

BIM GESTIONE SERVIZI PUBBLICI SPA

Via Tiziano Vecellio 27/29 – 32100 Belluno

Balance Sheet at 31/12/2023

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Report on Operations

Report of the Board of Statutory Auditors

Corporate Governance Report
(under art. 6, paragraph 4, TUSP - Consolidated Law on State-owned Enterprises)

Shareholders' meeting

1st Call 20 June 2024

2nd Call 21 June 2024

FINANCIAL STATEMENTS

General information on the company

Master data

Name: BIM GESTIONE SERVIZI PUBBLICI SPA
Registered office: VIA TIZIANO VECELLIO 27/29 32100 BELLUNO BL
Share Capital: 2,010,000
Fully paid-up share capital: yes
CCIAA (Chamber of Commerce, Industry, Craftsmanship and Agriculture) code: Belluno
VAT number: 00971870258
Tax code: 00971870258
REA (Economic and Administrative Index) no.: 86487
Legal form: JOINT-STOCK COMPANY
Company's main business segment (ATECO): 360000 Water collection, treatment and supply
Company in liquidation: no
Single-member company: no
Company subject to third party management and coordination activities: no
Name of company or entity that exercises management and coordination activities:
Membership of a Group: no
Name of the parent company:
Parent Company's country:
Cooperative registration number:

Balance Sheet

	31-12-2023	31-12-2022
Balance Sheet		
Assets		
B) Fixed Assets		
I - Intangible fixed assets		
4) concessions, licences, trade marks and similar rights	1,013,652	1,231,283
6) fixed assets in progress and advances	3,703,512	1,870,767
7) others	21,815,414	18,044,801
Total intangible fixed assets	26,532,578	21,146,851
II - Tangible fixed assets		
1) land and buildings	1,710,243	1,748,401
2) plant and machinery	22,190,161	21,732,125
3) industrial and commercial equipment	3,099,858	2,485,762

4) other assets	1,017,998	1,044,429
5) fixed assets in progress and advances	4,244,008	1,910,639
Total tangible fixed assets	32,262,268	28,921,356
III - Financial fixed assets		
1) investments in		
d-bis) other companies	218,495	215,609
Total investments	218,495	215,609
2) receivables		
d-bis) due from others		
within the next financial year	445,416	444,169
beyond the next financial year	5,972,662	6,409,203
Total receivables from others	6,418,078	6,853,372
Total receivables	6,418,078	6,853,372
Total financial fixed assets	6,636,573	7,068,981
Total fixed assets (B)	65,431,419	57,137,188
C) Current assets		
I - Inventories		
1) raw/auxiliary materials and consumables	1,330,671	956,898
3) contract work in progress	12,275	10,224
Total inventories	1,342,946	967,122
II - Receivables		
1) trade receivables		
within the next financial year	10,366,460	12,976,510
beyond the next financial year	2,438,148	2,371,483
Total receivables from customers	12,804,608	15,347,993
5-bis) tax receivables		
within the next financial year	466,376	737,093
beyond the next financial year	0	0
Total tax receivables	466,376	737,093
5-ter) prepaid tax assets	1,101,264	1,131,630
5-quater) due from others		
within the next financial year	4,073,967	1,866,372
beyond the next financial year	0	0
Total receivables from others	4,073,967	1,866,372
Total receivables	18,446,215	19,083,088
IV - Cash and cash equivalents		
1) bank and postal deposits	22,693,275	33,285,665
3) cash and cash equivalents on hand	1,110	2,153
Total cash and cash equivalents	22,694,385	33,287,818
Total current assets (C)	42,483,546	53,338,028
D) Accruals and deferrals	305,770	315,699

Total assets	108,220,735	110,790,915
Liabilities		
A) Shareholders' Equity		
I - Capital	2,010,000	2,010,000
III - Revaluation reserves	203,500	203,500
IV - Legal reserve	409,492	409,492
VI - Other reserves, separately indicated		
Extraordinary reserve	57,060,502	56,622,929
Various other reserves	(2)	0
Total other reserves	57,060,500	56,622,929
IX - Profit (loss) for the financial year	743,396	437,573
X - Negative reserve for treasury shares in portfolio	(450,000)	0
Total Shareholders' Equity	59,976,888	59,683,494
B) Provisions for risks and charges		
2) for taxes, including deferred taxes	109,425	133,476
4) others	1,278,122	1,320,591
Total provisions for risks and charges	1,387,547	1,454,067
C) Employee severance indemnity	269,274	274,260
D) Payables		
1) bonds		
within the next financial year	1,240,000	600,000
beyond the next financial year	16,580,884	17,790,491
Total bonds	17,820,884	18,390,491
4) payables due to banks		
within the next financial year	3,398,148	3,358,947
beyond the next financial year	9,656,030	13,034,223
Total due to banks	13,054,178	16,393,170
6) payments on account		
within the next financial year	131,419	178,282
beyond the next financial year	0	0
Total payments on account	131,419	178,282
7) trade payables		
within the next financial year	10,149,319	9,117,214
beyond the next financial year	0	0
Total due to suppliers	10,149,319	9,117,214
12) tax payables		
within the next financial year	432,736	346,494
beyond the next financial year	0	0
Total tax payables	432,736	346,494

13) payables due to social security institutions		
within the next financial year	695,975	631,415
beyond the next financial year	0	0
Total Payables to social security institutions	695,975	631,415
14) other payables		
within the next financial year	3,673,557	3,288,740
beyond the next financial year	407,325	813,195
Total other payables	4,080,882	4,101,935
Total payables	46,365,393	49,159,001
E) Accruals and deferrals	221,633	220,093
Total liabilities	108,220,735	110,790,915

Income statement

	31-12-2023	31-12-2022
Income statement		
A) Value of production		
1) revenue from sales and services	27,050,531	27,364,039
3) change in contract work in progress	2,051	(10,825)
4) increases in fixed assets for internal work	1,902,622	1,792,401
5) other revenues and income		
operating grants	587,369	839,695
others	2,097,263	1,992,090
Total other revenues and income	2,684,632	2,831,785
Total value of production	31,639,836	31,977,400
B) Production costs		
6) for raw, auxiliary materials and consumables and goods	2,266,292	1,911,329
7) for services	10,753,469	12,602,888
8) for use of third party assets	1,972,198	2,185,407
9) for staff		
a) wages and salaries	7,773,492	7,149,497
b) social security contributions	2,389,222	2,208,623
c) employee severance indemnity	480,004	465,666
d) pension and similar obligations	61,526	58,310
e) other costs	173,304	158,574
Total personnel costs	10,877,548	10,040,670
10) depreciation, amortisation and write-down		
a) amortisation of intangible fixed assets	1,505,898	1,381,156
b) depreciation of tangible fixed assets	1,654,137	1,639,699
d) write-downs of receivables included in current assets and cash and cash equivalents	180,000	200,000
Total depreciation, amortisation and write-downs	3,340,035	3,220,855
11) changes in inventories of raw, auxiliary and consumable materials and goods	(373,773)	(152,702)
12) provisions for risks	308,500	361,004
14) sundry operating expenses	1,298,109	840,105
Total production costs	30,442,378	31,009,556
Difference between value and cost of production (A - B)	1,197,458	967,844

C) Financial income and charges		
15) income from equity investments		
others	3,373	0
Total income from equity investments	3,373	0
16) other financial income		
d) income other than the above		
others	632,677	379,457
Total income other than the above	632,677	379,457
Total other financial income	632,677	379,457
17) interest and other financial charges		
others	991,656	895,745
Total interest and other financial charges	991,656	895,745
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(355,606)	(516,288)
Profit before tax (A - B + - C + - D)	841,852	451,556
20) Current, deferred and prepaid income taxes for the financial year		
current taxes	92,141	65,692
deferred and prepaid taxes	6,315	(51,709)
Total Current, deferred and prepaid income taxes for the year	98,456	13,983
21) Profit (loss) for the year	743,396	437,573

Cash flow statement, indirect method

	31-12-2023	31-12-2022
Cash flow statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the financial year	743,396	437,573
Income taxes	98,456	13,983
Interest expense/(income)	355,606	516,288
(Dividends)	(3,373)	0
(Gains)/Losses on disposal of assets	0	0
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses on disposal	1,194,085	967,844
Adjustments for non-monetary items not reflected in net working capital		
Provisions to funds	324,278	385,586
Amortisation/Depreciation of fixed assets	3,160,035	3,020,855
Total adjustments for non-monetary elements that did not have a contra-item in net working capital	3,484,313	3,406,441
2) Cash flow before changes in net working capital	4,678,398	4,374,285
Changes in net working capital		
Decrease/(Increase) in inventories	(375,824)	(141,877)
Decrease/(Increase) in trade receivables	2,543,385	2,231,923
Increase/(Decrease) in trade payables	1,032,105	1,398,055
Decrease/(Increase) in accrued income and prepaid expenses	9,929	5,651
Increase/(Decrease) in accrued expenses and deferred income	1,540	105,962
Other decreases/(Other Increases) in net working capital	(1,884,603)	(580,031)
Total changes in net working capital	1,326,532	3,019,683
3) Cash flow after changes in net working capital	6,004,930	7,393,968
Other adjustments		
Interest received/(paid)	(387,871)	(358,641)
(Income taxes paid)	(29,274)	(237,271)
Dividends received	3,373	0
(Use of provisions)	(371,727)	(36,912)
Total other adjustments	(785,499)	(632,824)
Cash flow from operating activities (A)	5,219,431	6,761,144

B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(4,763,291)	(3,549,658)
Divestments	11,130	0
Intangible fixed assets		
(Investments)	(7,145,376)	(5,236,805)
Divestments	10,864	0
Financial fixed assets		
(Investments)	(2,885)	(1,077,543)
Divestments	435,293	0
Cash flow from investing activities (B)	(11,454,265)	(9,864,006)
C) Cash flows from financing activities		
Third-party funding		
Increase /(Decrease) in short-term payables to banks	0	0
New loans	0	9,899,754
(Repayment of loans)	(3,908,599)	(4,737,933)
Equity		
Sale /(purchase) of own shares	(450,000)	0
Cash flow from financing activities (C)	(4,358,599)	5,161,821
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(10,593,433)	2,058,959
Cash and cash equivalents at the beginning of the financial year		
Bank and postal deposits	33,285,665	31,225,544
Cheques	0	0
Cash and cash equivalents on hand	2,153	3,315
Total cash and cash equivalents at the beginning of the financial year	33,287,818	31,228,859
Of which not freely usable	0	0
Cash and cash equivalents at the end of the financial year		
Bank and postal deposits	22,693,275	33,285,665
Cheques	0	0
Cash and cash equivalents on hand	1,110	2,153
Total cash and cash equivalents at the end of the financial year	22,694,385	33,287,818
Of which not freely usable	0	0

Notes to the Financial Statements, Initial Part

Dear Shareholders, these Explanatory Notes to the Financial Statements form an integral part of the financial statements as at 31/12/2023.

The financial statements comply with the provisions of articles 2423 et seq. of the Italian Civil Code and with the national accounting standards as published by the Italian Accounting Standards Board; therefore, they clearly represent, and provide a true and fair view of the company's equity and financial situation and the economic result for the year.

The content of the balance sheet and income statement is that required by articles 2424, 2424 bis, 2425 and 2425 bis of the Italian Civil Code, while the cash flow statement has been prepared pursuant to article 2425-ter.

The Explanatory Notes, prepared in accordance with article 2427 and 2427 bis of the Italian Civil Code, also contain all the information needed to provide a correct interpretation of the financial statements.

The company's corporate structure sees the company engaged almost exclusively in the Integrated Water Service, by virtue of the direct assignment operated by the Autorità d'Ambito Ottimale Alto Veneto (AATO - Alto Veneto Optimal Area Authority), now the Dolomiti Bellunesi Basin Council, in place since 1 January 2004.

As at 31/12/2023, 61 municipalities of the Bacino Imbrifero Montano del Piave area have equal stakes in the share capital, of which 60 in the Province of Belluno and 1 in the province of Udine (Municipality of Sappada), with the exception of the new municipalities of Quero Vas, Longarone, Val di Zoldo (double), Alpago and Borgo Valbelluna (triple), deriving from mergers, and the municipalities of Arsié and Lamon, which recently acquired 1 share at later dates, thus joining the shareholding structure. As of 22 January 2024, the Municipality of Quero Vas was merged with the Municipality of Alano di Piave, giving rise to the new Municipality of Setteville.

By way of a preliminary remark, it is noted that, pursuant to article 3 para. 2 of Legislative Decree 175/2016 (Testo Unico sulle Società Pubbliche), "In publicly owned joint-stock companies, the statutory audit of the accounts cannot be entrusted to the board of statutory auditors" and, furthermore, that article 14.1, letter q), of the "Convenzione per l'affidamento del Servizio Idrico Integrato" (Convention for the Assignment of the Integrated Water Service), entered into between Bim Gestione Servizi Pubblici S.p.A. and the "Dolomiti Bellunesi" Basin Council, requires the Company to have its financial statements certified by an authorised independent auditing company.

Lastly, it should be noted that the Company, as of the year 2016, must comply with the obligations of separate reporting on the activities of the Integrated Water Service, based on the provisions of Resolution 137/2016/R/IDR of 24/03/2016 of the Authority for Electricity, Gas and the Water System (AEEGSI), now renamed, following the extension of the regulatory and control functions on the waste cycle, the Regulatory Authority for Energy, Networks and Environment (ARERA).

Activities performed

The Company operates mainly in the Integrated Water Service, as direct assignee in 58 of the 59 municipalities of the province that make up the Alto Veneto Optimal Territorial Area.

There are residual minor activities, primarily the supply of liquefied petroleum gas (LPG) through proprietary local networks.

Significant events during the year

The year 2023 saw the Company heavily involved in the implementation of projects to regenerate parts of the Integrated Water Service that were awarded funding from the National Recovery and Resilience Plan (so-called "PNRR"): (i) the Basin Sludge Hub project, with EUR 1.2 million financed, (ii) the Leakage Reduction project, with EUR 20.4 million financed, and (iii) the Marisiga di Belluno purification plant upgrading project, with EUR 2.9 million financed.

On the organisational side, the Company continued the optimisation process undertaken in 2021 by strengthening the most relevant sectors in order to implement the PNRR projects cited above and carry out the new works envisaged in the Programme of Interventions, as well as consolidating a management organisational model, capable not only of managing emergencies and works for users, but also of planning medium- to long-term activities and thus freeing up resources for structural initiatives.

The year 2023 was still heavily affected by the general rise in raw material prices, resulting in higher costs incurred for the purchase of supplies and services, which were not covered in the tariff beyond the limit set by the current tariff method. The severe tension in the electricity and gas markets, which had heavily impacted the previous financial year, has instead slowed down as hoped, and the Company was able to benefit from the support measures put in place by the Government until 30 June 2023. It should be noted that the economic coverage of the higher energy costs is provided for within the framework of the full recovery cost mechanisms, a principle underlying the tariff method regulated by the Authority, which outlines the recognition of the costs incurred for energy at the end of the year. ARERA, with Resolution 229/2022/R/idr, in order to strengthen the monitoring of the trend of charges connected to the electricity market, incurred at the national level for the management of the integrated water service, ordered the annual publication of the average sector cost of electricity supply.

On the tariff front, in 2023, the Company applied the tariffs approved by ARERA with Resolution No. 132/2023/R/IDR of 28 March 2023, confirming the tariff coefficients approved by the EGA - Dolomiti Bellunesi Basin Council - with Resolution No. 17 of 28 November 2022. On 28 December 2023, ARERA approved the new Tariff Method for the fourth regulatory period 2024-2029 (MTI-4), which introduces new components, especially in terms of energy and environmental sustainability, with bonuses related to the reuse of purified wastewater and the reduction of the quantity of electricity purchased. The need to obtain the recognition in the tariff of the operating costs incurred by the Operators is also accepted, especially in light of the significant increases incurred in the last two years, with the expected recovery of inflation (effective in 2023 and expected in 2024) within the VRG components. The work of setting tariffs for the new regulatory period by the Ambit Management Authority (EGA), in cooperation with the Operator, is ongoing.

In 2023, the Company embarked on a merger project with the related company Bim Belluno Infrastrutture S.p.A., which may be realised following the sale of the methane gas distribution assets last 31 January, as better illustrated in the Report on Operations.

