.852	135.687
Sigma Srl	2.531	-	-	(2.531)	-
S.I.T. Società Igiene Territorio Spa	-	1.355	(661)	-	694
Sphere Energy 1	1.180	-	-	(1.180)	-
Sphere Energy 2	1.042	-	-	(1.042)	-
TS Energia Due Srl	1.619	-	-	(1.619)	-
Valore Ambiente Srl	13.062	-	-	-	13.062
Vinci Energia Srl	762	-	-	(762)	-
Ecoenergia Vomano Srl	1.649	-	-	(1.649)	-
Total	**407.750**	**1.415**	**(661)**	**231.936**	**640.441**
Associates					
Consorzio GPO	8.082	-	654	-	8.737
SI.VE Srl	36	-	-	-	36
Total	**8.119**	**-**	**654**	**-**	**8.773**
Other companies					
Parco Eolico Monte Vitalba	161	-	-	(161)	-
ICQ Holding Spa	229	-	-	-	229
Fondazione G. Rumor	87	-	-	-	87
Ascopiave S.p.A.	3	-	-	-	3
Banca Etica	33	-	-	-	33
Total	**513**	**-**	**-**	**(161)**	**353**

The changes in equity investments held reflect the extraordinary transactions serving the group's corporate reorganisation effective as of 1 January 2022. For a detailed comment on this, see the introductory paragraph of the Notes to the financial statements.

Equity investments in subsidiaries

Name	Head office	Share capital	Equity	Profit (Loss)	% stake	Book value
AGSM HOLDING ALBANIA	Tirana (Albania)	138.310	88.319	(7.071)	75,00%	750
AGSM AIM Ambiente Srl	Vicenza	50	17	(33)	100,00%	50
Azienda Multiservizi Igiene Ambientale	Verona	12.804	22.748	478	100,00%	21.382
V-Reti SpA	Vicenza	90.400	327.426	14.281	99,83%	316.937
AGSM AIM Calore Srl	Verona	3.000	50.470	12.950	100,00%	37.520
AGSM AIM Power Srl	Verona	3.000	70.322	17.212	100,00%	61.776
AGSM AIM Smart Solutions Srl	Vicenza	3.000	50.608	2.428	100,00%	52.582
AGSM AIM Energia SpA	Verona	5.271	55.244	16.329	96,27%	135.687
S.I.T. Società Igiene Territorio Spa	Vicenza	1.000	694	(101)	100,00%	694
Valore Ambiente Srl	Vicenza	1.012	14.048	1.260	100,00%	13.062
Total						**640.441**

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

Equity investments in associates

Name	Head office	Share capital	Equity	Profit (Loss)	% stake	Book value
Consorzio GPO	Reggio Emilia	20.197	22.879	301	33,46%	8.737
S.I.V.E S.r.l.	Legnago (VR)	151	1.460	40	24,25%	36
Total						**8.773**

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 8,737 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.

Equity investments in other companies

Other minority equity investments include those in ICQ Holding Spa, Fondazione G. RUMOR, Ascopiave SpA and Banca Etica. The equity investment in ICQ Holding relates to an industrial initiative that is still dormant and is fully covered by a provision.

3.5 Other non-current financial assets

A breakdown of Other non-current financial assets at 31 December 2022 and 2021 is provided below.

Other non-current financial assets	2022	2021	Change	% change
Financial receivables from subsidiaries	12.060	13.713	(1.653)	-12%
Financial receivables from others	11.005	11.497	(492)	-4%
Total	**23.065**	**25.209**	**(2.144)**	**-9%**

The item "Financial receivables from subsidiaries" refers to the non-current portion of mortgage loans granted to AGSM AIM Power Srl for Euro 8,040 thousand, Eco Tirana Sha for Euro 1,618 thousand and Transeco Srl for Euro 23 thousand.
This item also includes financial receivables from the subsidiaries Società Igiene e Territorio Spa and Blue Oil Srl of Euro 3,370 thousand and Euro 250 thousand, respectively, for which a provision for doubtful accounts totalling Euro 1,292 thousand has been set aside.
An interest rate reflecting the average cost of AGSM AIM SpA's bank loans, i.e. in line with that available on the market, is applied to loans granted to wholly-owned subsidiaries.
Financial receivables from others mainly 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 10,995 thousand.

3.6 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 2022, while the increases concern negative income components charged during the year but temporarily without the requirements for deductibility. The item is broken down below:

Deferred tax assets	2022	2021	Change	Impact of extraordinary transactions	% change
Deferred tax assets	7.959	22.358	(14.399)	(12.906)	-64%
Total	**7.959**	**22.358**	**(14.399)**	**(12.906)**	**-64%**

3.7 Other non-current assets

A breakdown of the item "Other non-current assets" at 31 December 2022 and 2021 is provided below.

Other non-current assets	2022	2021	Change	Impact of extraordinary transactions	% change
Prepaid expenses	772	713	59	-	8%
Security deposits	584	585	(1)	(2)	0%
Receivables from others	86	86	-	-	0%
Total	**1.442**	**1.384**	**58**	**(2)**	**4%**

Other non-current assets mainly include receivables for security deposits and prepaid expenses, under long-term sponsorship contracts, aimed at promoting the Group's corporate image, on sports facilities and during cultural events.
Receivables from others relate to the principal and interest on the INA collective policy.

CURRENT ASSETS

3.8 Inventories

A breakdown of "Inventories" at 31 December 2022 and 2021 is provided below.

Inventories	2022	2021	Change	Impact of extraordinary transactions	% change
Raw materials, consumables and supplies	636	5.333	(4.697)	(6.966)	-88%
Advances	5	5	-	-	0%
Total	**641**	**5.338**	**(4.697)**	**(6.966)**	**-88%**

Inventories of raw materials, consumables and supplies consist of consumable materials used in corporate activities for maintenance and consumption. The above amount is shown net of a provision for inventory write-downs of Euro 700 thousand set aside to show inventories at their estimated realisable value.

3.9 Trade receivables

A breakdown of "Trade receivables" is provided below for the financial years ended 31 December 2022 and 2021.

Trade receivables	2022	2021	Change	% change
Trade receivables	12.140	66.641	(54.502)	-82%
Receivables from subsidiaries	20.899	62.591	(41.692)	-67%
Receivables from subsidiaries of the parent company	1.392	3.424	(2.032)	-59%
Receivables from associates	33	(4)	38	-909%
Total	**34.464**	**132.652**	**(98.188)**	**-74%**

Trade receivables

Trade receivables mainly consist of receivables for environmental health tariffs and services performed in the Municipality of Vicenza, as well as fees for the use of plants and networks and for the rental of premises.

Allowance for doubtful accounts	Opening balance	Accrual	Uses	Closing Balance
Allowance for doubtful accounts	2.548	-	-	2.548
Total	**2.548**	**-**	**-**	**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.

Receivables from subsidiaries

Receivables from subsidiaries mainly consist of receivables for corporate services provided to them, including interest charged in connection with group cash pooling.

Receivables from subsidiaries of parents

Receivables from subsidiaries of parents refer to the company Acque Veronesi Scarl for the activities carried out under service agreements, the rental and maintenance of the cogeneration plant and the water treatment plant.

3.10 Current financial assets

A breakdown of "Current financial assets" is provided below for the financial years ended 31 December 2022 and 2021.

Current financial assets	2022	2021	Change	% change
Cash pooling receivables from subsidiaries	459.202	132.712	326.490	246%
Financial receivables from subsidiaries	2.292	9.952	(7.660)	-77%
Financial receivables for dividends from subsidiaries	982	466	516	111%
Financial derivatives not included among non-current assets	126	-	126	-
Other equity investments	21	21	-	-
Total	**462.622**	**143.150**	**319.472**	**223%**

Financial assets for centralised treasury management towards subsidiaries include outstanding receivables from subsidiaries for group cash pooling services. The trend in prices of energy products, with the associated increase in net working capital needed for ordinary operations, generated a significant increase in financial support through cash pooling from the parent company.

The current portion of financial receivables from subsidiaries refers to the portions of loans granted to subsidiaries and falling due by the end of the following year. They mainly refer to the portions attributable to AGSM AIM Power for Euro 1,865 thousand and Eco Tirana for Euro 382 thousand.

Financial receivables for dividends from subsidiaries mainly concern receivables related to the distribution of the previous year's profit from AGSM AIM Power Srl for Euro 980 thousand.

The item "Financial derivatives" includes the positive fair value of hedging derivative contracts outstanding on the measurement date.

3.11 Current tax assets

A breakdown of "Current tax assets" is provided below for the financial years ended 31 December 2022 and 2021.

Current tax assets	2022	2021	Change	Impact of extraordinary transactions	% change
Current tax assets – IRES	9.939	2.385	7.555	(296)	317%
Current tax assets – IRAP	1.590	179	1.411	-	788%
Total	**11.530**	**2.564**	**8.966**	**(296)**	**350%**

3.12 Other current assets

A breakdown of "Other current assets" is provided below for the financial years ended 31 December 2022 and 2021.

Other current assets	2022	2021	Change	Impact of extraordinary transactions	% change
Sundry receivables from subsidiaries	45.162	4.845	40.317	7.477	832%
Tax receivables	8.305	7.981	324	11	4%
Receivables from CSEA	3.933	427	3.506	-	822%
Current prepaid expenses	913	613	299	-	49%
EEC - Energy Efficiency Certificates	406	334	72	-	22%
Advances to suppliers	263	186	77	-	41%
Incentive receivables on renewable sources	21	1.451	(1.430)	-	-99%
Other receivables	2.186	2.781	(595)	-	-21%
Total	**61.188**	**18.618**	**42.571**	**7.489**	**229%**

The item "Sundry receivables from subsidiaries" refers to receivables for group VAT and tax consolidation.
Tax receivables of Euro 8,305 thousand mainly include VAT receivables.
The item "Receivables from CSEA" consists of amounts related to equalisation adjustments and tariff components yet to be collected from the Cassa per i Servizi Energetici e Ambientali.
"Current prepaid expenses" mainly refer to amounts paid in advance in accordance with sponsorship agreements, fees paid in advance in relation to software licences and the use of application platforms, and advances on water and sewerage concession charges for the Municipality of Vicenza.
The item "Incentive receivables" consists of receivables for contributions recognised by the Gestore dei Servizi Energetici (Manager of Energy Services).
The item "Other receivables" mainly consists of receivables from the Gestore dei Servizi Ambientali (Manager of Environmental Services).

3.13 Cash and cash equivalents

A breakdown of "Cash and cash equivalents" is provided below for the financial years ended 31 December 2022 and 2021.

Cash and cash equivalents	2022	2021	Change	% change
Bank and postal accounts	1.014	8.257	(7.244)	-88%
Cash-in-hand and cash equivalents	42	87	(45)	-52%
Total	**1.055**	**8.344**	**(7.289)**	**-87%**

The amount of Euro 1,055 thousand refers to demand cash and cash equivalents available at banks at the reporting date, of which Euro 1,014 thousand refers to bank current account balances and the rest to cash and cash on hand. For details and analysis of changes in this item, reference should be made to the Report on Operations.

EQUITY

The table on the following page summarises the movements in the equity items during the year.
Pursuant to Article 2427, point 7 bis, of the Italian Civil Code, the Legal reserve can only be used to cover losses. Other reserves, for the portion that includes the revaluation of investments measured with the equity method, can be used to cover losses and increase share capital. All other reserves, on the other hand, can be used to cover losses, increase share capital and also for distribution to shareholders.

3.14 Share capital

The share capital of AGSM AIM SpA, equal to Euro 95,588 thousand, is unchanged from last year. 61.2% is owned 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.

3.15 Legal reserve

The legal reserve of Euro 13,139 thousand was not increased during the year, having already reached the minimum threshold required by law.

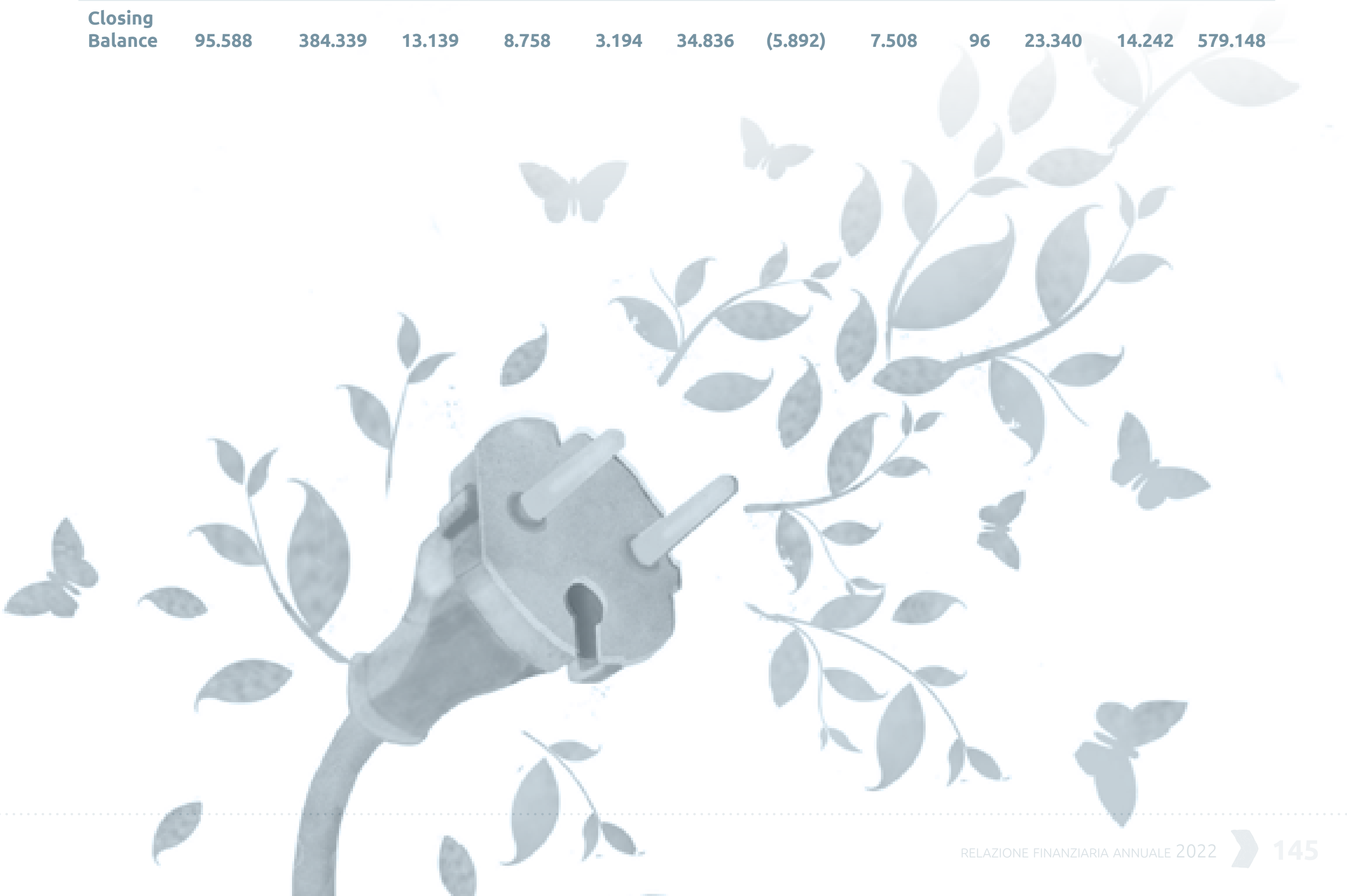
3.16 Other reserves

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 even further following the increase approved for the issue of the shares to be assigned to the shareholders of the merged Companies.
The extraordinary reserve of Euro 8,758 thousand decreased compared to the previous year due to the distribution of Euro 3,000 thousand in dividends to the City of Vicenza.
The reserve for contributions of Euro 3,194 thousand includes the residual portions (not included in the above-mentioned 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 7,508 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 expected cash flow hedge reserve, standing at Euro 96 thousand, includes the fair value (net of the tax effect) and its changes of the financial instruments held by the Company to hedge the interest rate risk on certain loans.
The IFRS FTA reserve represents the amount as at 1 January 2021 for the adoption of IAS/IFRS.
Retained earnings, which amounted to Euro 23,340 thousand, increased due to the allocation of the previous year's result and decreased due to the distribution of dividends of Euro 27,000 thousand.
The result for 2021, which amounted to Euro 49,939 thousand, was entirely carried forward.
During the year, Euro 30,000 thousand in dividends were distributed, of which Euro 27,000 thousand from retained earnings and Euro 3,000 thousand from extraordinary reserves.