On the union front, on 19 September 2023, the supplementary company contract for the year 2023 was signed with the RSU (unitary workplace union structures) and union representatives, which provides for the payment to employees of a performance bonus linked to the achievement of certain objectives:

- Improvement of ARERA macro-indicators M2 "Service interruptions" and M5 "Sludge disposal in landfills";
- Achievement of EBITDA as per the three-year Business Plan for the year 2023;
- Investment at least 10% higher than the 2022 figure;
- Maintenance of ISO 9001 - ISO 45001 - ISO 14001 certifications on identified facilities and achievement of ISO 27001;
- Reduction of cases of non-compliance with invoice issuing deadlines;
- Reduction of unfulfilled quote requests as at 31/12/2023.

Partial smart working continued in 2023 on an trial basis, through the signing of individual agreements.

The municipality of Alano, holder of 60 of the 4,020 shares that make up the Company's share capital, expressed its wish to withdraw under the "Madia Law" and its implementing decrees. The liquidation value of the shares, determined on the basis of a special appraisal, was EUR 450 thousand. According to the provisions of art. 2437-quater of the Italian Civil Code, the shares of the withdrawing shareholder were offered under option to the other shareholders in proportion to the shares held. Since the placement was unsuccessful, on 4 December 2023 the Company received authorisation from the Shareholders' Meeting to purchase treasury shares pursuant to article 2357 of the Italian Civil Code. With a notarial deed dated 29 December 2023, the process came to an end and the Company, through the use of available reserves, liquidated the redemption value.

Drafting principles

Structure and Content of the Financial Statements

The Financial Statements for the year ended 31/12/2023, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Explanatory Notes, correspond to the results of the accounting records duly kept and have been prepared in accordance with the provisions of articles 2423 and 2423-bis of the Italian Civil Code, as well as the accounting principles and recommendations issued by the Italian Accounting Standards Board (O.I.C.).

The financial statements have therefore been prepared in accordance with the principles of clarity, truthfulness and fairness and the general principle of materiality. Data or information is considered relevant when its omission or misstatement could influence the decisions made by the recipients of the financial statement information.

The financial statements have been prepared on a going concern basis, based on a forward-looking assessment of the company's ability to continue as a functioning, income-producing business for a future period of more than 12 months from the balance sheet date. Their structure conforms to that outlined in articles 2424 and 2425 of the Italian Civil Code, based on the premises laid down in article 2423-ter, while the Explanatory Notes comply with the contents of articles 2427, 2427-bis and all other provisions referring to them.

The entire document, in the parts of which it is composed, has been prepared in such a way as to give a true and fair view of the financial position of the Company, as well as the economic result for the year, providing, where necessary, additional information for this purpose.

Pursuant to art. 2423-ter, for each item the amount for the previous year is indicated, and if offsetting is permitted by law, the gross amounts subject to offsetting are indicated in these notes.

For information on the Company's economic and financial performance and on relations and transactions with related parties, please refer to the Report on Operations.

Accounting standards

In accordance with article 2423-bis of the Italian Civil Code, the following standards were observed in preparing the Financial Statements:

- individual items were measured in accordance with the principles of prudence and on a going concern basis, as well as taking into account the substance of the transaction or contract;
- only profits actually realised during the financial year have been shown;
- income and expenses pertaining to the financial year, regardless of their payment or collection, have been indicated;
- account was taken of the risks and losses pertaining to the financial year, even if they became known after its closure;
- dissimilar elements included in the various balance sheet items have been valued separately.

The measurement criteria provided for in article 2426 of the Italian Civil Code have been maintained unchanged from those adopted in the previous year.

The Financial Statements, as well as these Notes to the Financial Statements, have been drawn up in euro units.

Exceptional cases pursuant to article 2423, paragraph 5 of the Italian Civil Code

During the financial year, there were no circumstances that made it necessary to resort to the derogations provided for in article 2423 paragraph 4 of the Italian Civil Code.

Assessment criteria applied

The measurement criteria set forth in article 2426 of the Italian Civil Code were applied in the preparation of these Financial Statements, unchanged from the previous year.

Intangible fixed assets

Intangible fixed assets were recorded at acquisition or internal production cost, including directly attributable ancillary costs incurred up to the period prior to their completion.

Investment grants, if any, are accounted for using the direct method, i.e. by deducting the historical cost of the asset, and depreciation is calculated on the net amount.

The relative amounts have been shown net of depreciation, calculated systematically at the rates indicated below, taking into account their residual possibility of utilisation.

Description	Rates or criteria applied
Software licences	20% or 33% based on economic-technical durability
Network and plant information systems - Integrated water service	20%
Extraordinary maintenance of networks and installations - Integrated water service	economic-technical life of the relevant assets (see tangible fixed assets)
Other leasehold improvements	the shorter of the economic-technical duration and the remaining duration of the usage contract

There were no changes in depreciation rates compared to the previous year.

Fixed assets, whose value at the end of the financial year is permanently lower than the value as determined above, have been recorded at this lower value; this is not maintained in subsequent financial statements if the reasons for the adjustment no longer apply, with the exception of goodwill.

Any advance payments to suppliers for the purchase of intangible fixed assets are entered under item B.I.6 and recognised on the date on which the obligation to pay these amounts arises. Accordingly, payments on account are not subject to depreciation.

The same item includes intangible assets under construction, which are initially recognised at the date the first costs are incurred for the construction of the asset and include internal and external costs incurred for its realisation. These costs remain under this item until the project is completed and are then subject to depreciation.

Tangible fixed assets

Tangible fixed assets were entered in the balance sheet at purchase or internal production cost. This cost includes ancillary charges, as well as directly attributable costs incurred up to the period prior to their completion.

Investment grants, if any, are accounted for using the direct method, i.e. by deducting the historical cost of the asset, and depreciation is calculated on the net amount.

The assets, whose book value derived from revaluations as of 1 January 1999, carried out on the basis of a special appraisal drawn up by the transferor Azienda Bim Piave Belluno Consortium, were depreciated by applying the rates adopted by the transferor, and their value was completely written off.

The relative amounts are shown net of depreciation, calculated systematically with reference to the rates indicated below, in relation to their residual possibility of utilisation, taking into consideration the use, destination and economic-technical life of the assets.

The useful lives adopted and the related depreciation rates for the general categories of fixed assets are as follows:

Description	Useful life in years	Rates applied
Technical Equipment	10	10%
Office furniture and equipment	10	10%
Electronic machines and data processing centres	5	20%
Vehicles	5	20%
Mobile phone	5	20%

The useful lives adopted and the relative depreciation rates for specific categories of plant and equipment are as follows:

Description	Useful life in years	Rates applied
Industrial buildings	40	2.5%
Intake/capture work	40	2.5%
Water supply connections	40	2.5%
Sewer connections	50	2.0%
Water supply pipelines	40	2.5%
Sewerage pipelines	50	2%
Reservoirs	40	2.5%
Purification plants	20	5%
Drinking water treatment plants	20	5%
Other purification treatments	12	8.3%
Water supply lifting plants	8	12.5%
Sewage lifting plants	8	12.5%
Meters	10	10%
Flow meters	10	10%
Remote monitoring systems	8	12.5%

There were no changes in depreciation rates compared to the previous year.

Fixed assets, whose value at the end of the financial year is permanently lower than the value as determined above, have been recorded at this lower value; this is not maintained in subsequent financial statements if the reasons for the adjustment no longer apply.

Since land does not exhaust its usefulness over time, it is not depreciated.

Tangible fixed assets in progress include costs related to projects not yet completed and/or advance payments for the acquisition of tangible fixed assets.

Any advances to suppliers for the purchase of tangible fixed assets, recorded under item B.II.5, are recognised on the date on which the obligation to pay these amounts arises. Accordingly, payments on account are not subject to depreciation.

The same item includes tangible assets under construction, which are initially recognised on the date the first costs are incurred for the construction of the asset.

These costs remain under this item and are not amortised until the project is realised. The entry was made at cost, on the basis of invoices from the supplier-builder or work accounts, with reference to contractual agreements.

Financial fixed assets

Financial fixed assets consisting of equity investments have been valued according to the cost method, including ancillary charges; the book value is determined on the basis of the purchase or subscription price or the value attributed to the assets transferred.

The cost as determined above is reduced in the event of an impairment loss; if the reasons for the adjustment no longer apply, the value of the investment is reinstated within the limit of the acquisition cost.

The value thus determined is not higher than the value that would have been determined by applying the criteria set forth in article 2426, point 4 of the Italian Civil Code.

Receivables recorded as financial fixed assets are recognised in the balance sheet according to the amortised cost criterion, taking into account the time factor and the presumed realisable value.

The amortised cost criterion is not applied when the effects of applying this criterion are insignificant compared to the criterion adopted.

Inventories, securities and financial assets not held as fixed assets

Inventories, securities and financial assets not constituting fixed assets were recorded at the lower of purchase cost, including directly attributable ancillary expenses, and presumed realisable value, based on market trends.

Raw and ancillary materials and finished products have been recorded using the weighted average cost method.

Contract work in progress includes job orders with a duration of several years and is valued on the basis of the consideration accrued with reasonable certainty, according to the percentage of completion criterion, estimated through the incurred cost method.

Any losses on orders estimated with reasonable approximation have been fully charged to the income statement in the year in which they become known.

The market value is determined on the basis of the current costs of inventories at the end of the financial year.

The value of obsolete and slow-moving inventories is written down in relation to their possible future use or realisation.

Receivables

Receivables are recorded at amortised cost, taking into account the time factor; differences arising from subsequent revisions of the value of the receivable are recorded under financial income and expenses.

Receivables due within 12 months are, however, recorded at nominal value, as the effects are insignificant, compared to the amortised cost criterion, pursuant to article 2423 paragraph 4 of the Italian Civil Code.

Receivables are recorded net of all premiums, discounts, allowances and are inclusive of any costs directly attributable to the transaction that generated the receivable (the latter are recorded as prepaid expenses if the amortised cost criterion is not applied).

Receivables were subsequently adjusted to their presumed realisable value through the allocation of a special allowance for bad debts, to which an amount corresponding to the risk of uncollectability of the receivables shown in the balance sheet is set aside annually, in relation to the general economic conditions and the sector to which they belong, as well as the origin of the debtor.

Receivables include invoices issued and those yet to be issued, but referring to services pertaining to the year under review.

Receivables from customers subject to bankruptcy proceedings or in a state of proven financial distress, for which it is useless to initiate enforcement actions, are carried at a loss in full or to the extent that the information obtained and the proceedings in progress suggest that they are definitively unrecoverable.

Cash and cash equivalents

This item includes cash and cash equivalents, revenue stamps and cash balances resulting from the company's accounts with credit institutions, all stated at their nominal value.

Accruals and deferrals

Accruals and deferrals were determined on an accrual basis.

Provisions for risks and charges

Provisions have been set aside to cover losses or liabilities of a given nature, whose existence is certain or probable, but whose amount or date of occurrence could not be determined at the close of the financial year.

The general criteria of prudence and accrual have been observed in the assessment of these provisions, and no generic risk provisions without economic justification have been set up.

The related provisions are recognised in the income statement for the year in which they accrue, based on the "by nature" classification of costs.

Contingent liabilities have been recognised in the Financial Statements and entered under provisions, as they are considered probable and the amount of the related charge can be reasonably estimated.

Risks for which the occurrence of a liability is only possible, are described, if necessary, in the explanatory notes, with no allocation made to the provision for risks according to the reference accounting standards. No account is taken of remote risks.

EMPLOYEE SEVERANCE INDEMNITY

The provision for Employee severance indemnity corresponds to the Company's actual commitment to each employee, determined in accordance with current legislation and, in particular, the provisions of article 2120 of the Italian Civil Code and by collective labour and supplementary company agreements. This liability is subject to revaluation on the basis of indexes.

Payables

Payables are recorded at amortised cost, taking into account the time factor; differences arising from subsequent revisions of the value of the payable are recorded under financial income and expenses.

Payables expiring within 12 months are, however, recorded at nominal value, as the effects are insignificant, compared to the amortised cost criterion, pursuant to article 2423 paragraph 4 of the Italian Civil Code.

Payables are recorded net of all premiums, discounts, allowances and are inclusive of any costs directly attributable to the transaction that generated the payable.

Criteria for the translation of amounts stated in foreign currency

The Company held no assets or liabilities in foreign currency at the balance sheet date.

Recognition of revenues and costs

Revenues and income are stated net of returns, discounts and rebates, and net of taxes directly related to the sales of products and services rendered.

In particular:

- the tariff revenues of the Integrated Water Service are determined in accordance with the provisions established by the Regulatory Authority for Energy, Networks and Environment (ARERA) and include the effects of the planned mechanism for the adjustment of external costs;
- revenue from the LPG delivery service in the network is recognised at the time of delivery to the counterparty;
- revenues from services are recognised as provided and in accordance with the relevant contracts;
- revenues related to contract work in progress are recognised in proportion to the progress of the work;
- revenues from the sale of goods are recognised at the time of transfer of ownership, which normally coincides with delivery to the counterparty;
- investment grants are entered in the balance sheet after receipt of the formal disbursement order, upon fulfilment of the conditions set out therein;
- costs are accounted for on an accrual basis;
- provisions for risks and charges are recorded by nature, where possible, in the relevant class of the income statement;
- financial income and expenses are recognised on an accrual basis.

Dividends

Dividends are accounted for on an accrual basis, when the right to receive them arises, in accordance with OIC 21.

Income Taxes

Income taxes for the year are allocated on an accrual basis, and are determined in accordance with the laws in force and on the basis of estimated taxable income; in the balance sheet, the liability is recognised under "Taxes payable" and the receivable under "Taxes receivable".

With reference to the recognition of the tax effects arising from timing differences between the presentation of economic components in the financial statements and the time at which they are recognised for tax purposes, the following is specified.

Deferred taxes have been calculated on the basis of taxable temporary differences by applying the tax rate that is deemed to be in force at the time when such temporary differences will generate an increase in the tax base.

In accordance with the principle of prudence, deferred tax assets have been calculated on deductible temporary differences by applying the tax rate that is deemed to be in effect at the time these differences will generate a decrease in taxable income, based on the principle of the reasonable certainty of the existence of future taxable income sufficient to absorb the above changes. The amount of prepaid taxes is reviewed each year in order to verify the continued reasonable certainty of earning taxable income in the future, such that the full amount of deferred tax assets can be recovered.

The amount of deferred and prepaid taxes is also subject to restatement in the event of a change in the tax rates originally considered.

Other information

The Company, as provided for in Legislative Decree No. 14/2019 (Corporate Crisis and Insolvency Code), adopts an organisational, administrative and accounting structure appropriate to the nature of the business also in function of the timely detection of any corporate crisis and the undertaking of any appropriate initiatives.

Notes to the Financial Statements, Assets

Fixed assets

Intangible fixed assets

The breakdown of intangible fixed assets and changes during the year are shown in the following table.

Balance sheet item	Opening balance	Changes	Closing balance
Concessions, licences, trademarks and similar rights	1,231,283	(217,631)	1,013,652
Fixed assets in progress and payments on account	1,870,767	1,832,745	3,703,512
Other intangible fixed assets	18,044,801	3,770,613	21,815,414
Totals	21,146,851	5,385,727	26,532,57

Intangible assets as at 31/12/2023 amounted to EUR 26,532.57 (EUR 21,146,851 at the end of the previous year) net of amortisation.

Concessions, licences, trademarks and similar rights

The net balance amounts to EUR 1,013,652 (EUR 1,231,283 at the end of the previous year) and is mainly represented by software licences.

Intangible fixed assets in progress and advances

The balance amounts to EUR 3,703,512 (EUR 1,870,767 at the end of the previous year) and mainly includes costs related to improvements on third-party plants that had not come into operation at year-end.

Other intangible fixed assets

The net balance amounts to EUR (EUR 18,044,802 at the end of the previous year), and is mainly represented by "leasehold improvements" for extraordinary maintenance work on water service plants owned by the entrusting municipalities and to information systems of networks and plants.

Changes in intangible fixed assets

The following table shows the changes in intangible fixed assets (art. 2427, point 2 of the Italian Civil Code).