3.17 Profit (loss) for the year

The profit for 2022 amounted to Euro 14,242 thousand.

Equity	Share capital	Share premium/contribution reserve	Legal reserve	Extraordinary reserve	Provision for grants related to plants	Transformation reserves as per Law 127/97	IFRS FTA Reserve	Other reserves	Cash flow hedge reserve	Retained earnings/(losses)	Profit (loss) for the year	Total equity
Opening Balance	95.588	384.339	13.139	11.758	3.194	34.836	(5.892)	8.156	(89)	399	49.939	595.367
Allocation of the result	-	-	-	-	-	-	-	-	-	49.939	(49.939)	-
Increases	-	-	-	-	-	-	-	-	185	-	-	185
Extraordinary transactions	-	-	-	(3.000)	-	-	-	-	-	(27.000)	-	(30.000)
Dividends paid	-	-	-	-	-	-	-	(96)	-	-	-	(96)
Other comprehensive income	-	-	-	-	-	-	-	(552)	-	2	-	(550)
Other changes Net profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	14.242	14.242
Closing Balance	**95.588**	**384.339**	**13.139**	**8.758**	**3.194**	**34.836**	**(5.892)**	**7.508**	**96**	**23.340**	**14.242**	**579.148**



NON-CURRENT LIABILITIES

3.19 Non-current financial liabilities

A breakdown of the item "Non-current financial liabilities" at 31 December 2022 and 2021 is provided below.

Non-current financial liabilities	2022	2021	Change	% change
Bank loans	199.957	61.427	138.530	226%
Bonds	10.014	20.023	(10.009)	-50%
Loans and borrowings from other financial backers	370	191	179	93%
Total	**210.341**	**81.641**	**128.700**	**158%**

Total long-term bank loans amounted to Euro 199,957 thousand (nominal value Euro 200,678 thousand), and consisted of the principal portion of the loans. The total amount of bank loans, including the short-term portion of the principal amount, as reported under current liabilities, is Euro 266,984 thousand and includes the loan of Euro 150,000 raised in August 2022.
Loans granted by banks require compliance with certain covenants, which, as at 31 December 2022, have been met.
The costs incurred by the Company to obtain bank loans were initially recognised with a reduction in financial liabilities and subsequently recognised among financial expenses using the amortised cost method in accordance with IFRS 9.
Bonds, which amounted to Euro 10,014 thousand, consisted of the non-current portion of the non-convertible, unsubordinated and unsecured bond loan, with an original value of Euro 70,500 thousand, placed on the Main Securities Market, a regulated market managed by the Euronext Dublin Irish Stock Exchange. The first issue of Euro 50,000 thousand was listed on 20/09/2017, while a second tranche amounting to Euro 20,500 thousand was issued on 17/09/2018.
Loans and borrowings from other financial backers include the non-current portion of lease payables for property, plant and equipment recorded in accordance with IFRS 16.

.20 Employee benefits

The breakdown of "Employee benefits" at 31 December 2022 and the changes occurred compared to 31 December 2021 are shown below:

Employee benefits	Opening balance	Accruals	Extraordinary transactions	Uses	Other changes	Other income components	Closing Balance
Employee severance indemnities	6.704	845	(2.598)	(667)	(769)	(697)	2.817
Provision for rate discounts	5.909	-	-	(463)	55	824	6.326
Total	**12.613**	**845**	**(2.598)**	**(1.130)**	**(713)**	**127**	**9.143**

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.

3.21 Provision for risks and charges

The breakdown of "Provision for risks and charges" at 31 December 2022 and the changes occurred compared to 31 December 2021 are shown below.

Provision for risks and future charges	Opening balance	Accruals	Extraordinary transactions	Uses	Other changes	Closing Balance
Provision for future charges	17.892	-	(15.830)	-	-	2.063
Provision for sundry risks	5.266	425	-	(179)	103	5.615
Total	**23.159**	**425**	**(15.830)**	**(179)**	**103**	**7.678**

As a result of the group's reorganisation, provisions for cyclical maintenance and dismantling expenses were transferred to the subsidiaries AGSM AIM Power Srl and AGSM AIM Calore Srl, for a total of Euro 15,830 thousand, in relation to the business units transferred to them. The provision for sundry risks was utilised in connection with disputes that were settled. During the year, the amount of Euro 2,200 thousand was reclassified under the provision for risks in connection with a problem that no longer exists with regard to inventories in connection with legal disputes, and the amount of Euro 2,097 thousand was released for risks that apparently no longer existed, supplemented by an additional accrual of Euro 425 thousand for personnel-related risks.

3.22 Deferred tax liabilities

The table below shows the changes occurred compared to 31 December 2021 of the item "Deferred tax liabilities" at 31 December 2022.

Deferred tax liabilities	Opening balance	Accruals	Extraordinary transactions	Uses	Closing Balance
Provisions for taxes, including deferred tax liabilities	5.867	13	(2.423)	(133)	3.324
Total	**5.867**	**13**	**(2.423)**	**(133)**	**3.324**

The provision for taxes, including deferred taxes, includes the payable for deferred tax liabilities for positive income components which, recognised in 2022 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.

3.23 Other non-current liabilities

The breakdown of "Other non-current liabilities" at 31 December 2022 and the changes occurred compared to 31 December 2021 are shown below.

Other non-current liabilities	2022	2021	Change	Impact of extraordinary transactions	% change
Deferred income	13.083	19.045	(5.962)	(2.644)	-31%
Advances	2.687	2.687	-	-	0%
Derivative financial instruments	-	118	(118)	-	-100%
Total	**15.770**	**21.850**	**(6.080)**	**(2.644)**	**-28%**

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

CURRENT LIABILITIES

3.24 Current financial liabilities

The breakdown of "Current financial liabilities" at 31 December 2022 and the changes occurred compared to 31 December 2021 are shown below.

Current financial liabilities	2022	2021	Change	% change
Bank borrowings	353.194	245.526	107.668	44%
Financial payables to subsidiaries	91.430	32.207	59.223	184%
Payable to the Municipality of Verona for approved dividends	41.656	25.132	16.524	66%
Payable to the Municipality of Vicenza for approved dividends	19.476	6.000	13.476	225%
Bonds	10.071	10.800	(729)	-7%
Loans and borrowings from other financial backers	798	727	71	10%
Totale	**516.626**	**320.392**	**196.234**	**61%**

Total bank indebtedness increased by Euro 107,668 thousand to cope with the increased working capital requirements. With regard to payables for mortgage loans in 2022, Euro 95,216 thousand were repaid, while loan repayments next year will amount to Euro 67,027 thousand in accordance with the respective contractual due dates.
The item "Bonds" consists of the current portion of the bond already commented on under non-current financial liabilities. During 2022, the previous non-convertible bond known as the "Rivoli Bond" and issued by the company in 2015 was redeemed in full.
Loans and borrowings from other financial backers include 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 as set out in IFRS 16.

3.25 Trade payables

The breakdown of "Trade payables" at 31 December 2022 and the changes occurred compared to 31 December 2021 are shown below.

Trade payables	2022	2021	Change	% change
Advances	165	676	(511)	-76%
Trade payables	19.993	49.527	(29.534)	-60%
Payables to parent companies	1.401	1.402	(2)	-
Payables to subsidiaries	12.036	18.017	(5.981)	-33%
Payables to associates	29	20	10	49%
Payables to subsidiaries of the parent companies	54	112	(58)	-52%
Total	**33.678**	**69.754**	**(36.076)**	**-52%**

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 trade payables for services and supplies as detailed at the end of the notes.

3.26 Current tax liabilities

The breakdown of "Current tax liabilities" at 31 December 2022 and the changes occurred compared to 31 December 2021 are shown below.

Current tax liabilities	2022	2021	Change	% change
Current tax payables for IRES	9.316	13.906	(4.590)	-33%
Current tax payables for IRAP	179	1.411	(1.232)	-87%
Total	**9.495**	**15.317**	**(5.822)**	**-38%**

Current tax payables refer to income tax and substitute taxes.

3.27 Other current liabilities

A breakdown of "Other current liabilities" at 31 December 2022 and 2021 is provided below.

Other current liabilities	2022	2021	Change	Impact of extraordinary transactions	% change
Sundry payables to subsidiaries	14.476	3.253	11.223	12.020	345%
Tax payables	12.464	10.493	1.972	-	19%
Payables to employees	2.321	2.961	(640)	(838)	-22%
Payables to social security and welfare institutions	1.248	1.698	(450)	(275)	-26%
Security deposits	812	812	-	(1)	0%
Accrued expenses	550	117	434	-	371%
Deferred income	422	508	(85)	(2.757)	-17%
Payables to CSEA	229	265	(35)	-	-13%
Other current payables	3.050	3.118	(68)	-	-2%
Total	**35.573**	**23.222**	**12.351**	**8.148**	**53%**

The item "Sundry payables to subsidiaries" is mainly composed of payables arising from the contribution balances of the various business units to the subsidiaries AGSM AIM Power Srl, AGSM AIM Smart Solutions Srl and AGSM AIM Calore. In addition, it includes accrued payables for group VAT and tax consolidation.
The item "Tax payables" includes the Group's VAT payable to Tax Authorities of Euro 11,208 thousand.
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 2022.
The item "Payables to social security and welfare institutions" includes the payables due at 31 December 2022 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 payables" mainly includes amounts payable to the Municipality of Vicenza for sums collected on its behalf for TARI (waste collection tax) and OSAP (tax for the occupation of public spaces and areas) and to the Ministry of the Environment for the management of the OPT-OUT plants.

NOTES TO THE INCOME STATEMENT OF THE PARENT COMPANY

The reorganisation of the businesses at the company level had a very significant impact on the income statement, which is not comparable with that of the 2021 financial year, since the company transferred its production activities as explained above.

REVENUE

3.28 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 2022 and 2021 with an indication of the change.

Revenue from sales and services	2022	2021	Change	% change
Intercompany revenue	30.881	35.374	(4.493)	-13%
Fees for collection and sweeping	20.428	18.696	1.732	9%
Sundry revenue	6.191	17.275	(11.084)	-64%
Revenue from methane gas	5.720	5.517	203	4%
Revenue from fibre optics	484	1.033	(548)	-53%
Revenue from connections	152	2	150	7151%
Income from car parks and parking services	108	4.934	(4.826)	-98%
Revenue from electricity	-	153.979	(153.979)	-100%
Revenue from heat	-	30.997	(30.997)	-100%
Revenue from public lighting	-	1.267	(1.267)	-100%
Total	**63.965**	**269.072**	**(205.108)**	**-76%**

Intercompany services, which make up the company’s main revenue item, mainly refer to corporate services, provided by the parent company for Euro 26,827 thousand and used by the subsidiaries to perform their institutional tasks such as property services, administrative, legal and financial management, planning and control, procurement, engineering, human resources, car parks, IT systems and quality, safety and environmental services. The remainder relates to sales of inventory materials to subsidiaries amounting to Euro 3,931 thousand.
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.
Sundry revenue refers to services rendered to third parties and mainly include revenue from Acque Veronesi Scarl and Viacqua SpA for the lease of assets pertaining to the integrated water service for Euro 5,157 thousand and for services amounting to Euro 870 thousand.
Revenue from methane gas, amounting to Euro 5,720 thousand, relates 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).
For further details, reference should be made to the paragraph commenting on the Business Units in the Report on Operations.

3.29 Other revenue

A breakdown of "Other revenue" is provided below for the financial years ended 31 December 2022 and 2021.

Other revenue	2022	2021	Change	% change
Contingent items and non-realised losses	3.272	3.189	83	3%
Grants related to plants	1.289	1.840	(552)	-30%
Real estate income	1.035	1.312	(277)	-21%
Gains	256	2.126	(1.870)	-88%
Revenue from services to third parties	299	1.420	(1.121)	-79%
Grants for current expenses	48	10.922	(10.874)	-100%
Indemnities, reimbursements and other	90	231	(141)	-61%
Certified revenue	72	371	(299)	-80%
Electricity market revenue	-	2.632	(2.632)	-100%
Other sundry revenue	840	1.741	(900)	-52%
Other revenue	**7.202**	**25.784**	**(18.582)**	**-72%**
Increases in non-current assets	**887**	**6.762**	**(5.875)**	**-87%**
Total	**8.089**	**32.545**	**(24.457)**	**-75%**

The main component of other revenue is the item related to contingent items and non-realised losses, which totalled Euro 3,272 thousand and included the differences between the estimated amounts of production bonuses paid to personnel for the year 2021 and those actually paid after final accounting, and the recognition of non-realised losses on liabilities that had previously been recognised.
The revenue item related to grants decreased sharply from the previous year, especially with regard to operating grants for the exploitation of renewable energy sources, due to the transfer of the underlying operations to subsidiaries, following the reorganisation of the group, while the allocation of grants related to plants contributed Euro 1,289 thousand to revenue.
The general item of other sundry revenue includes the amount of the tax credit recognised under the "Aiuti" and "Aiuti Bis" Decrees, which amounted to Euro 434 thousand.
The increases in non-current assets for internal work include the costs relating to the consumables used, the personnel used for construction work and the costs relating to the additional maintenance carried out for the technological upgrade of the company's plants.

OPERATING COSTS

3.31 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 2022 and 2021.

Costs for raw materials and consumables	2022	2021	Change	% change
Purchase of materials	5.685	8.752	(3.067)	-35%
Electricity	1.807	7.106	(5.299)	-75%
Gas	598	99.364	(98.766)	-99%
Purchase of heat	355	695	(340)	-49%
Change in inventories	(70)	397	(467)	-118%
Total	**8.375**	**116.313**	**(107.938)**	**-93%**

Purchases of materials decreased compared to the previous year, although to a lesser extent than the purchase of energy and gas, and mainly refer to purchases of materials for inventories amounting to Euro 4,145 thousand and purchases of materials for services amounting to Euro 1,146 thousand.

The purchase of electricity, which amounted to Euro 1,807 thousand, fell sharply from the previous year due to the shift of operations to the new entities that oversee the individual strategic areas in which the group operates. Electricity purchases are made entirely from the subsidiary AGS AIM Energia SpA.

The purchase of gas, which amounted to Euro 598 thousand, despite the upward trend in market prices, underwent a significant reduction in terms of volume due to the transfer of the production business unit to the subsidiary AGSM AIM Power Srl. Gas purchases were made from third parties for Euro 19 thousand and from the subsidiary AGSM AIM Energia Spa for Euro 579 thousand.

The purchase of heat, which amounted to Euro 355 thousand, also decreased from the previous year for the reasons already described above, and was made entirely from AGSM AIM Energia Spa.

The cost components relating to the purchase of energy, gas and heat relate to consumption on the company premises.

The change in inventories, amounting to Euro 70 thousand, is due to the increase in materials in stock at the end of the year compared to those at the end of the previous year.

3.32 Services

A breakdown of “Services” is provided below for the financial years ended 31 December 2022 and 2021.

Services	2022	2021	Change	% change
Intercompany services	23.463	27.308	(3.846)	-14%
Professional services	3.702	5.648	(1.945)	-34%
Hardware and software maintenance	3.625	1.779	1.845	104%
IT services	2.760	436	2.324	533%
Advertising and sponsorships	1.788	1.702	86	5%
Personnel costs	1.780	1.458	322	22%
Costs for works and maintenance	1.299	3.852	(2.553)	-66%
Security, cleaning and porterage	1.031	911	121	13%
Directors' remuneration	869	587	282	48%
Telephony expenses	500	732	(232)	-32%
Insurance	364	1.262	(898)	-71%
Electricity transport and system costs	267	738	(471)	-64%
Various outsourced services	255	400	(145)	-36%
Board of Statutory Auditors fees	205	194	11	6%
Bank services	180	159	21	13%
Internal consumption for office use	40	102	(61)	-60%
Temporary employment	11	36	(24)	-68%
Meter reading	2	9	(7)	-78%
Consortium contributions	-	1.725	(1.725)	-100%
Service agreement charges	-	704	(704)	-100%
Other services	729	10.780	(10.051)	-93%
Total	**42.869**	**60.510**	**(17.641)**	**-29%**

Intercompany services mainly include Euro 19,734 thousand relating to the management of waste collection and disposal provided by the subsidiary Valore Ambiente Srl, and Euro 3,639 thousand relating to various services provided by subsidiaries (including services for the remote control operating centre provided by the subsidiary V-Reti Spa for Euro 1,586 thousand; TARI tariff management services provided by the subsidiary AGSM AIM Energia Spa for Euro 442 thousand; miscellaneous connectivity services provided by the subsidiary AGSM AIM Smart Solutions Srl for Euro 851 thousand; photovoltaic services relating to the head office and Ca’ del Bue provided by the subsidiary AGSM AIM Power Srl for Euro 383 thousand and maintenance work on the cooling/heating systems provided by the subsidiary AGSM AIM Calore Spa for Euro 154 thousand).