	Concessions, licences, trademarks and similar rights	Intangible fixed assets in progress and advances	Other intangible fixed assets	Total intangible fixed assets
Value at the beginning of the financial year				
Cost	3,802,978	1,870,767	23,954,753	29,628,498
Depreciation provision	2,571,695	0	5,909,952	8,481,647
Book value	1,231,283	1,870,767	18,044,801	21,146,851
Changes during the financial year				
Increases for acquisitions	236,425	2,423,356	6,763,780	9,423,561
Reclassifications (of book value)	(66,277)	(579,747)	403,135	(242,889)
Decreases due to disposals and divestments (of book value)	0	10,864	0	10,864
Depreciation for the financial year	387,779	0	1,118,118	1,505,897
Other changes	0	0	(2,278,184)	(2,278,184)
Total changes	(217,631)	1,832,745	3,770,613	5,385,727
Value at the end of the financial year				
Cost	3,956,183	3,703,512	28,860,427	36,520,122
Depreciation provision	2,942,531	0	7,045,013	9,987,544
Book value	1,013,652	3,703,512	21,815,414	26,532,578

The increase in the item **Concessions, licences, trademarks and similar rights**, amounting to EUR 236 thousand, relates to investments in application software that came into operation during the year.

The main increases in **Fixed assets in progress and payments on account**, totalling EUR 2.4 million, refer to the following improvements to existing works and the implementation of a GIS system to reduce network leaks, which had not been completed at year-end:

Municipality	Initiative	Amounts €/000
S.Pietro di Cadore	Moving sewage from Costalta towards Mare	533
Cortina d'Ampezzo	Adaptation of sewage network and collection system (section)	152
Alleghe	Completion of the sewage network along the lake (section)	85
Belluno	Marisiga plant upgrade (1st and 2nd sections)	60
Falcade/Gosaldo	Regulatory adaptation of safeguard areas and DMV (M3, Res. 917/2017) - "Focobon" Falcade and "Pinza Perussine" Gosaldo	52
Entire Prov.	Adjustment of flood spillways	66
various	GIS Utility (water network loss reduction, digitisation and monitoring)	424
various	Minor works on water and sewage networks	85
various	Minor works on other installations	169

The increase of EUR 6.8 million in the item **Other intangible fixed assets** mainly refers to the following works on third-party assets, which were in operation at year-end:

Municipality	Initiative	Amounts €/000
Belluno	Vena d'Oro tank extraordinary maintenance	159
FalCADE	Adaptation of Le Coste tank	158
Lozzo di Cadore	Securing the water supply system at the Le Spesse/La Tempia intake work	138
Sedico	Work on decommissioning the Meli purification plant with construction of an extension to the Oselete purification plant	135
Cibiana di Cadore	Replacement of water supply system sections	122
Alleghe	Completion of the sewage network along the lake (section)	104
La Valle Agordina	Adaptation of the Gaidon reservoir	73
S. Pietro di Cadore	Securing the Prà Stavel water supply system	67
Pedavena	Replacement of water mains in Via Roma	66
Entire Province	Hydrogeological Studies - Spring Protection Areas	130
Entire Province	Adjustment of flood spillways	111
various	Minor works on water and sewage networks	3,624
various	Minor works on other installations	522
various	Reduction of losses in water distribution networks, including digitisation and monitoring	525
various	Leak detection and elimination, network districting and optimisation	295

Reclassifications include the reclassification of EUR 580 thousand corresponding to items of Intangible fixed assets related to works completed during the year and entered into operation, of which EUR 243 thousand was reclassified to Tangible fixed assets.

Grants pertaining to the year are shown under Other changes.

Investment grants

In 2023, the Operator's Revenue Constraint (VRG) includes the tariff component New Investment Fund (FoNI) in the amount of EUR 3,689,079, of which EUR 2,270,785 is attributed to the upgrading and enhancement of plants, classified among intangible assets.

Below, we detail the grants accruing in 2023, broken down by type, allocated to intangible fixed assets.

Type of grant	Amount in euro
FoNI	2,270,785
Basin Council Grants	7,400
Grand total	2,278,185

Tangible fixed assets

The breakdown of property, plant and equipment and the changes during the year are shown in the following table.

Balance sheet item	Opening balance	Changes	Closing balance
Land and buildings	1,748,401	(38,158)	1,710,243
Plant and machinery	21,732,125	458,036	22,190,161
Industrial and commercial equipment	2,485,762	614,096	3,099,858
Other assets	1,044,429	(26,431)	1,017,998
Fixed assets in progress and payments on account	1,910,639	2,333,369	4,244,008
Totals	28,921,356	3,340,912	32,262,268

Tangible fixed assets, net of accumulated depreciation, amounted to EUR 32,262,268 (EUR 28,921,356 at the end of the previous year).

Changes in tangible fixed assets

The following table shows the components that contributed to the determination of the net book value in the Financial Statements (art. 2427, point 2 of the Italian Civil Code).

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets under construction and advances	Total Tangible fixed assets
Value at the beginning of the financial year						
Cost	1,927,316	29,111,584	5,431,330	3,724,284	1,910,639	42,105,153
Depreciation provision	178,915	7,379,459	2,945,568	2,679,855	0	13,183,797
Book value	1,748,401	21,732,125	2,485,762	1,044,429	1,910,639	28,921,356
Changes during the financial year						
Increases for acquisitions	67,744	3,305,574	1,021,327	308,075	2,211,119	6,913,839
Reclassifications (of book value)	15,169	79,928	5,988	10,104	131,698	242,887
Decreases due to disposals and divestments (of book value)	0	0	0	1,681	9,448	11,129
Depreciation for the financial year	40,686	869,129	401,392	342,929	0	1,654,136
Other changes	(80,385)	(2,058,337)	(11,827)	0	0	(2,150,549)
Total changes	(38,158)	458,036	614,096	(26,431)	2,333,369	3,340,912
Value at the end of the financial year						
Cost	1,929,844	30,438,749	6,446,818	3,951,857	4,244,008	47,011,276
Depreciation provision	219,601	8,248,588	3,346,960	2,933,859	0	14,749,008
Book value	1,710,243	22,190,161	3,099,858	1,017,998	4,244,008	32,262,268

Land and buildings

The year's increase in the item **Land and Buildings**, totalling EUR 68 thousand, relates to the construction, in the municipality of Val di Zoldo (hamlet Pecol), of a building housing a UV ray debacterisation plant.

Plant and machinery

The increase in the item **Plant and machinery**, amounting to a total of EUR 3.3 million, refers mainly to the following works that were completed at year-end:

Municipality	Initiative	Amounts €/000
Belluno - Ponte nelle Alpi	Rio dei Frari water supply system, Piavia-Vena d'Oro section	1,052
Domegge di Cadore	Restoration of roadside water supply system along Val Beggia	375
S. Pietro di Cadore	Securing the Prà Stavel water supply system	281
Val di Zoldo	Pecol debacterisation plant	60
various	Water supply connections	1,053
various	Sewer connections	136
various	Other disinfection-filtration treatments	99
various	Water supply system/sewerage remote control systems	97

Industrial and commercial equipment

The increase in the item **Industrial and commercial equipment**, totalling EUR 1 million, refers mainly to the following assets:

Purchases	Amounts €/000
Water meters	734
Technical Equipment	160
Flow meters	127

Other assets

The increase in the item **Other tangible fixed assets**, totalling EUR 308 thousand, refers mainly to the following purchases:

Purchases	Amounts €/000
Vehicles	134
Electronic machines and data processing centres	159
Telephony	9
Furniture and furnishings	5

Assets under construction and payments on account

These amount to EUR 4,244,008 (EUR 1,910,639 at the end of the previous year) and refer to the construction of new plants not completed at year-end.

The main increases relate to the following initiatives:

Municipality	Initiative	Amounts €/000
Borca di Cadore	Sewerage collectors and purification plant serving the Borca municipality	1,130
Rocca Pietore	VAIA - Masaré sewerage (section)	292
Val di Zoldo	Collection in the hamlets of Pecol, Mareson, Pianaz and Fusine	183
Seren del Grappa	Seren and Porcen Sewer	148
Falcade	Work on water supply networks - PNRR	76
various	Installation/replacement of disinfection equipment	119

Reclassifications include the reversal of EUR 108 thousand, corresponding to items of fixed assets in progress and payments on account relating to works completed during the year and entered into operation. In the same item, reclassifications also include, with a positive sign, the reversal of the portion attributed to fixed assets in progress of the FoNI 2021 grant, which in 2023 was related to assets that entered into operation, as per the specific instructions of the Area Authority.

Grants pertaining to the year are shown under Other changes.

Investment grants

Also for tangible fixed assets, a portion of the Fondo Nuovi Investimenti (FoNI) tariff component included in the Operator's Revenue Constraint (VRG) is allocated for a total of EUR 3,689,079 and, specifically, EUR 1,418,294 was allocated to the upgrading and enhancement of plants, classified under tangible fixed assets.

Below, we detail the grants accruing in 2023, broken down by type, allocated to intangible fixed assets.

Type of grant	Amount in euro
FoNI	1,418,294
Basin Council	507,542
Grand total	1,925,836

We also note the share of contributions to be borne by users for new connections to the water supply and sewerage system, for a total of EUR 224,713, in relation to the tariff system for the same, which requires the applicant to be reimbursed for the cost of constructing the part on public land.

Finance lease transactions

The Company did not have any finance lease agreements in place at the end of the financial year.

Financial fixed assets

Financial fixed assets consist of equity investments and receivables of a financial nature, as shown in the table below.

Balance sheet items	Opening balance	Changes	Closing balance
Equity investments in			
d-bis) other companies	215,609	2,886	218,495
Receivables from:			
d-bis) Others	6,853,372	(435,294)	6,418,078
Totals	7,068,981	(432,408)	6,636,573

Detailed information and schedules of the individual items are provided below.

Changes in investments, other securities and derivative financial instruments fixed assets

The equity investments recorded under fixed assets represent a long-term and strategic investment on the part of the Company. Their value as at 31/12/2023 totalled EUR 218,495. The following table shows the components that contribute to the determination of the net book value in the financial statements (art. 2427, point 2 of the Italian Civil Code).

	Investments in other companies	Total investments
Value at the beginning of the financial year		
Cost	215,609	215,609
Book value	215,609	215,609
Changes during the financial year		
Increases for acquisitions	2,886	2,886
Total changes	2,886	2,886
Value at the end of the financial year		
Cost	218,495	218,495
Book value	218,495	218,495

Pursuant to article 2361 of the Italian Civil Code, it should be noted that no equity investment entails the assumption of unlimited liability.

Details of long-term equity investments in other companies

Name	City or Foreign country	Capital	Shareholders'	Profit/	% held	Value	Equity value pertaining to the year
		capital	equity	Loss		value	
La Dolomiti Ambiente S.p.A.	Belluno	2,035,104	1,832,113	36,693	7.6	139,640	139,241
Viveracqua S.c.a.r.l	Verona	105,134	254,180	3,802	4.82	5,160	12,251
BIM Belluno Infrastrutture S.p.A.	Belluno	7,040,500	44,206,295	1,915,139	0.13	54,809	57,468
Società Informatica Territoriale S.r.l.	Belluno	100,000	484,942	8,589	16	16,000	77,591
Viveracqua laboratory network	Vicenza	50,000			5.77	2,886	0

The figures for shareholders' equity and the result for the year of investee companies included under equity investments in other companies are taken from the latest approved financial statements as at 31/12/2023, where available.

The shareholding in La Dolomiti Ambiente S.p.A. derives from the incorporation of the company by deed of transformation and demerger of the pre-existing Consorzio Azienda Bim Piave Belluno. The investee processes municipal solid waste and the organic fraction, managing the treatment plant located in the district of Maserot in the municipality of Santa Giustina (BL), where it also operates a plant for the production and energy enhancement of biogas from the organic matrix.

The investment in Viveracqua S.c.a.r.l., for an amount of EUR 5,160, relates to a consortium created by the Operators of the Integrated Water Service in Veneto.

The equity investment in the company Bim Belluno Infrastrutture S.p.A., in the amount of EUR 54,809, was assumed in 2014 as consideration for the contribution of the "Methane gas distribution" and "Hydroelectric energy production" business units.

The equity investment in Società Informatica Territoriale S.r.l., in the amount of EUR 16,000, was assumed in 2007 as consideration for the contribution of the 'Mapping' business unit.

In December 2023, the Company, by notarial deed, joined the network contract called Viveracqua Laboratories Network, a project created within the Viveracqua Consortium, through which the participating Operators carry out network analysis services for water intended for human consumption and wastewater pertaining to the Integrated Water Service managed by each in their respective territories. On 19 October 2023, the Network's Shareholders' Meeting accepted the Company's application for membership, setting the share of the Common Equity Fund intended for the operation of the Network at EUR 2,886.

There were no verified cases of write-backs.

Changes and maturity of long-term receivables

The following table shows the formation and composition of non-current receivables (art. 2427, point 2 of the Italian Civil Code), as well as amounts due in more than five years (art. 2427, point 6 of the Italian Civil Code).

	Value at the beginning of the financial year	Changes during the financial year	Value at the end of the financial year	Share due within the financial year	Share due beyond the financial year	Of which with a residual maturity of more than 5 years
Long-term receivables from others	6,853,372	(435,294)	6,418,078	445,416	5,972,662	3,504,170
Total long-term receivables	6,853,372	(435,294)	6,418,078	445,416	5,972,662	3,504,170

This item includes the receivable from the Comuni B.I.M. Piave Belluno Consortium deriving from the payment in instalments of a grant to support investments in the water service. Of this grant already approved in 2011 for a total amount of EUR 10 million, EUR 2,000,000 remains to be collected; the amount over 12 months is EUR 1,600,000, to be fully collected within 5 years.

There is also a receivable due from the Comuni B.I.M. Piave Belluno Consortium for a grant on LPG networks, disbursed in instalments, which, at year-end, amounted to EUR 516,443; the amount beyond 12 months was EUR 471,027, of which EUR 276,170 beyond 5 years.

This item also includes a receivable totalling EUR 3,700,000 related to the establishment of irregular pledges to support the credit (Credit Enhancement) provided for in connection with the Hydrobond securities issue transactions. It should be noted that the amounts pledged may be used by the special purpose vehicle to pay for the bonds issued by it on the secondary market if, for any reason, even one of the issuers fails to honour its obligations pro-tempore. Without prejudice to this exception, as of the year 2027, the special purpose vehicle is obliged to repay the pledges taken out in the context of the Hydrobond 1 and 2 transactions, while the repayment of the pledges taken out in 2022 in support of the Hydrobond 4 transaction will take place as of the year 2030. In both cases, repayment will be in instalments based on the remaining amortisation schedule of the bond debt.

Also as part of the Hydrobond transactions, receivables of EUR 46,076 and EUR 25,786 are recognised as participation in the reserves set up in the vehicle companies (Viveracqua Hydrobond 1 S.r.l. for the Hydrobond 1 and 2 transactions and Viveracqua Hydrobond 2022 S.r.l. for the Hydrobond 4 transaction), for the incurring of expenses related to the transaction.

The remainder of the item refers to deposits paid mainly for water concession renewal procedures.

Breakdown of long-term receivables by geographical area

Pursuant to article 2427, point 6 of the Italian Civil Code, a summary of non-current receivables by geographic area is provided below.

Geographical area	Long-term receivables from others	Total long-term receivables
Italy	6,418,078	6,418,078
Total	6,418,078	6,418,078

It should be noted that this item only includes receivables from entities based in the national territory.

Value of financial fixed assets

Financial fixed assets were not booked to the financial statements at a value exceeding their fair value.

Current assets

Inventories

Pursuant to article 2427, point 4 of the Italian Civil Code, details of the composition of this item are provided below.

	Value at the beginning of the financial year	Change during the financial year	Value at the end of the financial year
Raw/auxiliary materials and consumables	956,898	373,773	1,330,671
Contract work in progress	10,224	2,051	12,275
Total inventories	967,122	375,824	1,342,946

It should be noted that the criteria adopted for the measurement of the individual items resulted in the recognition of values that did not differ significantly from the current costs of the assets recognised at the end of the financial year (article 2426, point 10 of the Italian Civil Code).

The *inventories of raw materials and consumables* consist mainly of meters, water and sewage network components and consumables.

The item *contract work in progress* relates to design activities performed for a job in agreement with the municipality of Falcade, aimed at the construction of a building included in PNRR funds obtained by the municipality.

Receivables recognised as current assets

Changes and maturity of receivables recognised as current assets

The following table shows the composition, change and expiry of receivables in current assets (article 2427, points 4 and 6 of the Italian Civil Code).