The item related to energy transport and electricity system charges decreased sharply from the previous year due to the transfer of the various business units to the subsidiaries, which therefore also took over the related energy transport costs and related charges. The cost remaining with the parent company concerns the residual charges payable to GSE.

Consortium contributions were also reduced to zero compared to the previous year, due to the extraordinary corporate reorganisation transactions that took place, and were passed on to the beneficiary companies of the relevant business units, to which they are charged.

3.33 Leases and rentals

A breakdown of "Leases and rentals" is provided below for the financial years ended 31 December 2022 and 2021.

Leases and rentals	2022	2021	Change	% change
Rent for the use of third-party networks	1.296	-	1.296	0%
Rentals	296	240	56	23%
Lease payments	225	224	1	0%
Concession charges	158	3.471	(3.313)	-95%
Rents and leases	46	32	15	46%
Intercompany network usage costs	-	242	(242)	-100%
Total	**2.022**	**4.209**	**(2.187)**	**-52%**

The item "Rent for the use of third-party networks" refers to the fee paid to the Municipality of Treviso for the concession of the gas distribution service.
The item "Rentals" mainly relates to the company car fleet, while "Rents and leases" include the rental amounts for electricity substations, whereas "Lease payments" relate to contracts that have been assigned and are not subject to IFRS 16.
The item "Concession charges" relates to the fee for parking management activities in the municipality of Vicenza.

3.34 Other operating costs

A breakdown of "Other operating costs" is provided below for the financial years ended 31 December 2022 and 2021.

Other operating costs	2022	2021	Change	% change
Contingent liabilities	1.716	865	851	98%
IMU (municipal property tax) and TASI (municipal tax)	612	1.305	(693)	-53%
Other taxes and duties	499	500	(1)	0%
Donations	247	1.249	(1.003)	-80%
Crossing fees	131	2.095	(1.965)	-94%
Losses on disposals and non-realised gains	100	607	(508)	-84%
Authority Contribution	62	38	24	64%
Indemnities	34	3	31	1033%
Purchase of certificates	-	17.862	(17.862)	-100%
Other general expenses	533	843	(310)	-37%
Total	**3.933**	**25.369**	**(21.436)**	**-84%**

The most significant item relates to contingent liabilities that refer to adjustments and possible differences between estimated income components from previous years and the final components, whereas "Other general expenses" mainly include membership fees for Euro 385 thousand.
The costs incurred for crossing fees have also passed to the subsidiaries following the contribution of the relevant business units.
As a result of the corporate reorganisation, the parent company no longer purchases certificates for CO2 emission allowances. Therefore, the related cost is no longer charged to the company's income statement.

3.35 Personnel costs

A breakdown of "Personnel costs" is provided below for the financial years ended 31 December 2022 and 2021.

Headcount	2021	Recruitment	Terminations	Extraordinary	2022	Media
Senior managers	2022	Average	0	(3)	16	16
Middle managers	28	13	0	(15)	26	25
White collar workers	258	40	0	(109)	189	189
Blue collar workers	55	0	0	(41)	14	15
Total	**358**	**55**	**0**	**(168)**	**245**	**244**

The workforce decreased due to the transfer of personnel at the same time as the transfer of business units to the other subsidiaries.

Personnel costs	2022	2021	Change	% change
Wages and salaries	13.169	18.624	(5.456)	-29%
Social security contributions	3.775	5.508	(1.733)	-31%
Employee severance indemnities	845	1.162	(317)	-27%
Other personnel costs	311	311	-	0%
Total	**18.099**	**25.605**	**(7.506)**	**-29%**

Total personnel costs decreased due to the transfer of personnel, as noted above. The average cost was Euro 74 thousand, in line with the Euro 72 thousand of the previous year

3.36 Amortisation, depreciation, accruals and impairment

A breakdown of "Amortisation, depreciation, accruals and impairment" is provided below for the financial years ended 31 December 2022 and 2021.

Amortisation, depreciation, accruals and impairment	2022	2021	Change	% change
Intangible assets	8.373	9.203	(830)	-9%
Property, plant and equipment	3.686	24.889	(21.203)	-85%
Total amortisation/depreciation	**12.059**	**34.092**	**(22.033)**	**-65%**
Other impairment of non-current assets	-	250	(250)	-100%
Total impairment and write-downs	**-**	**250**	**(250)**	**-100%**
Provisions for liabilities	425	1.196	(771)	-64%
Other provisions	-	1.836	(1.836)	-100%
Total provisions	**425**	**3.033**	**(2.608)**	**-86%**
Total	**12.484**	**37.375**	**(24.890)**	**-67%**

Depreciation and amortisation of property, plant and equipment and intangible assets reflect the normal obsolescence process over the useful life.

The item "Provisions for liabilities" includes the accrual relating to the increase in the provision for personnel-related risks.

FINANCIAL INCOME AND EXPENSES

3.40 Income from equity investments

A breakdown of "Income from equity investments" is provided below for the financial years ended 31 December 2022 and 2021.

Income from equity investments	2022	2021	Change	% change
Income from subsidiaries				
V-Reti SpA	16.615	11.145	5.469	49%
AGSM AIM Energia SpA	7.889	15.478	(7.589)	-49%
AGSM AIM Smart Solutions Srl	4.400	-	4.400	0%
AGSM AIM Power Srl	980	464	516	111%
Parcoeolico Carpinaccio SrL	-	284	(284)	-100%
Parco Eolico Riparbella Srl	-	504	(504)	-100%
Total income from subsidiaries	**29.885**	**27.875**	**2.009**	**7%**
Income from associates	**-**	**63**	**(63)**	**0%**
Income from other companies				
Other companies	9	2	7	417%
Total income from other companies	**9**	**2**	**7**	**417%**
Total	**29.894**	**27.940**	**1.953**	**7%**

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.

3.41 Financial income

A breakdown of "Financial Income" is provided below for the financial years ended 31 December 2022 and 2021.

Financial income	2022	2021	Change	% change
Income from subsidiaries	5.600	1.924	3.675	191%
Income from other companies	-	11	(11)	-100%
Interest income on bank and postal savings accounts	3	1	2	132%
Other interest income	193	183	10	5%
Total	**5.795**	**2.120**	**3.675**	**173%**

Income from subsidiaries derives from interest income accrued on loans granted to subsidiaries, including the Group cash pooling, and mainly refers to interest accrued from AGSM AIM Energia Spa for Euro 4,071 thousand, from V-Reti Spa for Euro 940 thousand, and from AGSM AIM Power Srl for Euro 366 thousand. More details are provided in the tables at the end of the explanatory notes.

Other interest income mainly refers to the recognition in accordance with the provisions of IFRIC 12 of the Verona water and sewerage service concession agreements.

3.42 Financial expenses

A breakdown of "Financial expenses" is provided below for the financial years ended 31 December 2022 and 2021.

Financial expenses	2022	2021	Change	% change
Expenses payable to subsidiaries	**528**	**660**	**(132)**	**-20%**
Interest expenses on loans	3.551	1.990	1.561	78%
Interest expenses on current account over-drafts	2.678	412	2.266	550%
Interest expenses on bonds	623	1.099	(476)	-43%
Bank expenses and charges	610	633	(22)	-4%
Other interest expenses	203	53	150	285%
Expenses payable to third parties	**7.665**	**4.186**	**3.479**	**83%**
Total	**8.193**	**4.846**	**3.346**	**69%**

Interest expense payable to subsidiaries includes charges accrued on the group cash pooling account.
Other interest expenses mainly refer to the recognition in accordance with the provisions of IAS 19 of discounts and other rate subsidies and employee severance indemnities, as well as the recognition in accordance with the provisions of IFRS 16 of actual charges on lease and rental contracts.

3.43 Adjustments to financial assets

A breakdown of "Adjustments to financial assets" is provided below for the financial years ended 31 December 2022 and 2021.

Adjustments to financial assets	2022	2021	Change	% change
Revaluations				
Revaluations of equity investments	731	201	530	263%
Total revaluations	**731**	**201**	**530**	**263%**
Impairment				
Impairment of equity investments	(661)	(800)	139	-17%
Total impairment	**(661)**	**(800)**	**139**	**-17%**
Total	**70**	**(599)**	**669**	**-112%**

The item "Revaluations of equity investments", equal to Euro 731 thousand, refers for Euro 654 thousand to the measurement with the equity method of the investment in the associate Consorzio GPO made on the basis of the 2022 financial statements and for Euro 77 thousand to dividends collected from the associate.

The item "Impairment of equity investments", amounting to Euro 661 thousand, refers to the impairment of the equity investment in the subsidiary Società Igiene e Territorio SpA.

3.44 Income taxes

A breakdown of "Income taxes" is provided below for the financial years ended 31 December 2022 and 2021.

Income taxes	2022	2021	Change	% change
Current taxes	365	10.401	(10.036)	-96%
- IRES	-	8.990	(8.990)	-100%
- IRAP	-	1.411	(1.411)	-100%
Deferred taxes	1.478	(3.223)	4.701	-146%
Previous years' taxes	13	(266)	279	-105%
Income from tax consolidation	(4.260)	-	(4.260)	0%
Total	**(2.404)**	**6.913**	**(9.682)**	**-140%**

The pre-tax profit amounted to Euro 11,838 thousand. The balance of taxes was negative, as it consisted mainly of income from tax consolidation.

The table below shows the reconciliation between the theoretical and effective tax expense.

IRES reconciliation	Taxable income	Income taxes
Pre-tax profit (loss)	**11.838**	
Theoretical tax charge (+24%)		**2.841**
Increases	618	1.065
Decreases	(30.206)	(8.164)
Tax base	**(17.750)**	
Current IRES tax for the year		**-**

IRAP reconciliation	Taxable income	Income taxes
Difference between value and costs of production	**(15.728)**	
Costs not relevant for IRAP purposes	18.524	
Total	**2.796**	
Theoretical tax charge (+3.90)		**109**
Increases	4.960	
Decreases	(652)	
Tax wedge	(17.794)	
Tax base	**(10.689)**	
Current IRAP taxes for the year		**-**

Other information

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 502,533 thousand and includes security deposits with third parties, guarantees provided by AGSM AIM SpA to banks for the granting of credit facilities and bank guarantees in favour of other companies of the AGSM AIM Group.

Revenue or cost items of exceptional amount or impact

There are no items to report.

Treasury shares

Pursuant to article 2428 of the Italian Civil Code, it is noted that, during the year, AGSM AIM SpA did not hold, purchase or sell treasury shares or shares or quotas of parents, including through trustees or nominees.

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

	Period	End of office	Remuneration
Directors	01/01/2022-31/12/2022	Approval of financial statements	869
Board of Statutory Auditors	01/01/2022-31/12/2022	Approval of financial statements	205
Independent Auditors	01/01/2022-31/12/2022	Approval of financial statements	69

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 the table of receivables and payables with respect to the shareholder Municipalities.

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 sexies of the Italian Civil Code, it should be noted that at 31 December 2022 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 belongs and they are available at the registered office of the entity.

Description of temporary differences that resulted in the recognition of deferred tax assets and liabilities

Deferred tax assets	Deferred tax assets - taxable amount	2021 Tax (a)	Credit/debit to the income statement	2022 Tax (b)
Assets area difference	28.175	6.810	(621)	(186)
Connection contributions etc.	2.785	777	(239)	(67)
Property/inventory write-downs	9.258	2.583	(280)	(105)
Provision for future charges	17.892	4.992	-	-
Provision for sundry risks	5.266	1.264	(1.571)	(233)
Provisions for liabilities	2.431	678	(2.431)	(678)
Amort./deprec. exceeding the tax threshold	3.515	889	-	-
Deferred income recognised in the income statement	1.134	316	-	-
Allowance for doubtful accounts	4.718	1.132	(2.391)	(574)
Other costs/provisions	1.249	304	(1.249)	(304)
Income taxes	110	31	(68)	(19)
Tariff discounts and employee severance indemnities - IFRS	5.243	1.357	-	-
N.A. / Rates difference	*N.D.*	*1.224*	*N.D.*	*702*
Credit for deferred tax assets	**81.776**	**22.358**	**(8.850)**	**(1.465)**

Deferred tax liabilities	Deferred tax assets - taxable amount	2021 Tax (a)	Credit/debit to the income statement	2022 Tax (b)
Assets area difference	-	-	-	-
Dividends	22	5	22	5
Reversal of balances	8.541	2.511	-	-
Reversal of previous years' tax-related entries and tax-driven accounting from box EC on tax return	13.134	3.152	-	-
IFRS	N.D.	199	-	-
N.A. / Rates difference	*N.D.*	*-*	*N.D.*	*8*
Debit for deferred tax liabilities	**21.697**	**5.867**	**22**	**13**
Total effect on the income statement				**1.478**

Impact of extraordinary transactions	2022 Tax (c)	Effects on the financial position	2022 Tax (d)	Deferred tax assets - taxable amount	2022 Tax (a+b+c)
(25.639)	(6.153)	-	-	1.915	470
(797)	(222)	-	-	1.749	488
(1.988)	(555)	-	-	6.990	1.923
(15.830)	(4.416)	-	-	2.063	575
-	-	-	-	3.695	1.031
-	-	-	-	-	-
-	-	-	-	3.515	889
-	-	-	-	1.134	316
-	-	-	-	2.327	558
-	-	-	-	-	-
-	-	-	-	42	12
-	-	1.823	339	7.066	1.696
					1.926
(44.254)	**(11.347)**	**1.823**	**339**	**30.495**	**9.885**

Extraordinary transactions	2022 Tax (c)	Equity effect / Reclassification	2022 Tax (d)	Deferred tax assets - taxable amount	2022 Tax (a+b+c)
(10.066)	(2.416)	22.947	5.689	12.881	3.273
-	-	64	15	63	25
(8.541)	(2.511)	-	-	-	-
-	(3.152)	-	-	-	-
-	-	N.D.	(164)	N.D.	35
					8
(18.607)	**(8.079)**	**1.335**	**(123)**	**12.945**	**3.341**

Summary of the key data from the latest financial statements of the Municipality of Verona- figures in thousands of Euro

The company is not subjected to management and coordination. 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 2021 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 2021, 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	**2021**
ASSETS	
Non-current assets	1.943.272
Current assets	280.984
Prepayments and accrued income	1.191
TOTAL ASSETS	**2.225.447**
LIABILITIES	
Equity	1.640.784
Provisions for risks and charges	37.096
Payables	401.012
Accrued expenses and deferred income	146.555
TOTAL LIABILITIES	**2.225.447**

INCOME STATEMENT	2021
a) Revenue from operations	326.556
b) Costs of operations	-334.175
Difference between positive and negative components of operations (A-B)	-7.619
c) Financial income and expenses	32.130
d) Adjustments of financial assets	0
e) Extraordinary income and expenses	12.628
Income taxes	-4.039
Net Income	**33.100**

Related-party transactions

Intercompany receivables	Trade receivables	Financial receivables	Other non-current financial assets	Sundry receivables	Total
2VEnergy Srl	13	-	-	1.042	1.056
AGSM HOLDING ALBANIA	8	2	-	-	10
AGSM AIM Ambiente Srl	8	-	-	-	8
Azienda Multiservizi Igiene Ambientale	2.108	86	-	-	2.194
V-Reti SpA	5.945	111.353	-	12.659	129.957
AGSM AIM Calore Srl	740	-	-	3.310	4.050
Consorzio Canale Camuzzoni	1	-	-	15	17
COGASPIU' Energie Srl	64	-	-	16	80
ECO Tirana	-	382	1.618	-	2.000
AGSM AIM Power Srl	992	2.845	8.040	4.765	16.643
Parcoeolico Carpinaccio SrL	44	-	-	386	430
Parco Eolico Riparbella Srl	47	-	-	251	298
AGSM AIM Smart Solutions Srl	460	4.163	-	1.226	5.849
AGSM AIM Energia SpA	7.513	343.410	-	16.682	367.605
Serit	9	23	-	-	32
S.I.T. Società Igiene Territorio Spa	2.562	1	2.378	177	5.119
Transeco	1	212	23	-	235
Tre V Ambiente S.r.l.	133	-	-	-	134
Valore Ambiente Srl	226	-	-	373	599
Total	**20.876**	**462.476**	**12.060**	**40.902**	**536.314**