	Value at the beginning of the financial year	Change during the financial year	Value at the end of the financial year	Share due within the financial year	Share due beyond the financial year	Of which with a residual maturity of more than 5 years
Receivables from customers recognised as current assets	15,347,993	(2,543,385)	12,804,608	12,804,608	2,438,148	0
Tax receivables recognised as current assets	737,093	(270,717)	466,376	466,376	0	0
Prepaid tax assets recognised as current assets	1,131,630	(30,366)	1,101,264			
Receivables from others recognised as current assets	1,866,372	2,207,595	4,073,967	4,073,967	0	0
Total receivables recognised as current assets	19,083,088	(636,873)	18,446,215	17,344,951	2,438,148	0

Breakdown of receivables recognised as current assets by geographical area

Receivables in current assets are broken down according to the geographic areas of operation of the debtor (art. 2427, point 6 of the Italian Civil Code):

Geographical area	Italy	Total
Receivables from customers recognised as current assets	12,804,608	12,804,608
Tax receivables recognised as current assets	466,376	466,376
Prepaid tax assets recognised as current assets	1,101,264	1,101,264
Receivables from others recognised as current assets	4,073,967	4,073,967
Total receivables recognised as current assets	18,446,215	18,446,215

For the purpose of the required disclosure of the geographic breakdown of receivables and payables, it should be noted that all receivables are from entities domiciled in Italy.

Receivables from customers

Receivables from Customers	31/12/2023	31/12/2022	Change 2023
Water receivables for invoices issued	6,553,713	7,192,352	(638,639)
Water receivables for invoices to be issued	4,437,185	4,702,041	(264,856)
Water receivables for tariff adjustment 2004-2011	430,466	3,486,559	(3,056,093)
Water receivables for VRG adjustment	4,280,990	3,092,257	1,188,733
Total water receivables	15,702,354	18,473,209	(2,770,855)
Receivables from other sectors	207,109	182,210	24,898
Total receivables gross of write-down	15,909,463	18,655,419	(2,745,956)
Bad debt provision	(3,104,855)	(3,307,426)	202,572
Total receivables net of write-down	12,804,608	15,347,993	(2,543,385)

Water receivables for invoices issued decreased in connection with the strong performance of collections.

The decrease in **receivables for tariff adjustment 2004-2011** is determined by the collection of the surcharge to recover past items, applied in bills starting from 2014 within the framework of the tariffs approved by ARERA with Resolution 506/2013/R/IDR of 7 November 2013, for EUR 3.1 million. On the contrary, accrued interest income, calculated using the method recognised by the Area Authority, was recognised in the amount of EUR 59 thousand.

The remaining portion of the receivable for tariff adjustments, amounting to EUR 430 thousand, is fully due within 12 months. The envisaged repayment plan is detailed in the Report on Operations.

Water receivables for VRG adjustment include the accrued receivable for tariff equalisation of EUR 1,842,842, referring to 2022, that will be collected in VRG 2024, and EUR 2,438,148, referring to 2023, that will be collected in VRG 2025. The 2023 amount was estimated based on the provisions of the new MTI-4 Tariff Method, approved by ARERA on 28 December 2023 with Resolution 639/2023/R/IDR, which recognises, in addition to the 2023 external cost adjustment, the recovery of inflation for the same year, set at 4.5%. It should be noted that the regulations in force allow for the revenue due to the Operator to be determined in the year of accrual, guaranteeing a tariff mechanism for the recovery of the balancing items with the turnover of the second subsequent year; this discipline has also been endorsed from a fiscal point of view on the basis of response to specific request for a tax ruling.

Receivables from other sectors mainly include receivables related to the sale of LPG in local networks and trade receivables from Bim Belluno Infrastrutture S.p.A., which amounted to EUR 116 thousand as at 31/12/2023.

Tax receivables

Description	Previous year	Changes	Current FY
IRES/IRPEF credits	383,652	40,456	424,108
IRAP credits	33,773	(33,773)	0
VAT credits	45,466	(45,466)	0
Other tax receivables	274,202	(231,934)	42,268
Totals	737,093	(270,717)	466,376

As regards **tax credits** within 12 months:

- Receivables for IRES arise from excess advance payments made;
- other tax receivables mainly relate to the consumption tax on LPG (Euro 23 thousand) and the excess of the advance on the substitute tax on severance indemnity paid in December over the balance recognised at year-end (EUR 17 thousand).

Other receivables

Current assets include **deferred tax assets**; for a detailed description please refer to the section on deferred taxation.

Receivables from others as at 31/12/2023 are summarised as follows:

Description	Previous year	Current FY	Changes
Receivables for grants	839,979	1,002,834	162,855
Advances to suppliers	814,185	2,013,603	1,199,418
Other	212,208	1,057,530	845,322
Total other receivables	1,866,372	4,073,967	2,207,595

Receivables for grants relate, for EUR 875 thousand, to investments in the Water Service, subsidised by the Veneto Region and other local authorities, and, for EUR 128 thousand, to expenses incurred in 2022 for water supplies with tanker trucks carried out in emergencies due to the prolonged drought.

Advances to suppliers are mainly related to financial advances paid to suppliers upon request made pursuant to law and contracts.

The residual item **other receivables** includes:

- EUR 360 thousand related to bonuses awaiting disbursement from the Cassa per i Servizi Energetici e Ambientali (CSEA) for the achievement, with reference to the two-year period 2021-2022, of the technical and contractual quality macro-indicators of the Integrated Water Service;
- EUR 333 thousand in receivables from banks for interest income accrued mainly on temporary cash deposits;
- EUR 219 thousand relating to social bonuses advanced on behalf of CSEA to users suffering economic hardship;
- EUR 54 thousand referring to the portion of tariff surcharge collected from the users of Sappada in 2023 by CAFC S.p.A., the current Operator of the Integrated Water Service in the Municipality of Sappada, due to the Company.

The nominal value of receivables was adjusted to their presumed realisable value by means of a special provision for bad debts, which underwent the following changes during the year:

Description	Opening balance	Uses	Provisions	Closing balance
Provision for the write-down of receivables included in current assets	3,307,426	382,571	180,000	3,104,855

Utilisations relate, for EUR 367 thousand, to the non-recourse transfer to financial intermediaries of non-performing loans and, for EUR 16 thousand (i) receivables based on the outcome of recovery procedures undertaken, (ii) receivables from parties involved in bankruptcy or similar procedures and (iii) receivables of small amounts for which the company did not see fit to proceed with legal recovery actions.

Cash and cash equivalents

The balance as detailed below represents the amount of and changes in cash and cash equivalents existing at the close of the financial year (art. 2427, point 4 of the Italian Civil Code).

	Value at the beginning of the financial year	Change during the financial year	Value at the end of the financial year
Bank and postal deposits	33,285,665	(10,592,390)	22,693,275
Cash and cash equivalents on hand	2,153	(1,043)	1,110
Total cash and cash equivalents	33,287,818	(10,593,433)	22,694,385

Cash and cash equivalents include EUR 21 million deposited in term current accounts with notice, which provide a better return. Of this, EUR 9 million was released in the first quarter of 2024.

It should be noted that the investment methods were selected on the basis of a liquidity management policy that the Company has adopted in order to minimise the risks on capital invested.

Accrued income and prepaid expenses

The composition of and changes in this item are detailed as follows (art. 2427, point 7 of the Italian Civil Code):

	Value at the beginning of the financial year	Change during the financial year	Value at the end of the financial year
Accrued income	20,884	1,645	22,529
Prepaid expenses	294,815	(11,574)	283,241
Total accrued income and prepaid expenses	315,699	(9,929)	305,770

Description	Previous year	Current FY	Changes
Prepaid expenses:	294,815	283,241	(11,574)
- on software support fees	130,052	225,543	95,491
- on insurance premiums	112,699	13,330	(99,369)
- on hardware support fees	19,658	11,721	(7,937)
- on surety commissions	11,232	10,619	(613)
- other	21,174	22,028	854
Accrued income:	20,884	22,529	1,645
- on remuneration of Cash Collateral - Hydrobond	20,884	22,529	1,645
Totals	315,699	305,770	(9,929)

Prepaid expenses mainly relate to the portion of rents, insurance premiums and surety commissions, paid in 2023 but pertaining to subsequent years.

The accrued income relates to the portion of income accrued as remuneration of the Cash Collateral under the "Credit Enhancement Creditor Agreement" in connection with Hydrobond Transactions 1, 2 and 4.

Notes to the Financial Statements, Liabilities and Equity

Shareholders' Equity

Changes in Equity items

Shareholders' Equity at the close of the year amounted to EUR 59,976,888 and recorded the following changes (art. 2427, point 4 of the Italian Civil Code).

	Value at the beginning of the financial year	Allocation of the previous financial year's result		Other changes			Result for the year	Value at the end of the financial year
		Allocation of dividends	Other allocations	Increases	Decreases	Reclassifications		
Capital	2,010,000	0	0	0	0	0		2,010,000
Revaluation reserves	203,500	0	0	0	0	0		203,500
Legal reserve	409,492	0	0	0	0	0		409,492
Other reserves								
Extraordinary reserve	56,622,929	0	437,573	0	0	0		57,060,502
Various other reserves	0	0	0	0	(2)	0		(2)
Total other reserves	56,622,929	0	437,573	0	(2)	0		57,060,500
Profit (loss) for the financial year	437,573	0	(437,573)	0	0	0	743,396	743,396
Negative reserve for treasury shares in portfolio	0	0	0	(450,000)	0	0		(450,000)
Total Shareholders' Equity	59,683,494	0	0	(450,000)	(2)	0	743,396	59,976,888

Details of the various other reserves

Description	Amount
Euro translation reserve	(1)
Other reserves	(1)
Total	(2)

As at 31/12/2023, the share capital was fully subscribed and paid up.

Availability and use of Equity

Details are provided on the reserves that make up the Shareholders' Equity, specifying their origin or nature, their possibility of utilisation and the limits on their distributability, as well as their utilisation in previous years (art. 2427, point 7-bis of the Italian Civil Code):

	Amount	Origin/nature	Possible uses	Share available	Summary of uses made in the previous three financial years	
					for coverage of losses	for other reasons
Capital	2,010,000			0	0	0
Revaluation reserves	203,500	C	A, B	203,500	0	0
Legal reserve	409,492	U	B	7,492	0	0
Other reserves						
Extraordinary reserve	57,060,502	U	A, B, C	57,060,502	0	0
Various other reserves	(2)	C	A, B	0	0	0
Total other reserves	57,060,500			57,060,502	0	0
Negative reserve for treasury shares in portfolio	(450,000)			0	0	0
Total	59,233,492			57,271,494	0	0
Non-distributable share				203,500		
Residual distributable share				57,067,994		

Keys for column "Origin/nature": C = share capital reserve; U = profit reserve.

Keys: A: for capital increase B: to cover losses C: for distribution to shareholders D: for other statutory restrictions E: other

Origin, possible uses and distributability of the various other reserves

Description	Amount	Origin/nature	Possible uses
Euro translation reserve	(1)	C	A, B
Other reserves	(1)		
Total	(2)		

Keys for column "Origin/nature": C = share capital reserve; U = profit reserve.

Keys: A: for capital increase B: to cover losses C: for distribution to shareholders D: for other statutory restrictions E: other

The elimination of tax impediments from the annual financial statements resulted, pursuant to the combined provisions of article 4, paragraph 1, letter h and article 109, paragraph 4 of Legislative Decree No. 344/2003, in the establishment of a regime for deferred tax encumbering 'per masse' (grouping together of homogeneous items) shareholders' equity reserves amounting to EUR 346,521 referable to accelerated depreciation.

Provisions for risks and charges

The breakdown and changes in the individual items are shown in the following table (art. 2427, point 4 of the Italian Civil Code).

	Provision for pensions and similar obligations	Provision for taxes, including deferred taxes	Derivative liabilities	Other provisions	Total provisions for risks and charges
Value at the beginning of the financial year	0	133,476	0	1,320,591	1,454,067
Changes during the financial year					
Provision in the financial year	0	0	0	308,500	308,500
Use in the financial year	0	24,051	0	350,969	375,020
Other changes	0	0	0	0	0
Total changes	0	(24,051)	0	(42,469)	(66,520)
Value at the end of the financial year	0	109,425	0	1,278,122	1,387,547

Provisions for taxes include deferred tax liabilities of EUR 109 thousand. The utilisation for the year of EUR 24,051 refers to the reversal of a portion of accelerated depreciation and the elimination of the provision for interest on arrears that generated deferred taxes in previous years.

In the section of these Explanatory Notes on the presentation of the effects of deferred taxation, details are provided on the provision for deferred tax liabilities.

This table provides a breakdown of the item relating to other provisions for risks and charges, as well as the change from the previous year (art. 2427, point 7 of the Italian Civil Code).

Description	Previous year	Changes	Current FY
Other provisions for risks and charges:			
Provision for risks relating to legal proceedings	47,500	10,500	58,000
Provision for Province sanction risks	30,000	45,000	75,000
Provision for risks for quality penalties	230,091	(86,969)	143,122
Provision for miscellaneous risks	1,013,000	(11,000)	1,002,000
Totals	1,320,591	(42,469)	1,278,122

During the year, the **Provision for risks for quality penalties** was affected by the following movements:

- in accordance with ARERA Resolution 477/2023, concerning the application of the incentive mechanism for the regulation of the technical quality of the integrated water service for the years 2020-2021, the estimated provisions made in previous years were discharged in the amount of EUR 98 thousand.
- as a result of ruling 3982/2023 of the TAR (Regional Administrative Court), an amount of EUR 124 thousand was released that was set aside in 2020 to cover the penalty envisaged for the failure to achieve certain technical quality objectives, related to the rate of realisation of investments in the four-year period 2016-2019.
- a provision of EUR 135 thousand was set aside to cover possible penalties for failure to achieve the technical quality objectives of the integrated water service (RQTI) set by ARERA.

The **provision for miscellaneous risks** includes:

- probable charges for the regularisation of water concession procedures for EUR 682 thousand, of which EUR 88 thousand was set aside during the year;

- probable penalties on the purification service, as a result of the European Court sentencing Italy on 6 October 2021 for the Falcade and Borca di Cadore sites, in the amount of EUR 320 thousand, of which EUR 30 thousand was set aside during the year;

Employee severance indemnity

The provision accrued represents the Company's actual liability as at 31/12/2023 towards employees in force at that date, net of severance indemnities paid, and corresponds to the indemnities accrued up to 31 December 2006, and does not include the indemnities accrued as of 1 January 2007, which are allocated to supplementary pension plans pursuant to Legislative Decree No. 252 of 5 December 2005, or transferred to the INPS treasury.

The formation and utilisation are detailed in the schedule below (art. 2427, point 4 of the Italian Civil Code).

	Employee severance indemnity
Value at the beginning of the financial year	274,260
Changes during the financial year	
Provision in the financial year	11,549
Use in the financial year	(3,592)
Other changes	(20,127)
Total changes	(4,986)
Value at the end of the financial year	269,274

The utilisation in the year relates to severance payments to employees in the year 2023. The other changes are attributable to the revaluation of indemnities allocated in previous years and the portion of severance pay of newly hired staff who, in the first six months from the date of hire, did not choose a destination for their severance pay.

Payables

Changes and maturity of payables

The composition of payables, changes in individual items, and their breakdown by maturity are shown in the following table (art. 2427, point 4 of the Italian Civil Code).

	Value at the beginning of the financial year	Change during the financial year	Value at the end of the financial year	Share due within the financial year	Share due beyond the financial year	Of which with a residual maturity of more than 5 years
Bonds	18,390,491	(569,607)	17,820,884	1,240,000	16,580,884	11,120,000
Payables due to banks	16,393,170	(3,338,992)	13,054,178	3,398,148	9,656,030	4,053,518
Advances	178,282	(46,863)	131,419	131,419	0	0
Trade payables	9,117,214	1,032,105	10,149,319	10,149,319	0	0
Tax payables	346,494	86,242	432,736	432,736	0	0
Payables to social security institutions	631,415	64,560	695,975	695,975	0	0
Other payables	4,101,935	(21,053)	4,080,882	3,673,557	407,325	0
Total payables	49,159,001	(2,793,608)	46,365,393	19,721,154	26,644,239	15,173,518

Bonds

The item 'Bonds' includes the debt associated with the Hydrobond transactions. During the year, EUR 600 thousand of principal falling due relating to the Hydrobond 1 and 2 transactions was repaid.

The portion of bond debt due within the next financial year is attributable to Hydrobond 1 and 2 for EUR 600 thousand, while the remaining EUR 640 thousand relates to Hydrobond 4, an operation for which the pre-amortisation period had expired at 31/12/2023.