Intercompany payables	Trade payables	Financial payables	Sundry payables	Total
2VEnergy Srl	93	12.884	31	13.009
Azienda Multiservizi Igiene Ambientale	261	-	880	1.141
V-Reti SpA	1.958	1	351	2.310
AGSM AIM Calore Srl	1.079	9.890	3.894	14.862
Consorzio Canale Camuzzoni	1.733	763	2	2.498
COGASPIU' Energie Srl	-	-	17	16
AGSM AIM Power Srl	445	13.123	4.912	18.481
Parcoeolico Carpinaccio SrL	40	2.861	2	2.903
Parco Eolico Riparbella Srl	78	5.418	4	5.501
AGSM AIM Smart Solutions Srl	3.041	252	3.530	6.824
AGSM AIM Energia SpA	1.545	36.519	-	38.064
Serit	1	-	-	1
S.I.T. Società Igiene Territorio Spa	180	-	867	1.047
Transeco	2	-	-	2
Valore Ambiente Srl	1.599	9.720	-	11.319
Total	**12.058**	**91.430**	**14.490**	**117.978**

Analysis of sales and intercompany services	Revenue from sales and services	Other revenue and income	Total
2VEnergy Srl	192	-	192
AGSM AIM Ambiente Srl	2	6	8
Azienda Multiservizi Igiene Ambientale	1.485	38	1.524
V-Reti SpA	14.887	57	14.944
AGSM AIM Calore Srl	2.307	40	2.348
Consorzio Canale Camuzzoni	5	-	5
COGASPIU' Energie Srl	194	-	194
AGSM AIM Power Srl	2.491	12	2.504
Parcoeolico Carpinaccio SrL	60	-	60
Parco Eolico Riparbella Srl	61	-	61
AGSM AIM Smart Solutions Srl	1.563	23	1.585
AGSM AIM Energia SpA	7.626	42	7.668
Serit	17	-	17
S.I.T. Società Igiene Territorio Spa	169	72	240
Transeco	3	-	3
Tre V Ambiente S.r.l.	21	78	99
Valore Ambiente Srl	747	4	751
Total	**31.828**	**372**	**32.200**

Costs of intercompany production	Costs for raw materials	Services	Leases and rentals	Other operating costs	Total
2VEnergy Srl	-	-	-	474	474
Azienda Multiservizi Igiene Ambientale	-	240	6	1	248
V-Reti SpA	62	1.586	-	1	1.649
AGSM AIM Calore Srl	8	154	-	-	162
AGSM AIM Power Srl	4	383	-	-	387
AGSM AIM Smart Solutions Srl	4	923	-	1	928
AGSM AIM Energia SpA	2.776	442	-	21	3.239
S.I.T. Società Igiene Territorio Spa	-	151	-	25	176
Transeco	-	27	-	-	27
Valore Ambiente Srl	-	19.746	-	10	19.757
Total	**2.854**	**23.653**	**6**	**534**	**27.047**

Intercompany financial income and expenses	16) other financial income	17) interest and other financial expenses
2VEnergy Srl	43	93
V-Reti SpA	940	54
AGSM AIM Calore Srl	-	49
BLUEOIL Srl	8	-
Consorzio Canale Camuzzoni	-	8
ECO Tirana	43	-
AGSM AIM Power Srl	366	46
Parcoeolico Carpinaccio SrL	-	44
Parco Eolico Riparbella Srl	-	93
AGSM AIM Smart Solutions Srl	37	18
AGSM AIM Energia SpA	4.071	104
S.I.T. Società Igiene Territorio Spa	50	-
Transeco	2	-
Valore Ambiente Srl	42	19
Total	**5.600**	**528**

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.

Statement illustrating the effects of corporate transactions as at 1 January 2022

FINANCIAL POSITION - ASSETS	AGSM AIM 2022	RESTATED 2021	AGSM AIM 2021	CONTRIBUTION
NON-CURRENT ASSETS				
Intangible assets	87.735	92.913	97.479	(4.566)
Property, plant and equipment	79.480	65.827	294.429	(228.602)
Goodwill	-	-	1.273	(1.273)
Equity investments	649.567	648.158	416.383	231.775
Other non-current financial assets	23.065	25.209	25.209	-
Deferred tax assets	7.959	9.452	22.358	(12.906)
Other non-current assets	1.442	1.382	1.384	(2)
Total non-current assets	**849.248**	**842.940**	**858.514**	**(15.574)**
CURRENT ASSETS				
Inventories	641	(1.627)	5.338	(6.966)
Trade receivables	34.464	132.532	132.532	-
Current financial assets	462.622	143.150	143.150	-
Current tax assets	11.530	2.268	2.564	(296)
Other current assets	61.188	26.226	18.738	7.489
Cash and cash equivalents	1.055	8.344	8.344	-
Total current assets	**571.501**	**310.894**	**310.667**	**227**
TOTAL ASSETS	1.420.749	1.153.834	1.169.181	(15.347)
FINANCIAL POSITION - LIABILITIES				
EQUITY				
Share capital	95.588	95.588	95.588	-
Legal reserve	13.139	13.139	13.139	-
Other reserves	456.179	436.700	436.700	-
Profit (loss) for the year	14.242	49.939	49.939	-
Minority interests	-	-	-	-
NON-CURRENT LIABILITIES				
Non-current financial liabilities	210.341	81.641	81.641	-
Employee benefits	9.143	10.015	12.613	(2.598)
Provision for risks and charges	7.678	7.329	23.159	(15.830)
Deferred tax liabilities	3.324	3.444	5.867	(2.423)
Other non-current liabilities	15.770	19.206	21.850	(2.644)
Total non-current liabilities	**246.255**	**121.634**	**145.129**	**(23.495)**
CURRENT LIABILITIES				
Current financial liabilities	516.600	320.392	320.392	-
Trade payables	33.678	69.754	69.754	-
Current tax liabilities	9.495	15.317	15.317	-
Other current liabilities	35.573	31.370	23.222	8.148
Total current liabilities	**595.346**	**436.833**	**428.685**	**8.148**
TOTAL LIABILITIES	1.420.749	1.153.834	1.169.181	(15.347)

Significant events after the reporting period

See the comments in the notes to the consolidated financial statements

Proposal for allocation of profits

Dear Shareholders, in confirming that in preparing the draft Financial Statements of AGSM AIM Spa for the year ended 31 December 2022 we have 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 report for the year consisting of the statement of financial position, the income statement, the statement of cash flows, the notes to the financial statements and the report on operations which show a profit for the year of Euro 14,242 thousand, with the following proposal for the allocation of the profit for the year:

- Euro 712,123 to the Legal reserve
- Euro 654,354 to Revaluation of equity investments measured at equity;
- for the remaining part equal to Euro 12,875,992, to pay dividends.

Verona, 22 May 2023

The Chairperson of the Board of Directors
Federico Testa

Report of the Board of Statutory Auditors

AGSM AIM Spa

Share capital: Euro 95,588,235

Registered office: Lungadige Galtarossa 8 - 37133 Verona (VR)

TAX ID CODE 00215120239

VAT number 02770130231

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS

2022 ANNUAL FINANCIAL REPORT

Introduction

The Board of Directors has made available the 2022 Annual Financial Report, approved on 22 May 2023, for the year ended 31 December 2022, 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).

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 for the first time, having the Board been appointed by the Shareholders’ Meeting held on 28 January 2021. During 2022, the Group finalised a corporate reorganisation and streamlining transaction that led to the merger of the equity investments of the subsidiaries in the Business Units, in order to develop synergies and integrate the different areas. In short, the Group continued the integration of AGSM and AIM.