Payables due to banks

Description	Previous year	Current FY	Changes
a) Payables due to banks within the next financial year	3,358,947	3,398,148	39,201
Mortgages	3,358,947	3,398,148	39,201
Other payables:			
b) Payables due to banks after the next financial year	13,034,223	9,656,030	(3,378,193)
Mortgages	13,034,223	9,656,030	(3,378,193)
Other payables:			
Total due to banks	16,393,170	13,054,178	(3,338,992)

This item showed a decrease of EUR 3.3 million compared to 31/12/2022 due to the repayment of instalments on medium- and long-term loans that fell due during the year.

Advances

Description	Previous year	Current FY	Changes
a) Payments on account within the next financial year	178,282	131,419	(46,863)
Advances from customers	178,282	131,419	(46,863)
Total payments on account	178,282	131,419	(46,863)

The item **Payments on account** includes advances received from customers relating to water and sewerage networks connection works that had not yet been carried out as at 31/12/2023.

Trade payables

Description	Previous year	Current FY	Changes
a) Trade payables within the next financial year	9,117,214	10,149,319	1,032,105
Suppliers within the next financial year:	4,258,129	5,474,755	1,216,626
- trade-related payables due to local authorities	128,763	146,221	17,458
- other	4,129,366	5,328,534	1,199,168
Invoices to be received within the next financial year:	4,859,085	4,674,565	(184,520)
- trade-related payables due to local authorities	17,330	106,610	89,280
- trade-related payables to related parties	47,996	43,763	(4,233)
- other	4,793,759	4,524,192	(269,567)
b) Trade payables within the next financial year	0	0	0
Payables to suppliers after the next financial year:	0	0	0
Invoices to be received after the next financial year:	0	0	0
Total due to suppliers	9,117,214	10,149,319	1,032,105

Total items as at 31/12/2023 amounted to EUR 10.1 million, an increase of EUR 1 million over the previous year, due to the decrease in trade-related payables for invoices received expiring after the reporting date. Of this, more than EUR 5 million was paid out in the first quarter of 2024.

This includes trade-related payables to municipalities and mountain unions for EUR 146 thousand and to Bim Belluno Infrastrutture S.p.A. for EUR 48 thousand.

All payables to suppliers relate to current accruals, as the Company has not had any past due amounts for many years.

Tax payables

Description	Previous year	Changes	Current FY
Treasury - employee withholdings	308,842	37,619	346,461
Treasury - withholding tax professionals/associates	11,022	15,394	26,416
Substitute taxes	12,685	(12,685)	
Payables for other taxes	13,944	1	13,945
Total tax payables	346,494	86,242	432,736

The item **tax payables** mainly refers to IRPEF (personal income tax) withholdings deducted on employees' salaries and remuneration paid to associates and professionals, not yet paid to the Treasury as of 31/12/2023.

Payables to social security institutions

Description	Previous year	Current FY	Changes
Payables due to INPS (National Social Security Institute) and Inpdap (National Social Insurance Institute for Civil Servants)	453,560	511,853	58,293
Payables to Inail (National Institute for Insurance against Accidents at Work)	39,110	32,273	-6,837
Other payables to pension and social security institutions	138,745	151,849	13,104
Total pension and social security and insurance payables	631,415	695,975	64,560

Payables to pension and social security institutions mainly include payables to INPS, INPDAP and supplementary pension funds.

Other payables

Description	Previous year	Current FY	Changes
a) Other payables within the next financial year	3,288,740	3,673,557	384,817
Payables to employees/similar	1,094,049	1,270,290	176,241
Payables to directors and auditors		504	504
Other payables:			
- to related company	404,421	405,871	1,450
- fees accrued and not yet claimed for reimbursement	615,903	749,607	133,704
- security deposits SII users	899,021	851,643	(47,378)
- other	275,346	395,643	120,297
b) Other payables after the next financial year	813,195	407,325	(405,870)
Other payables:			
- to related company	813,195	407,325	(405,870)
Total Other payables	4,101,935	4,080,882	(21,053)

Amounts due to employees relate to salaries and accruals accrued as at 31/12/2023 to be paid or enjoyed in the following year.

Payables to related companies are related for EUR 813 thousand (of which EUR 407 thousand maturing beyond the year) to the take-over of the Banca Intesa loan by the related company Bim Belluno Infrastrutture S.p.A., which took place on 25/09/2014 for the amount of EUR 5,600,000. This amount was reduced as a result of offsetting with receivables from the related company; a repayment plan with a similar time horizon to that of the above-mentioned loan is envisaged for the remaining debt.

Payables for fees accrued and not yet requested for reimbursement refer to estimated concession fees not yet supported by a specific request for reimbursement in the year 2023.

Sundry payables are of a residual nature and mainly relate to tariff components (UI1, UI2, UI3, UI4) charged to users and to be paid to the Cassa per i servizi energetici e ambientali (CSEA).

Breakdown of payables by geographical area

A table is also provided on the breakdown of debts according to the geographic areas of operation of the creditor.

Geographical area	Italy	Total
Bonds	17,820,884	17,820,884
Payables due to banks	13,054,178	13,054,178
Advances	131,419	131,419
Trade payables	10,149,319	10,149,319
Tax payables	432,736	432,736
Payables to social security institutions	695,975	695,975
Other payables	4,080,882	4,080,882
Payables	46,365,393	46,365,393

It should be noted that this item only includes payables to entities based in Italy.

Payables secured by collateral on corporate assets

Further details are provided in respect of debts secured by collateral on company assets (art. 2427, point 6 of the Italian Civil Code):

	Unsecured payables	Total
Bonds	17,820,884	17,820,884
Payables due to banks	13,054,178	13,054,178
Advances	131,419	131,419
Trade payables	10,149,319	10,149,319
Tax payables	432,736	432,736
Payables to social security institutions	695,975	695,975
Other payables	4,080,882	4,080,882
Total payables	46,365,393	46,365,393

A pledge of EUR 3.7 million is recorded on the bond debt; for more information, please refer to the comment on 'Credit Enhancement' in the section on non-current receivables.

Accrued expenses and deferred income

An indication of the composition and movements of this item is provided (art. 2427, point 7 of the Italian Civil Code).

	Value at the beginning of the financial year	Change during the financial year	Value at the end of the financial year
Accrued expenses	220,093	1,540	221,633
Deferred income	0	0	0
Total accrued expenses and deferred income	220,093	1,540	221,633

Description	Previous year	Current FY	Changes
Deferred income:			
Accrued expenses:	220,093	221,633	1,540
- on interest expense	220,093	221,633	1,540
Totals	220,093	221,633	1,540

Accrued expenses relate to interest accrued in 2023, included in the bond repayment instalments paid in January and February 2024 (EUR 213 thousand) and in the repayment instalment of a bank loan paid in March 2024 (EUR 8 thousand).

Notes to the Financial Statements, Income Statement

The Income Statement shows the economic result for the year.

It provides a representation of operations by summarising the positive and negative income components that contributed to the economic result. The positive and negative components of income, recorded in the financial statements in accordance with article 2425-bis of the Italian Civil Code, are distinguished according to whether they belong to the different managements: core, accessory and financial.

Core business identifies the components of income generated by transactions that occur on an ongoing basis and in the sector relevant to the performance of operations, which identify and qualify the unique and distinctive part of the economic activity carried out by the Company, for which it is intended.

Financial activities consist of transactions that generate income and charges of a financial nature.

On a residual basis, ancillary activities consist of transactions that generate income components that are part of ordinary activities but are not part of core business and financial activities.

Value of production

The breakdown of the value of production, as well as the changes in individual items, compared to the previous year, is provided:

Description	Previous year	Current FY	Changes
Revenues from sales and services	27,364,039	27,050,531	(313,508)
Changes in contract work in progress	(10,825)	2,051	12,876
Increases in fixed assets for internal work	1,792,401	1,902,622	110,221
Other revenues and income	2,831,785	2,684,632	(147,153)
Totals	31,977,400	31,639,836	(337,564)

Breakdown of revenues from sales and services by category of activity

In accordance with the provisions of article 2427, point 10 of the Italian Civil Code, the breakdown of revenue from sales and services by business category is provided.

Activity category	Current year value
Integrated Water Service	26,827,282
LPG service	219,641
Other	3,608
Total	27,050,531

The change in revenue from sales and services is closely related to what is stated in the Report on Operations.

Revenues from sales and services are broken down as follows:

Sector	Assets	Previous year	Current FY	Changes
Revenues from the integrated water service	Provision of Integrated Water Service - User Turnover	24,179,755	23,873,361	(306,394)
	Provision of Integrated Water Service - VRG Adjustment	2,371,483	2,438,148	66,665
	Provision of Integrated Water Service - wholesale disposals	304,573	253,936	(50,637)
	Various services - Integrated Water Service	291,957	261,837	(30,120)
Revenues from the Integrated Water Service - Total		27,147,768	26,827,282	(320,486)
LPG service revenues	LPG supply revenues	198,989	219,132	20,144
	Miscellaneous LPG services	1,473	509	(964)
LPG service revenue - Total		200,462	219,641	19,180
Miscellaneous revenues		15,809	3,608	(12,201)
Grand total		27,364,039	27,050,531	(13,508)

Revenues from the Integrated Water Service, whose structure is closely linked to the tariff mechanisms, show a slight decrease of EUR 320 thousand compared to the previous year, related to lower electricity costs, recognised as external costs in revenues.

Revenues from the LPG service increased compared to the previous year, mainly due to the increase in raw material revenues.

Breakdown of revenues from sales and services by geographical area

In accordance with the provisions of article 2427, point 10 of the Italian Civil Code, the breakdown of revenue from sales and services by geographic area is provided.

Geographical area	Current year value
Italy	27,050,531
Total	27,050,531

It should be noted that this item only includes revenue from entities based in Italy.

Increases in fixed assets for internal work, in the amount of EUR 1.9 million, are related to internal labour (EUR 1.3 million) and warehouse material (EUR 0.6 million), connected to the construction of water service works, network connections, and the installation of meters.

Other income and revenues are broken down as follows:

Description		Previous year	Current FY	Changes
Operating grants	Water Service and LPG grants	257,901	324,334	66,433
	Energy Tax Credit	581,794	263,034	(318,759)
Operating grants - Total		839,695	587,369	(252,326)
Other	Services to other companies	637,390	448,380	(189,010)
	Insurance compensation	360,436	63,357	(297,079)
	Treatment and lifting plant services	331,244	330,039	(1,205)
	Reimbursement of debt collection costs	225,222	90,771	(134,451)
	Reimbursements for seconded personnel	134,927	235,695	100,768
	Revenues from previous years	122,249	110,133	(12,115)
	Sale of Energy Efficiency Certificates	21,060	0	(21,060)
	Reimbursement of training costs	12,500	14,700	2,200
	Use of funds	0	350,969	350,969
	Technical quality bonuses	98,241	359,802	261,561
Other revenues	48,821	93,415	44,594	
Other - Total		1,992,090	2,097,261	105,171
Total other revenues and income		2,831,785	2,684,630	(147,155)

Operating grants, recorded under **Other revenues and income**, include the operating portion of the contributions for the connection of the Integrated Water Service and the LPG Service (EUR 324 thousand) and the income of EUR 263 thousand related to the tax credit on electricity and methane gas recognised for the first two quarters of the year.

The item **Other** includes revenues for services to other companies for a total of EUR 448 thousand, of which EUR 414 thousand for services rendered to the related company Bim Belluno Infrastrutture S.p.A. and the investee Società Informatica Territoriale S.r.l., plus EUR 34 thousand for services to Estenergy S.p.A. (formerly Ascotrade S.p.A.)

The item also includes insurance compensation of EUR 63 thousand, mainly related to claims on company vehicles, and revenues for services on treatment and lifting plants (EUR 330 thousand).

Other revenues include the use of funds for a total of EUR 351 thousand, of which:

- EUR 98 thousand related to provisions made in 2020-2021 for probable penalties related to the application of the incentive mechanism of the regulation of the technical quality of the integrated water service, used in the year to partially cover the penalties actually accrued;
- EUR 124 thousand related to the provision set aside in 2020 to cover the penalty envisaged for the failure to achieve certain technical quality objectives, related to the insufficient rate of realisation of investments in the four-year period 2016-2019, reversed in the year against the Regional Administrative Court ruling 3982/2023, mentioned in the comment on the provisions for risks;
- EUR 129 thousand relative to the provision made in 2022 to cover the risk of a reduction in tariff revenues, in relation to the way in which the tax credit for electricity, from which the Company benefited in 2022, was allocated for tariff purposes; the provision was reversed in the year to partially cover the lower revenues actually occurred based on the provisions of ARERA Resolution 639/2023 (MTI-4).

Note should also be taken of revenues for bonuses related to the technical quality of the management of the Water Service in the years 2020 and 2021 in the amount of EUR 360 thousand, recognised to the Operator by ARERA under Resolutions 476 and 477 in the year 2023.

Production costs

The following table shows the breakdown and changes in the item "Production costs".

Description	Previous year	Current FY	Changes
For raw and ancillary materials, consumables and goods	1,911,329	2,266,292	354,963
For services	12,602,888	10,753,469	(1,849,419)
For use of third-party assets	2,185,407	1,972,198	(213,209)
For personnel:			
a) wages and salaries	7,149,497	7,773,492	623,995
b) social security contributions	2,208,623	2,389,222	180,599
c) employee severance indemnity	465,666	480,004	14,338
d) pension and similar obligations	58,310	61,526	3,216
e) other costs	158,574	173,304	14,730
Amortisation/depreciation and write-downs:			
a) intangible fixed assets	1,381,156	1,505,898	124,742
b) tangible fixed assets	1,639,699	1,654,137	14,438
d) write-downs of receivables under current assets	200,000	180,000	(20,000)
Changes in inventories of raw materials, consumables and goods	(152,702)	(373,773)	(221,071)
Provision for risks	361,004	308,500	(52,504)
Sundry operating charges	840,105	1,298,109	458,004
Totals	31,009,556	30,442,378	(567,178)

The **costs of raw and ancillary materials, consumables and goods** relate to the purchase of stock materials, mainly related to plant management and the construction and maintenance of networks and connections of the Integrated Water Service. This item also includes consumables for vehicles, stationery, printed material for users and items for office equipment. The balance shows an increase over the previous year mainly due to the purchase of stock gauges.

The main **costs for services** and their changes were as follows:

	Previous year	Current FY	Changes
Management and maintenance services	5.260.530	4.705.187	(555.343)
Electricity	4.412.309	2.973.763	(1.438.546)
Invoicing and collection services	561.142	642.284	81.142
Water analysis	375.267	394.232	18.965
Personnel services	269.656	285.512	15.855
Insurance	242.405	258.394	15.989
Dedicated Call Centre Service	141.576	137.817	(3.759)
Water supplies	128.179	9.934	(118.245)
Telephony services	104.399	111.628	7.229
Technical consultancy	93.854	232.486	138.632
Administrative consultancy	92.457	135.150	42.693
Legal services	81.561	91.401	9.840
Expenses for payment reminders	78.900	68.596	(10.304)
Services for office use	70.492	68.598	(1.894)
IT consultancy	68.154	61.952	(6.202)
Promotion and disclosure expenses	67.911	61.615	(6.296)
Expenses for associated services	63.181	78.255	15.074
Personnel training	53.123	57.498	4.375
Gas consumption	51.176	36.093	(15.083)
SIT mapping services	45.818	7.531	(38.287)
Payroll processing services	37.555	41.413	3.858
Audit and control services	32.920	45.259	12.340
Director's fees	28.027	28.000	(27)
Services from related company	27.508	25.960	(1.548)
Remuneration of Board of Statutory Auditors	22.484	22.417	(67)
Bank charges	20.210	22.424	2.214
Postal charges	15.316	18.374	3.058
Other costs	156.779	131.697	(25.082)
Total	12,602,888	10,753,469	(1,849,419)

The main costs for services relate to the **management and maintenance** of networks and plants (EUR 4.7 million), accounting for 44% of the item total.

Another significant cost is related to the procurement of **electricity** (EUR 3 million), equal to 28% of the item total, which decreased by EUR 1.4 million compared to the previous year.

Costs for **billing and collection** services (EUR 642 thousand), consisting of meter reading, bill printing and delivery, and collection services, show an increase of EUR 81 thousand compared to 2022, mainly due to higher costs for the meter reading service.

Personnel services consist mainly of the cafeteria service established on the basis of union negotiations (EUR 263 thousand), which is provided to employees by means of meal vouchers.

The cost of the **dedicated call centre service**, which for some years now has been supporting the in-house call centre in order to meet the onerous obligations imposed by ARERA Resolution No. 655/2015/R/IDR, amounted to EUR 138 thousand.

The item **water supplies** shows a decrease of EUR 118 thousand compared to 2022, a year that was particularly hard hit by the drought, which resulted in high operating expenses related to emergency water supplies.

Technical consultancy services increased by EUR 139 thousand compared to 2022 due to higher safety costs and the drafting of technical feasibility documents that cannot be capitalised.

Administrative consultancy increased by EUR 43 thousand compared to the previous year, mainly for assignments related to the drafting of the appraisal of the liquidation value of the shareholding of the withdrawing shareholder, the municipality of Alano di Piave, and to support the assessment of projects related to the assumption of establishing a single entity for the integrated management of waste in the Dolomites Basin.

Expenses for payment reminders, an activity carried out in compliance with the rules imposed by the Authority with Resolution 311/2019/R/IDR of 16/07/2019, recorded a slight decrease compared to the previous year. It is highlighted that these are recharged in the bill and thus their corresponding revenue is posted under other revenues and income.

Promotion and disclosure expenses refer to educational/dissemination projects for schools, social media management and the preparation of material for use by users.

Expenses for associated services refer to the operating costs of the Viveracqua Consortium in which the company participates. As regards the services rendered by the Consortium, we highlight, in terms of relevance, those related to some monitoring activities on Hydrobonds, the function of central purchasing body and the participation in specific round-table working groups on some issues of general interest in the field of water service management.

Training costs (EUR 57 thousand) are partly related to the implementation of a training plan financed by Fondimpresa. The related reimbursements are recorded in the item Other revenues and income in A5) of the income statement.

Mapping services refer to pipe signalling activities to be provided to companies carrying out ordinary maintenance in the area near water/sewerage networks; the item shows a clear decrease compared to the previous year due to the almost complete internalisation of services.

The **services provided by the related company** Bim Belluno Infrastrutture S.p.A. consist of the technical-administrative management of the LPG supply service in the local networks owned by the Company. These services are governed by a special agreement between the parties.

Other costs for services comprise individually minor cost items and are of a residual nature in relation to the item total.

Lease and rental costs

They are mainly related to the annual fee for the use of the water network and related facilities, represented by the repayment due to the grantor municipalities of the instalments of the loans, taken out to carry out the works, which have not yet been repaid, the amount of which is summarised below and compared with the previous year:

	Previous year	Current FY	Changes
Loan repayments to municipalities	1,166,857	897,031	(269,826)

It should be noted that these costs are related to accrued revenues, in application of the tariff mechanisms established by ARERA.

For the remaining part, these costs relate to EUR 686 thousand in annual fees for the derivation of drinking water and water crossings, EUR 334 thousand in rents and use of buildings, and EUR 55 thousand in vehicle and equipment rental fees.

Personnel costs

The item includes all expenses for employees, including therein merit pay increases, promotions, automatic cost-of-living increases, the cost of holidays accrued but not taken and legal provisions and collective contracts. It should be noted that overtime work and the use of holidays and leave are constantly monitored.

Personnel costs increased by EUR 0.8 million, mainly due to the strengthening of the operating and technical sectors, in addition to the adjustments provided for in the national collective labour agreement and the supplementary company agreement.

Depreciation of tangible fixed assets

With regard to depreciation, it is specified that it was calculated on the basis of the useful life of the asset and its exploitation in the production phase.

The value of depreciation shows an increase due to the commissioning of new works.

Write-downs of receivables included in current assets and cash and cash equivalents

The annual provision for credit risk was calculated on the basis of the actual assessment of the collectability of receivables, also considering the average insolvency risk of the sector prudentially assessed in relation to the general economic situation. The provision made was in line with the previous year and allowed the provision for bad debts to be reduced to a size deemed consistent with the valuation of receivables at their presumed realisable value.

Provisions for risks

The annual provision of EUR 308 thousand was set aside to cover probable future charges arising from the risk of:

- probable penalties on the purification service (EUR 30 thousand) as a result of the European Court's sentence sentencing Italy on 6 October 2021 in relation to the Borca di Cadore site;
- probable charges for the regularisation of water concession procedures on state-owned areas currently being regularised (EUR 88 thousand);
- probable penalties arising from the failure to achieve technical quality objectives (EUR 135 thousand), as already commented in the specific section on *Provisions for risks and charges*;
- probable charges for losses in pending lawsuits (EUR 10 thousand) and for penalties for dispute notices served by the Province of Belluno pending exact quantification (EUR 45 thousand).

Sundry operating charges

Sundry expenses are broken down as follows:

	Previous year	Current FY	Changes
Costs pertaining to previous years	331,660	691,316	359,656
Basin Council Operating Fee	270,144	321,827	51,683
Taxes other than income taxes, duties and fees	91,497	116,527	25,030
Compensation to Users	49,643	55,090	5,446
Compensation to users and third parties	39,360	48,281	8,921
Trade association membership fees	20,079	25,739	5,660
Fines and Penalties	771	3,460	2,689
ARERA contribution	6,536	7,251	715
Credit losses	0	953	953
Compensation to Suppliers	10,000	0	(10,000)
Other	20,413	27,666	7,253
Grand total	840,104	1,298,109	458,006

The item includes cost components pertaining to previous years, of which EUR 263 thousand relating to adjustments to tariff revenues, as a result of the actual adjustments determined with the MTI-4 tariff update for the period 2024-2029, and EUR 265 thousand relating to penalties arising from the application of the mechanism for regulating the commercial quality of the Integrated Water Service determined by ARERA Resolution 476/2023/R/IDR) charged as a reduction of the VRG.

Other expenses also include the operating fee of the Belluno Dolomites Basin Council and taxes other than income tax, duties and fees. Finally, this item includes penalties arising from the application of the Service Charter, compensation to third parties and membership fees to trade associations.

Financial income and charges

Breakdown of investment income

Income from equity investments from other companies consists of dividends distributed upon approval of the financial statements as at 31/12/2022 by the related company Bim Belluno Infrastrutture S.p.A. (EUR 3 thousand).

Breakdown of interest and other financial charges by debt type

In accordance with the provisions of article 2427, point 12 of the Italian Civil Code, details are provided of interest and other financial charges relating to bonds, payables due to banks and other items.

	Interest and other financial charges
Bond loans	526,202
Payables due to banks	451,030
Other	14,424
Total	991,656

Interest on bonds refers to the Hydrobond issues that took place on 3 July 2014, 22 January 2016 and 21 February 2022.

Interest accrued on bank borrowings mainly relates to interest on loans (EUR 448 thousand); the latter increased by EUR 68 thousand compared to the previous year due to the higher interest charged on a variable-rate loan position that was renegotiated in early 2024.

The item *Other* mainly refers to interest payable to suppliers, of which EUR 9 thousand related to interest accrued by the related company Bim Belluno Infrastrutture S.p.A. for the Banca Intesa loan taken over on 25/09/2014.

A breakdown of item 'C.16.d) Income other than above' is also given.

Description	Subsidiaries	Associates	Parent Companies	Subject to the control of parent companies	Other	Total
Interest on bonds					64,731	64,731
Bank and postal interest					386,776	386,776
Interest from trade receivables					165,271	165,271
Other interest income					15,900	15,900
Totals					632,677	632,677

Other financial income consists of:

- interest income accrued on sums securing Hydrobond transactions in the amount of EUR 65 thousand;
- bank interest income in the amount of EUR 387 thousand accrued on forms of free current accounts and forms of temporary deposit of liquidity that can be readily mobilised;
- interest income accrued on the receivable for tariff adjustment of the Integrated Water Service for EUR 59 thousand, better described in the Report on Operations, and interest on arrears applied on Water Service invoices for EUR 107 thousand;
- interest income for the deferred collection of capital grants disbursed by the Bim Piave Belluno Consortium in the amount of EUR 16 thousand.

Current, deferred and prepaid income taxes

Income taxes for the year

The breakdown of the balance sheet item 'Income Taxes for the Year' is shown in the following table:

Description	Previous year	Changes	Various %	Current FY
Current taxes	65,692	26,449	40.26	92,141
Deferred taxes	(6,364)	(17,687)	277.92	(24,051)
Prepaid taxes	(45,345)	75,711	-166.97	30,366
Totals	13,983	84,473		98,456

Deferred Taxation (art. 2427, point 14 of the Italian Civil Code)

Deferred taxes have been calculated by taking into account the amount of all temporary differences generated by the application of tax rules and applying the rates in force at the time these differences arose.

Prepaid taxes have been recognised as there is a reasonable certainty of the existence in future years of taxable income not less than the amount of the differences that will be reversed.

The following table provides a description of the temporary differences that led to the recognition of deferred and prepaid taxes, specifying their amount, the tax rate applied, the tax effect, the amounts credited or debited to the income statement and the items excluded from the calculation, with reference to both the current and previous years. The table also shows the amount of prepaid taxes recognised in the financial statements relating to losses for the year and previous years.

Item	Previous year		Changes in the FY		Current FY	
	IRES (corporate income tax)	IRAP (regional business tax)	IRES (corporate income tax)	IRAP (regional business tax)	IRES (corporate income tax)	IRAP (regional business tax)
PREPAID TAXES	Amount of temporary differences					
Excess bad debt	3.587.032		(173.549)		3.413.483	
Change in provision for	1.030.591		(72.469)		958.122	
Statutory and tax	80.906		(5.545)		75.361	
Unpaid directors' fees	693		(26)		667	
Surplus ACE (aid to	15.907		125.061		140.968	
Total deductible	4.715.129		(126.528)		4.588.601	
Tax losses						
IRES and IRAP rates	24.00	3.90			24.00	3.90
Deferred tax assets	1,131,631		(30,367)		1,101,264	
DEFERRED TAXES	Amount of temporary differences					
Statutory and tax	474.823		(18.875)		455.948	
Default interest	81.336		(81.336)			
Total taxable temporary	556.159		(100.211)		455.948	
IRES and IRAP rates	24.00	3.90			24.00	3.90
Deferred tax liabilities	133.478		(24.050)		109.428	
Net prepaid taxes	998.154		(6.315)		991.839	
Total net prepaid taxes	998.154		(6.315)		991.839	
- charged to the income			(6.315)			

Tax Reconciliation - IRES

A table containing the information required by Accounting Standard No. 25, concerning the reconciliation between the tax charge shown in the financial statements and the theoretical tax charge, is provided.

Description	Value	Taxes
Profit before tax	841.852	
Theoretical tax charge %	24	202.044
Temporary differences taxable in subsequent years:		
Total	0	
Temporary differences deductible in subsequent years:		
- allocation to provision for bad debts	100.968	
- allocation to provision for risks	308.500	
- unpaid directors' fees	667	
- statutory and tax amortisation misalignment	4.769	
Total	414.904	
Reversal of temporary differences from previous years:		
- statutory and tax amortisation misalignment	18.875	
- statutory and tax amortisation misalignment	(10.314)	
- directors' fees from previous years paid during the year	(693)	
- use of provisions for risks	(350.969)	
- other items		
Total	(343.101)	
Differences that will not be reversed in subsequent years:		
- telephone and car expenses	140.700	
- contingent liabilities	1.369	
- vehicle depreciation	31.486	
- telephony depreciation	1.599	
- TLC plant depreciation	13.392	
- fines and penalties	3.460	
- interest on arrears (collected net of accruals)	(24.582)	
- dividends received	(3.205)	
- energy/gas tax credit	(263.034)	
- 2011 assessment	(5.561)	
- use of bad debt provision	(274.517)	
- 10% IRAP	(6.569)	
- employee IRAP deduction	(17.750)	
- TFR (employee severance indemnity) deduction set aside	(18.654)	
- ACE	(491.787)	
Total	(913.653)	
Taxable IRES	0	
IRES surcharge - Current taxes		0
Current IRES for the year		0
Calculated IRES balancing- IRES balance sheet		0

Reconciliation of taxes - IRAP

A table containing the information required by Accounting Standard No. 25, concerning the reconciliation between the tax charge shown in the financial statements and the theoretical tax charge, is provided.

Description	Value	Taxes
IRAP taxable amount (A - B + b9 + b10 letter c) and d) + b12 + b13)	12,563,506	
Costs not relevant for IRAP purposes:		
- directors' fees	28,000	
- directors' social security contributions	2,521	
- directors' mileage reimbursements	1,008	
- IMU (single municipal tax)	77	
- employee welfare cost	173,603	
- fines and penalties	3,460	
Revenues not relevant for IRAP purposes:		
- energy/gas tax credit	263,034	
Total	12,509,141	
Theoretical tax charge %	4.20	525,384
Deductions:		
- INAIL	455	
- Employee cost deductions	10,314,852	
Total	10,315,307	
Temporary differences taxable in subsequent years:		
Total	0	
Temporary differences deductible in subsequent years:		
Total	0	
Reversal of temporary differences from previous years:		
Total	0	
Taxable IRAP	2,193,834	
Current IRAP for the year		92,141

Explanatory Notes – Cash Flow Statement

As shown in the cash flow statement, prepared using the indirect method, there was a decrease in liquidity of EUR 10.6 million during the year.

The Cash flow from operating activities amounted to EUR 5.2 million, which partially supported the outlays for net investments of EUR 11.5 million.

The cash flow from financing activities, which was negative in the year, amounted to EUR -4.4 million, given by the repayment of maturing loan instalments in the amount of EUR 3.9 million and the liquidation of the Shareholding Municipality of Alano in the amount of EUR 450 thousand.

Notes to the Financial Statements, Other information

Employment figures

In accordance with the provisions of article 2427, point 15 of the Italian Civil Code, the average composition of employees as at 31/12/2023 is provided below.

	Average number
Executives	1
Managers	12
Employees	129
Workers	72
Other employees	0
Total Employees	214

Headcount	Units at ¹		Changes	Average units in ²		Changes	Average units in ³		Changes
	31/12/2023	31/12/2022		31/12/2023	31/12/2022		31/12/2023	31/12/2022	
Executives	1	1	0	1	1	0	1	1	0
Technical employees	71	65	6	68.75	63.5	5.25	70.5	64.5	6
Administrative clerks	77	77	0	72.75	69.75	3	73	73.25	(0.25)
Workers	78	68	10	73.75	64	9.75	77	68	9
Total	227	211	16	216.25	198.25	18	221.5	206.75	14.75
<i>of which personnel attached/seconded to another company⁴</i>	2.5	2	0.5	2.25	1.75	0.5	2.25	1.75	0.5

¹ no. employees in force at the end of the financial year, including employees with fixed-term employment contracts and employees absent due to leave not paid for by the company

² no. of employees in relation to full-time units in the financial year (incidence of part-time contracts, absences due to leave not paid for by the company and recruitments/ terminations during the year)

³ no. of employees in relation to full-time units on the date indicated (incidence of part-time contracts)

⁴ employees on full or partial secondment to Bim Belluno Infrastrutture S.p.A.

The workforce, expressed in *full-time equivalent* units employed as at 31/12/2023, shows a significant change compared to 31/12/2022, resulting in the variation in personnel costs discussed above.

The employment contract applied for the personnel is the Gas-Water Sector CCNL (national collective labour agreement) renewed on 30/09/2022.

Fees, advances and credits granted to Directors and Statutory Auditors, and commitments undertaken on their behalf

The following table shows the fees, advances, loans granted to the Directors and members of the Board of Statutory Auditors, as well as the commitments undertaken on their behalf for the financial year as of 31/12/2022, as required by point 16 of article 2427 of the Italian Civil Code.

	Directors	Statutory Auditors
Fees	28,000	22,417

Fees to the Independent Auditors or Independent Auditing Firm

Pursuant to art. 2427, point 16-bis, details of the fees due to the independent auditing company for services rendered, relating to statutory auditing services, are provided below.

	Value
Statutory audit of annual accounts	35,271
Other audit services	4,638
Other non-audit services	5,350
Total fees due to the Independent Auditors or Independent Auditing Firm	45,259

"Other audit services" concern the signing of tax declarations and the asseveration of receivables/payables with member municipalities, while "Other non-audit services" include the issuance of the auditor's opinion pursuant to art. 2347-ter, second paragraph, of the Italian Civil Code, on the appropriateness of the liquidation value of the Company's shares to the withdrawing shareholder Municipality Alano di Piave.

Categories of shares issued by the company

As prescribed in point 17 of article 2427 of the Italian Civil Code, the data on the shares making up the share capital and the number and nominal value of the shares subscribed during the year can be inferred from the table below.

Description	Initial amount, number	Initial amount, nominal value	Final amount, number	Final amount, nominal value
Ordinary	4,020	2,010,000	4,020	2,010,000
Total	4,020	2,010,000	4,020	2,010,000

The share capital consists entirely of 4,020 ordinary shares with a nominal value of EUR 500 each.