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 with the exception of the information reported in the paragraph on reports pursuant to Article 2409 of the Italian Civil Code and the paragraph on the adequacy of the organisational structures.

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 additional observations to make that have not been stated in this report and/or in previous Shareholders' Meetings.

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 met with the Independent Auditors, exchanged information and were reassured that they did not find any significant deficiencies with regard to the internal control system in relation to accounting and financial reporting.

We obtained information about and supervised the adequacy of the organisational, administrative and accounting system.

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 issued the opinions envisaged by law. In particular, pursuant to Article 2389 of the Italian Civil Code, at the meeting of 31 May 2022, it expressed its opinion on the variable component of the Chief Executive Officer's remuneration.

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, other significant facts emerged that need to be mentioned in this report, which are referred to in the paragraph on reports pursuant to 2409 of the Italian Civil Code and adequacy of organisational structures.

Report pursuant to Article 2409 of the Italian Civil Code

As known, the Shareholders' Meeting of 7 December 2022 was convened, following the resolution of the Board of Directors on 28 November 2022, with the following agenda:

- Removal for just cause of Chief Executive Officer Mr. Stefano Quaglino. Relating and resulting resolutions.

- Resolution of the corporate liability action against Chief Executive Officer Mr. Stefano Quaglino. Relating and resulting resolutions.

- Removal, pursuant to Article 21 of the Articles of Association, of Director Stefano Casali, due to the loss of a relationship of trust with the Shareholders; relating and resulting resolutions.

- Removal, pursuant to Article 21 of the Articles of Association, of Director Francesca Vanzo, due to the loss of the relationship of trust with the Shareholders; relating and resulting resolutions.

During the meeting, the majority shareholder asked for "*the removal and postponement of the first two items on the agenda* (1. *Removal for just cause of Chief Executive Officer Mr. Stefano Quaglino. Relating and resulting resolutions. 2. Resolution of the corporate liability action against Chief Executive Officer Mr. Stefano Quaglino. Relating and resulting resolutions), put forward following the Board of Directors' decision, for not having been sufficiently informed on the subject matter of these proposals"*. The Shareholders' Meeting, with the minority shareholder voting against, rejected the first two items on the agenda and resolved to revoke directors Stefano Casali and Francesca Vanzo.

As is well known, the current legislation (Article 2409 of the Italian Civil Code), also for the purpose of protecting the rights of minorities and in the general interest of fair management, provides for the possibility of a petition to the Court. This only concerns the work of the Directors and, in addition to the shareholders, is delegated to the Board of Statutory Auditors, as well as to the Public Prosecutor, in companies that access the venture capital market.

Therefore, the Board of Statutory Auditors had a duty to report the matter to the Court, since they had a well-founded suspicion, based on the liability action brought by the Board of Directors (and since the latter - not even in the new formation - never reconsidered their positions), that the Chief Executive Officer, in breach of their duties, had committed serious irregularities in management that could cause harm to the company or one or more subsidiaries.

It should be noted - and this seems important - that the Board of Directors never revoked/reconsidered its position, and that the majority shareholder only requested the removal and postponement of the items on the agenda of the Shareholders' Meeting of 7 December 2022 *(for not having been sufficiently informed on the subject matter of these proposals)*. In essence, the contested acts remained pending, and for this reason the Board of Statutory Auditors filed a petition with the Court pursuant to Article 2409 of the Italian Civil Code.

The shareholders were informed of the Board of Statutory Auditors' report at the Shareholders' Meeting on 3 April 2023 and received a copy of the Petition from the bodies of the Company on 4 April 2023.

Adequacy of organisational structures

The Board of Statutory Auditors has on several occasions made specific observations to the Board of Directors concerning the adequacy of the Company's organisational structure, in particular with reference to

- the internal audit structure which is inadequate in resources,
- the lack of information flows to and from subsidiaries

suggesting a review of the organisational structure which is still inadequate despite measures taken in recent months.

Conclusions

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 Shareholders' Meetings 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 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, with the exception of the above indications in relation to the report pursuant to Article 2409 of the Italian Civil Code;
- specific observations were made regarding the adequacy of the organisational structure of the Company,
- we have no specific observations to make regarding the adequacy of the Company's organisational structure, as well as its reliability in correctly representing operating events;
- the information obtained from the Supervisory Body has not revealed any significant critical issues with respect to the existing Organisational Model that need to be noted in this report;
- during the supervisory activity, as described above, only the significant facts already stated in this report came to light;
- no reports were received pursuant to Article 2408 of the Italian Civil Code;
- a report pursuant to Article 2409 of the Italian Civil Code was made by the Board of Statutory Auditors, as already noted;

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 2022, 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 ended 31 December 2021, which referred to the acquisition of a photovoltaic power generation plant in Carisio (VC). Since it was transferred, it is therefore no longer present in the financial statements as at 31 December 2022;

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.

We draw attention to the paragraph "*Acquisition transaction and events in the financial year 2022 and subsequent developments*", which states that "*Pending the litigation, during the current year, the Parent Company has carried out a further in-depth valuation of the Compago Group with Intermonte SIM S.p.A. and, in view of the first order issued by the Court of Venice, it appointed a lawyer to provide an independent opinion (parere pro veritate) in relation to the preliminary purchase and sale agreement. In particular, the Parent Company asked whether, due to the failure to fulfil all the conditions precedent by 31 December 2022, the agreement had become definitively ineffective with the consequent termination of the contractual obligation, and - if so - whether the possibility for seeking claims for damages would still be valid*". In particular, it should be noted that, at the date of the Board of Directors' meeting that approved the draft financial statements, the aforementioned opinion was already available to the Company, which made it available to the Board (and the Board of Statutory Auditors) after the approval of the financial statements. The Board, when approving the financial statements submitted for your approval, was therefore unable to evaluate the considerations included in the aforementioned opinion.

Similarly, the Board of Statutory Auditors noted an evaluative asymmetry, or narrative inconsistency, in risk allocation (amounting to approximately EUR 2 million) between the separate and consolidated financial statements. This asymmetry was reported to the Board by the Board of Statutory Auditors.

The Board of Directors decided not to accept the Board of Statutory Auditors' remarks and not to amend the financial statements.

Consolidated Financial Statements

We also examined the draft Consolidated Financial Statements for the year ended 31 December 2022, 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 9 June 2023 on the separate and consolidated financial statements for the year ended 31 December 2022. Both reports express an opinion on compliance with the IFRS/IAS, without any emphasis of matter.

Conclusions

The Board of Statutory Auditors, to the extent of its competence, taking into account the findings of the Independent Auditors' report, invites the shareholders to approve the financial statements, drawing attention to what has been previously reported on the opinion received and to what has been pointed out in the document.

The Board of Statutory Auditors also invites the shareholders not to resolve on the distribution of dividends in the absence of an appropriate assessment by the Board on what has been previously reported.

Finally, it draws attention to the inconsistency in risk allocation.

Verona, 9 June 2023

The Board of Statutory Auditors

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, 2022

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.

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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, 2022, 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, 2022 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 report on operations, the Company with effect from January 1, 2022, transferred:

- 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 the newly established AGSM AIM Calore s.r.l. the business line relating to cogeneration and district heating.

As a result of the aforementioned extraordinary transactions, the figures shown in the financial statements for the year ended December 31, 2022 are not fully comparable with those of the previous year; however, in the notes to the financial statements, for a better representation and analysis of the main operating events of fiscal year 2022, the Directors have presented illustrative schedules of the effects of the aforementioned extraordinary transactions and made appropriate comparisons with the figures for fiscal year 2021, providing the relevant comments.

Our opinion is not modified in respect of these matters.

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.

Key audit matter	Audit response
Valuation of investments *Note 3.4 "Equity investments"* The Company accounted for as at December 31, 2022 equity investments in subsidiaries, associates and others for Euro 649,567 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, 2022; ▪ obtaining for all significant investments, the financial statements and the related auditors' reports as at December 31, 2022; ▪ 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 AGSM AIM Energia S.p.A., AGSM AIM Smart Solutions s.r.l., V-Reti S.p.A., AGSM AIM Power s.r.l., Valore Ambiente s.r.l.
Valuation of assets under concession *Note 3.1 "Intangible assets"* The Company accounted for as at December 31, 2022 Assets under concession for Euro 64,077 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.

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.

- 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.
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