Commitments, guarantees and contingent liabilities not shown in the balance sheet

Pursuant to article 2427 no. 9 of the Italian Civil Code, the total amount of off-balance sheet commitments, guarantees and contingent liabilities is reported, with an indication of the nature of the collateral provided; existing commitments regarding pensions and similar obligations, as well as commitments to subsidiaries, associated companies, as well as parent companies and companies controlled by the latter, are indicated separately.

	Amount
Guarantees	3,960,973

Guarantees mainly include the value of the sureties provided in favour of the Dolomiti Bellunesi Basin Council, in accordance with the provisions of the tender specifications, and other entities to guarantee the regular execution of works within the scope of the management of the Integrated Water Service.

Information on related party transactions

Pursuant to art. 2427 point 22-bis, it should be noted that transactions with related parties during the year were conducted at arm's length. In any case, transactions with related parties are set out in the table below:

Item	Parent companies	Associated companies	Executives	Other related parties
Revenues				660,975
Costs				60,308
Financial income/expenses				9,380
Financial receivables				0
Trade receivables				155,614
Financial payables				813,195
Trade payables				43,726

For further information, please refer to what is set out and detailed in the Report on Operations.

Information on off-balance sheet agreements

Pursuant to art. 2427, point 22-ter, it should be noted that there are no off-balance sheet agreements that have significant risks or benefits and that are necessary for assessing the company's assets, financial and economic situation.

Information on significant events occurring after the end of the financial year

The Company has been committed to pursuing the project for the merger by incorporation of the related company Bim Belluno Infrastrutture S.p.A., undertaken in 2023, and is still waiting for the unanimous consent of the Shareholders to be obtained for the simplified procedure, which does not envisage the appointment of experts by the Court to determine the exchange ratio.

Information pursuant to article 1, paragraph 125 of Law No. 124 of 4 August 2017

Pursuant to article 1, paragraph 125-bis of Law 124/2017, we report the amount of subsidies, grants, paid assignments and in any case economic advantages of any kind received by public administrations and entities related to them, which are not of a general nature and are not of a consideration, remuneration or compensation nature:

P.A. entity	On account	Grant objective	Amount collected
Comuni B.I.M. Piave Belluno Consortium	investments	Various installations - Integrated Water Service	400,000
Comuni B.I.M. Piave Belluno Consortium	investments	LPG installations in the province of Belluno	44,169
Municipality of Selva di Cadore	investments	Adaptation of Sotto Bernard imhoff tank	50,000
Commissioner Delegate	investments	Canazei-Colcuc water supply system extension with pipe replacement, Sopradaz-Canazei section	15,373
Commissioner Delegate	investments	Extraordinary maintenance of the overhead crossing over the T. Piova of the Lorenzago-Pelos di Cadore sewer line	84,482
Commissioner Delegate	investments	Cliff consolidation to protect the Falcade water purification plant due to destabilisation of rocks following the Vaia event	67,406
Commissioner Delegate	investments	Drainage relocation on the new bridge over the t. Bigontina in connection with works	968
Commissioner Delegate	investments	Restoration and securing of Sottoguda-Caprile sewerage system	133,858
Total			796,256

Proposed Allocation of Profits or Coverage of Losses

Allocation of profit for the year

Pursuant to art. 2427 no. 22-septies, the following allocation of the profit for the year is proposed to the shareholders' meeting convened to approve the financial statements:

Description	Value
Profit for the year:	
- to the Extraordinary reserve	743,396
Total	743,396

Explanatory Notes - final part

We confirm that these financial statements, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Explanatory Notes, give a true and fair view of the financial position of the Company, as well as the results of operations for the year, and correspond to the accounting records. We therefore invite you to approve the draft financial statements as at 31/12/2023 together with the proposed allocation of the year's profit.

Belluno, 21 May 2024

For the Board of Directors

The Chairperson

Mr. Attilio Sommovilla

Declaration of Financial Statements Compliance

The undersigned Attilio Sommovilla, as Chairperson of the Board of Directors of Bim Gestione Servizi Pubblici S.p.A., pursuant to article 31 paragraph 2-quinquies of Law 340/2000, hereby declares that this document is a true copy of the original filed at the company.

Belluno, 21 May 2024 Signature

**Report of the Independent Auditing Firm
pursuant to article 14 of Legislative Decree No. 39 of 27
January 2010**

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To the Shareholders of
Bim Gestione Servizi Pubblici S.p.A.

Report on the audit of the Financial Statements

Audit Opinion

We have audited the financial statements of BIM Gestione Servizi Pubblici S.p.A. (the Company) consisting of the balance sheet as at 31 December 2023, the income statement, the cash flow statement for the year ended as at said date and the explanatory notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of the results of its operations and its cash flows for the year ended as at said date in accordance with the Italian regulations governing the criteria for their preparation.

Elements underlying the audit opinion

We carried out our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under these standards are further described in the section on *Independent Auditing Firm Responsibilities for the Audit of the Annual Financial Statements* of this Report. We are independent of the Company in accordance with the ethics and independence rules and principles applicable in the Italian legal system to the auditing of financial statements. We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

Responsibility of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the Italian regulations governing the criteria for their preparation and, within the terms of the law, for that part of the internal control they deem necessary to enable the preparation of Financial Statements that do not contain any material misstatements due to fraud or error.

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

The Board of Statutory Auditors is responsible for supervising, in compliance with the provisions of the law, the process of preparing the Company's financial reports.

Responsibility of the Independent Auditing Firm 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 unintentional conduct or events, and to issue an Audit Report that includes our opinion.

Reasonable assurance is defined as a high level of certainty, which, however, does not provide assurance that an audit performed in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement, if any. Errors may result from fraud or unintentional conduct or events and are considered material if they could reasonably be expected, individually or as a whole, to influence the economic decisions taken by users on the basis of the financial statements.

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

- we have identified and assessed the risks of material misstatement found in the Financial Statements, whether due to fraud or unintentional conduct or events; we have defined and performed audit procedures in response to those risks; and we have obtained sufficient appropriate audit evidence on which to base our opinion. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional conduct or events, since fraud may involve collusion, falsification, intentional omissions, misleading representations or forcing internal control;
- we obtained an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have assessed the appropriateness of the accounting standards used as well as the reasonableness of the accounting estimates made by the directors, including the related disclosures;
- we have concluded on the appropriateness of the Directors' 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 a material uncertainty exists, we are required to draw attention to it in the Audit Report on the relevant Financial Statement disclosures, or, if such disclosures are inadequate, to reflect that fact in the formulation of our opinion. Our conclusions are based on the evidence acquired up to the date of this report. However, future events or circumstances may result in the Company ceasing to operate as a going concern;
- we have evaluated the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether they present the underlying transactions and events in a manner that the Financial Statements give a true and fair view.

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

Report on other legal and regulatory provisions

Opinion pursuant to article 14, paragraph 2, letter e) of Legislative Decree No. 39/10

The directors of Bim Gestione Servizi Pubblici S.p.A. are responsible for preparing the report on operations of Bim Gestione Servizi Pubblici S.p.A. as at 31 December 2023, including its consistency with the related financial statements and its compliance with legal regulations.

We have performed the procedures specified in Auditing Standard (SA Italy) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Bim Gestione Servizi Pubblici S.p.A. as at 31 December 2023 and on its compliance with the law, as well as to issue a statement on any material errors.

In our opinion, the report on operations is consistent with the financial statements of Bim Gestione Servizi Pubblici S.p.A. as at 31 December 2023 and has been prepared in accordance with the law.

With reference to the declaration referred to in article 14, paragraph 2, letter e) of Legislative Decree No. 39/10, issued on the basis of the knowledge and understanding of the Company and its environment acquired in the course of the audit, we have nothing to report.

Treviso, 5 June 2024



Ria Grant Thornton S.p.A.
Mauro Polini
Member

BIM GESTIONE SERVIZI PUBBLICI S.p.A.

**Registered Office in via Tiziano Vecellio 27/29 - 32100 Belluno - share capital
EUR2,010,000.00 fully paid-in**

REPORT on OPERATIONS of the Financial Statements as at 31 December 2023

Dear Shareholders,

we submit for your examination and approval the Financial Statements for the financial year 2023, which closed with a *Value of Production* of EUR 32 million and a *Profit for the year* of EUR 743,396.

While we refer you to the Explanatory Notes to the Financial Statements for clarifications on the data resulting from the Balance Sheet and Income Statement, we would like to present here some considerations on the Company's management, both with reference to the financial year ended and the future outlook, all in accordance with art. 2428 of the Italian Civil Code.

General information on the company's situation and development

During the year 2023, in addition to the ordinary management of the assigned services, the Company implemented the projects financed by funds from the National Recovery and Resilience Plan ("PNRR") listed below:

- the Basin Sludge Hub project, which makes provision for the construction in the Longarone sewage treatment plant of a new sludge pre-treatment line, with mechanised thickening and centrifuge dewatering in special closed buildings, integrated with the existing biological treatment, admitted for funding under Ministry of the Environment and Energy Security (MASE) Decree No. 206 of 21 December 2022, for a total amount of EUR 1,284,077 (total amount of the work EUR 1,450,000); it should be noted that the total amount financed was recently updated to EUR 1,242,594 by signing an Addendum to the Deed of Obligation between the parties;
- the project "Reduction of water distribution network losses, including digitalisation and monitoring", which envisages the modelling, districtisation and digitalisation of 1,615 km of water distribution network (out of a total of 3,400 km) distributed in 16 municipalities in the Belluno area for a catchment area of approximately 115,000 inhabitants served, admitted for funding under Decree No. 1 of 10 January 2023 of the Ministry of Infrastructure and Transport, to be financed to the value of EUR 20,446,400 (total amount of the work EUR 25,646,267); the initiative will lead to the reduction, by December 2025, of 35% of the total water losses.

By Ministerial Decree (MASE) No. 262 of 09/08/2023, the Company was awarded financial resources from the PNRR funds for the purification sector. The project, worth EUR 2,935,000, whose completion date was recently extended to 30 June 2025 (initially scheduled for 30 June 2024), envisages the expansion of the Marisiga di Belluno wastewater treatment plant, which will be sized to treat the wastewater of 35,686 population equivalents.

In 2023, the severe tension in the electricity market abated as hoped and was addressed by the continued ability to be able to benefit from the support measures extended by the Government until 30 June 2023.

In order to strengthen the monitoring of the trend of electricity charges incurred at a national level for the

management of the integrated water service, ARERA deemed it appropriate to provide, within the framework of Resolution 229/2022/R/idr, for the publication - on an annual basis, starting in 2023 - of the average sector cost of electricity supply.

With Resolution 64/2023/R/IDR, ARERA announced the amount of the standard cost recognised to the Operators for 2022, equal to 0.2855 €/kWh, and with a communiqué of 12 March 2024, ARERA indicated the average sector cost of the electricity supply, relative to 2023, as 0.2436 €/kWh.

The year 2023 was still heavily impacted by the general rise in raw material prices, which was reflected in the purchase costs of supplies and services and, in particular, in service contracts for the performance of ordinary and extraordinary maintenance on networks and plants carried out by external companies.

This extraordinary and anomalous increase in operating costs is not covered in the tariff beyond the limit set by the tariff method (MTI/3) which refers to the year 2011; the growing dynamic of cost increases in recent years has affected both the amount of work that can be carried out with the same budget, the authorisation process and overall cost of projects with the continuous updating of financial frameworks, as well as the success of some tenders.

On this front, new perspectives can be seen following the publication of the new Tariff Method for the fourth regulatory period, as explained in the next section.

The tariffs of the Integrated Water Service (IWS).

On the tariff front, it should be noted that the tariffs for the two-year period 2022-2023 were approved by ARERA with Resolution No. 132/2023/R/IDR of 28 March 2023, confirming the tariff coefficients approved by the EGA - Dolomiti Bellunesi Basin Council - with Resolution No. 17 of 28 November 2022.

Below is a summary of the tariff increases determined on the basis of the Water Tariff Method for the third regulatory period (MTI-3, pursuant to ARERA Resolutions No. 580/2019/R/IDR and No. 639/2021/R/IDR), consisting of the four-year period 2020-2023:

Tariff multiplier ⁹²⁰²⁰	Tariff multiplier ⁹²⁰²¹	Tariff multiplier ⁹²⁰²²	Tariff multiplier ⁹²⁰²³
1.001	1.054	1.141	1.155

Increase % 2020	Increase % 2021	Increase % 2022	Increase % 2023
0%	5.40%	8.25%	1.23%

Over the four-year period, compared to the base year 2019, the tariffs thus increased by 15.5%.

On 28 December 2023, ARERA issued Resolution 639/2023/R/IDR in which it approved the new Tariff Method for the fourth regulatory period (MTI-4), expected to last six years from 2024 to 2029, confirming the general approach that characterised the water tariff method for the previous period.

New elements can be found in the establishment of incentive mechanisms for the promotion of energy and environmental sustainability, consisting of bonus factors referring to targets for the reuse of purified volumes and the reduction of purchased electricity.

The strengthening of incentives for self-production of electricity by water service operators is also represented by the possibility introduced to value the cost of self-produced energy within the component covering energy costs, provided that the associated production costs, including capital costs, are not covered by other tariff components.

Also on the energy cost front, the incentive to save the total amount of energy used to run the integrated water service was reinforced, depending on the energy savings achieved by the operator.

The requests made by the Operators on the subject of the recognition in the tariff of operating costs, which especially in the last two years have undergone significant increases due to the inflationary phenomenon triggered by well-known international events, were accepted by ARERA in the forecast of the recovery of 2023 inflation, set at 4.5%, within the adjustment components included in the VRG 2025. For 2024, operating costs are further increased by the expected inflation of 8.8%.

The work of setting tariffs for the new regulatory period by the Ambit Management Authority (EGA), in cooperation with the Operator, is ongoing. Pending the new tariffs, for 2024 the tariff as per the previous planning determined with a theta multiplier of 1.250, to be applied on the base year 2019, with an increase compared to 2023 of 8.2%, is provisionally applied. In addition, the tariff surcharge for past consumption will not be applied to 2024, as explained in more detail in the next section.

The credit situation for future tariff increases

In addition to the tariff subject to regulation by ARERA, the Company also applied in its bills, effective as of 1 January 2013, a surcharge for past items relating to the management up to and including the year 2011, recognised by ARERA with Resolution 506/2013/R/IDR of 7/11/2013 within the framework of the approval of the tariffs for the first regulatory period (2012-2013).

The receivable for future tariff adjustments of EUR 29.9 million existing at 31/12/2012 was reduced in the years 2013-2023 by a total of EUR 29.5 million, bringing the remaining amount still to be invoiced at 31/12/2023 to EUR 0.4 million.

As in previous years, in 2023, interest in the amount of EUR 58,755 was accrued on this receivable, updated to a fixed rate of 3%, as set forth in the 2020-2023 tariff determination, when the request was accepted to limit the expense borne by the User by reducing the interest rate payable on the receivable (until 31/12/2020 the rate applied was equal to the average 12-month Euribor plus a spread of 5%).

The charging of the surcharge for past items ended, as expected, with the finalisation of the billing of the volumes delivered in 2023, which took place in early 2024. Any collections in excess of the allocated credit will be treated from a tariff point of view as per the EGA's instructions.

The following table shows the repayment schedule for the tariff adjustment receivable including accrued and accruing interest; the invoiced portion of the surcharge for the repayment of the receivable is shown in the column "Invoiced surcharge", which is charged first to cover accrued interest and then to cover the principal receivable:

Year	Initial credit balance	Write-down	Interest	Invoiced surcharge	Closing credit balance
2012	28,081,296		+ 1,851,164	0	29,932,460
2013	29,932,460	-2,000,000	+ 1,365,988	0	29,298,448
2014	29,298,448	-3,308,606	+ 1,310,625	-5,631,243	21,669,224
2015	21,669,224		+ 1,073,361	-3,128,699	19,613,886
2016	19,613,886		+ 923,007	-2,970,235	17,566,658
2017	17,566,658		+ 798,014	-3,151,210	15,213,462
2018	15,213,462		+ 682,531	-3,002,466	12,893,527
2019	12,893,527		+ 554,806	-3,142,789	10,305,544
2020	10,305,544		+ 417,242	-3,250,649	7,472,137
2021	7,472,137		+ 198,951	-1,879,808	5,791,280
2022	5,791,280		+ 139,168	-2,443,888	3,486,560
2023	3,486,560		+ 58,755	-3,114,848	430,467
2024	430,467		+ 6,457	-436,924	0

Operating conditions and development of activities

The Company has been operating since 1 January 2004 as the entrusted Operator of the Integrated Water Service in the "Alto Veneto" Optimal Territorial Area. As of 1 January 2024, the management was again extended to the municipality of San Nicolò di Comelico, covering all of the current 59 municipalities constituting the area.

The company also carries out the following other activities:

- the management of six small local LPG networks, for which a new management method is being sought, since they can no longer benefit from the services of the related company Bim Belluno Infrastrutture S.p.A. after the sale of the methane gas branch to Italgas Reti S.p.A. in February 2024;
- the activity of an ESCO (Energy Saving Company);
- *service* activities vis-à-vis other companies, including:
 - the related company Bim Belluno Infrastrutture S.p.A., for all general services;
 - the subsidiary Società Informatica Territoriale S.r.l., for some personnel services;
 - Estenergy S.p.A., which took over Ascotrade S.p.A. as a result of the merger by incorporation, for residual counter services to methane gas customers historically coming from the proprietary gas sales branch sold in 2006; in recent years, these services have been gradually reduced, however, now being limited to the provision of premises and telephone service for setting appointments.

The year 2023 saw the end of the services previously provided to CAFCS.p.A., the new water service operator in the Municipality of Sappada, for which, based on an agreement valid from 2020 until 2022, BIM Gestione Servizi Pubblici S.p.A. managed the water service infrastructure in order to allow a gradual handover to the new Operator.

Pursuant to article 2428 of the Italian Civil Code, it should be noted that business is also conducted in the branch offices of:

- Agordo - via 4 Novembre no. 2
- Belluno - via dell'Artigianato no. 22 (discontinued in February 2024)
- Feltre - via Rizzarda no. 21
- Feltre - via dei Cavalieri di Vittorio Veneto no. 31
- Lozzo di Cadore - viale dell'Industria no. 14
- Pieve di Cadore - locality Tai, via degli Alpini no. 28
- Sedico - via Feltre no. 31/A
- Taibon Agordino - via Foch s.n.

Operating performance

Development of demand and trends in the markets in which the company operates

As far as the integrated water service is concerned, particular attention was paid to the volumes supplied, since although the economic-financial balance is guaranteed by tariff mechanisms, the variable nature of quantities can have a major impact on tariff policies.

Invoiced volumes show a slight contraction, so no major tariff adjustments are expected for deviations in volumes delivered.

With regard to the general services provided to the related company Bim Belluno Infrastrutture S.p.A., starting from 2024 there was a significant contraction in the services provided in consideration of the transfer of the methane gas branch to Italgas Reti S.p.A., which took place effective 1 February 2024.

Competition

The main service assigned, the Integrated Water Service, is operated under a monopoly regime and therefore no problems related to competition behaviour arise.

Social, political and union environment

The personnel are covered by the CCNL (national collective labour agreement) for the water-gas sector, renewed on 30 September 2022 with validity until 31 December 2024.

On 19 September 2023, the supplementary company contract for the year 2023 was signed with the RSU (unitary workplace union structures) and union representatives, which provides for the payment to employees of a performance bonus linked to the achievement of the following objectives:

- Improvement of ARERA macro-indicators M2 "Service interruptions" and M5 "Sludge disposal in landfills";
- Achievement of EBITDA as per the three-year Business Plan for the year 2023;
- Increased investment at least 10% higher than the 2022 figure;
- Maintenance of ISO 9001 - ISO 45001 - ISO 14001 certifications on identified facilities and achievement of ISO 27001;
- Reduction of cases of non-compliance with invoice issuing deadlines;
- Reduction of unfulfilled quote requests as at 31/12/2023.

Partial smart working continued in 2023 on an trial basis, through the signing of individual agreements.

Operating performance in the sectors in which the Company operates

The company's **Reclassified Income Statement**, compared with the one from the previous year, is shown below:

Reclassified INCOME STATEMENT (amounts €/1000)	Final balance		Δ Final balance 2023 / Final balance 2022
	2023	2022	
Revenues from Integrated Water Service	26,827	27,148	(321)
Revenues from miscellaneous services	223	216	7
Total revenue from services	27,051	27,364	(314)
Increase in fixed assets	1,903	1,792	110
Other revenues	2,687	2,821	(134)
Total Revenues	31,640 100%	31,977 100%	(338)
Purchase of materials	(1,893)	(1,759)	(134)
Purchase of services	(10,753)	(12,603)	1,849
Use of third party assets	(1,972)	(2,185)	213
Personnel costs	(10,878)	(10,041)	(837)
Other costs	(1,298)	(840)	(458)
Total Costs	(26,794)	(27,428)	634
EBITDA	4,846 15%	4,550 14%	296
Amortisation of Investments	(3,160)	(3,021)	(139)
Allocation to Provision for Bad Debts	(180)	(200)	20
Other Provisions	(309)	(361)	53
Total Provisions	(3,649)	(3,582)	(67)
EBIT	1,197 4%	968 3%	230
Net financial expenses	(356)	(516)	161
Ordinary EBT	842 3%	452 1%	390
Extraordinary expenses	0	0	0
Extraordinary income	0	0	0
Extraordinary management	0	0	0
EBT before tax	842 3%	452 1%	390
Taxes	(98)	(14)	(84)
Net Result	743 2%	438 1%	306

Revenues from the Integrated Water Service recorded a decrease of Euro 321 thousand compared to the previous year due to the mechanism for covering electricity costs, which were lower than in 2022. The item includes the revaluation of internal operating costs at 4.5%, recognised by ARERA within the framework of the MTI-4 tariff regulation, with Determination No. 1/2024 - DTAC published on 26 March 2024.

The item **Increase in fixed assets** recorded an increase of Euro 110 thousand, as a result of the higher investments made.

The item **Other revenues**, down EUR 134 thousand from the previous year, includes income for bonuses, recognised to the Operator by ARERA, relating to the quality in the management of the Water Service in the years 2020-2021 for EUR 360 thousand, the income for the tax credit on electricity and gas used for the Integrated Water Service in the first half of 2023 for EUR 263 thousand, the use of funds set aside in previous years in relation to tariff mechanisms for EUR 351 thousand, as well as income from general services and personnel secondment in favour of the related company Bim Belluno Infrastrutture S.p.A., in relation to the extended term of the sale of the methane gas distribution business.

Under Costs, there was a decrease of EUR 1.8 million, compared to 2022, in the item **Purchase of services**, mainly due to lower electricity costs.

Personnel costs increased in the year by EUR 837 thousand in connection with the strengthening of the internal structure, particularly with regard to the process of internalising the purification service, which took full effect as of 2023, and of adjusting the workforce to meet the commitments of the Programme of Interventions and the PNRR.

Other costs include adjustments to tariff revenues related to previous years in the amount of EUR 263 thousand, as a result of the actual adjustments determined with the updating of the MTI-4 tariff method and penalties arising from the application of the mechanism to regulate the commercial quality of the Integrated Water Service (RQSII) in the amount of EUR 265 thousand.

EBITDA amounted to EUR 4.8 million, up year-on-year by EUR 296 thousand.

In relation to the Provisions:

- the **Amortisation of investments** increased by EUR 139 thousand;
- the **Provision for bad debts** amounted to EUR 180 thousand;
- **Other provisions** include prudential allocations for the risk of charge-back of penalties for technical quality (EUR 135 thousand), charges related to the regularisation of water concession fees (EUR 88 thousand), risks related to lawsuits and penalties (EUR 56 thousand) and for the risk of sanctions for purification infringements (EUR 30 thousand).

EBIT amounted to EUR 1.2 million, an increase of EUR 230 thousand over 2022.

Net financial expenses included interest expense on mortgages and bonds in the amount of EUR 974 thousand (+EUR 93 thousand compared to 2022) and interest income accrued on the use of cash in the amount of EUR 387 thousand (+EUR 238 thousand compared to 2022). This item also includes interest income on the 2004-2011 tariff adjustment receivable, in the amount of EUR 60 thousand, collected through the tariff surcharge for past items applied in bills.

EBT before tax amounted to EUR 842 thousand. Taxes benefit from the positive effect of the capital gain from the sale of the shareholding in Ascotrade S.p.A. realised in 2021, which led to an increase in the Company's capitalisation, resulting in a tax benefit.

Net profit after tax amounted to EUR 743 thousand.

The **reclassified balance sheet** of the Company, compared to the previous year, is as follows:

Reclassified BALANCE SHEET (amounts €/'1000)	Final balance		Final balance		Δ Final balance 2023 / Final balance 2022
	31/12/2023		31/12/2022		
Tangible and intangible fixed assets	58,795		50,068		8,727
Financial fixed assets	348		345		4
NET FIXED ASSETS	59,143	94%	50,413	91%	8,730
Receivables from customers	8,093		8,591		(498)
Receivables from customers - tariff adjustment	430		3,487		(3,056)
Receivables from customers with VRG adjustment	4,281		3,092		1,189
Warehouse	1,343		967		376
Deferred tax assets	1,101		1,132		(30)
Sundry receivables	4,846		2,919		1,910
Current assets	20,095		20,188		(110)
Trade payables	(10,149)		(9,117)		(1,032)
Tax payables	(433)		(346)		(69)
Sundry payables	(4,317)		(3,736)		(581)
Current Liabilities	(14,899)		(13,200)		(1,682)
NET WORKING CAPITAL	5,196	8%	6,988	13%	(1,792)
Provisions	(1,657)	-3%	(1,728)	-3%	72
NET INVESTED CAPITAL	62,682	100%	55,672	100%	7,010
Share Capital	(2,010)		(2,010)		0
Reserves	(57,223)		(57,236)		12
Net result	(743)		(438)		(306)
SHAREHOLDERS' EQUITY	(59,977)	96%	(59,683)	107%	(293)
Medium/long-term financial payables	(30,875)		(34,784)		3,909
Financial payables to Bim Belluno Infrastrutture	(813)		(1,218)		404
Medium/long-term financial receivables	6,288		6,724		(436)
Short-term financial payables	0		0		0
Cash	22,694		33,288		(10,593)
NET FINANCIAL POSITION	(2,706)	4%	4,011	-7%	(6,717)
SOURCES OF FINANCING	(62,682)	100%	(55,672)	100%	(7,010)

The **Net Invested Capital** in 2023 shows an increase of EUR 7 million, distributed as follows:

- **Net Fixed Assets** increased by EUR 8.7 million as a result of new investments net of grants for the year;
- **Net Working Capital** decreased by EUR 1.8 million, mainly in relation to the following items:
 - *Receivables from customers for tariff adjustment* that shows the collection, by means of a tariff surcharge, of the pre-2012 prior items, amounting to **EUR 3 million**, of which a portion of EUR 430 thousand remains as of 31/12/2023, which will be collected with the finalisation of the 2023 consumption billing;
 - *Receivables from customers with VRG adjustment*, amounting to EUR 4.3 million, which includes the estimated equalisation payments accrued as of 31/12/2023 based on ARERA regulation;
 - *Sundry receivables*, for which there was an increase of EUR 1.9 million arising from the timing of the receipt of investment grants and advances to suppliers;
 - *Trade payables*, up by EUR 1 million, due to higher investments.
- **Provisions**, with lower accruals of EUR 72 thousand.

Sources of Financing showed a similar increase, distributed as follows:

- **Shareholders' equity**, which increased by EUR 293 thousand, due to the Net result of EUR 743 thousand, partially offset by the liquidation of the share to the withdrawing shareholder, the Municipality of Alano di Piave, for EUR 450 thousand;
- **Net Financial Position**, negative as at 31/12/2023 by EUR 2.7 million, with a utilisation during the year of available cash of EUR 10.6 million.

The **Net Financial Position**, compared to the previous year, is as follows:

(amounts €/'1000)	31/12/2023	31/12/2022	Changes
Bank and postal deposits	22,693	33,286	(10,592)
Cash and cash equivalents on hand	1	2	(1)
Cash and cash equivalents	22,694	33,288	(10,593)
Short-term portion of financial receivables (within 12 months)	445	444	1
Short-term portion of medium- to long-term financing (within 12 months)	(4,638)	(3,959)	(679)
Short-term portion of loans to Related Parties (within 12 months)	(406)	(404)	(1)
Net short-term financial debt	(4,599)	(3,919)	(679)
Short-term net financial position	18,096	29,369	(11,273)
Medium/long-term financial receivables (over 12 months)	5,843	6,280	(437)
Medium/long-term financial payables (over 12 months)	(26,237)	(30,825)	4,588
Medium/long-term financial payables to Related Parties (over 12 months)	(407)	(813)	406
Medium/long-term net financial position	(20,801)	(25,358)	4,556
Net financial position	(2,706)	4,011	(6,717)

The positive **Short-term net financial position** decreased by EUR 11.3 million due to the gradual use of cash and cash equivalents and higher loan instalments to be repaid within 12 months.

The negative **Medium/long-term net financial position** declined by EUR 4.6 million as a result of the gradual repayment of loans.

The **Total net financial position** became negative by EUR 2.7 million during the year.

The net financial position includes (i) the financial receivable from Consorzio Bim Piave Belluno for the disbursement in instalments of investment grants obtained, (ii) the financial receivable related to the establishment of irregular pledges in support of credit (Credit Enhancement) envisaged as part of the Hydrobond issues and (iii) the financial payable to the related company Bim Belluno Infrastrutture S.p.A., originated with a loan take-over transaction, carried out as part of the contribution of the hydroelectric branch in 2014, which is being repaid according to the existing amortisation plan.

Comparison with provisional data and industry analysis

The Articles of Association, in Title V, article 23 bis 'In-house providing engagements' provides that 'in-house' management is implemented through clear powers of management and control of the Shareholders' Meeting, guaranteeing 'similar control', i.e. the situation in which the granting body - in our case, each of the municipalities - operates as if it were using its own internal structure. To this end, the Articles of Association require the company to be equipped with instruments for planning, economic and financial control and shareholder involvement. The instruments provided consist of the Multi-Year Business Plan, the Annual Budget and the Half-Year Report, which, together with the Annual Financial Statements, guarantee the economic and financial control of the company's management.

Therefore, the comparison with the economic forecast data and sector analysis is presented.

Comparison of the 2023 Income Statement with the 2023 Forecast Financial Statements

Reclassified INCOME STATEMENT (amounts €/'1000)	Final balance		Budget		Δ Final balance 2023 / Forecast Budget 2023
	2023		2023		
Revenues from Integrated Water Service	26,827		27,598		(770)
Revenues from miscellaneous services	223		232		(9)
Total revenue from services	27,051		27,830		(779)
Increase in fixed assets	1,903		2,250		(347)
Other revenues	2,687		1,025		1,662
Total REVENUES	31,640	100%	31,105	100%	535
Purchase of materials	(1,893)		(1,747)		(145)
Purchase of services	(10,753)		(11,567)		814
Use of third party assets	(1,972)		(1,931)		(41)
Personnel costs	(10,878)		(10,781)		(96)
Other costs	(1,298)		(535)		(764)
Total Costs	(26,794)		(26,561)		(232)
EBITDA	4,846	15%	4,543	15%	303
Amortisation of Investments	(3,160)		(3,050)		(110)
Allocation to Provision for Bad Debts	(180)		(200)		20
Other Provisions	(309)		(160)		(149)
Total Provisions	(3,649)		(3,410)		(239)
EBIT	1,197	4%	1,133	4%	64
Net financial expenses	(356)		(608)		252
Ordinary EBT	842	3%	525	2%	316
Dividends	0		0		0
Extraordinary expenses	0		0		0
Extraordinary income	0		0		0
Extraordinary management	0		0		0
EBT before tax	842	3%	525	2%	316
Taxes	(98)		(243)		145
Net Result	743	2%	282	1%	461

The main changes in the Final Income Statement compared to the Forecast Income Statement 2023, approved in February 2024, are:

- the decrease in **Water Service Revenues** of EUR 770 thousand, attributable to the mechanism to cover electricity costs, which were lower than forecast by EUR 1.6 million;
- the increase in **Other Revenues** of EUR 1.7 million due to higher and unforeseen revenues from general services and secondment of personnel to the related company Bim Belluno Infrastrutture S.p.A., in relation to the extension of the term of the sale of the methane gas distribution business, revenues from the tax credit for electricity and gas, insurance compensation, and other unforeseeable items, including ARERA bonuses and use of funds set aside in past years in relation to tariff mechanisms;

- the decrease in **Purchases of services** of EUR 0.8 million over the forecast, related to lower electricity costs, while the costs for other services are higher than the forecast figure of EUR **0.9** million, due to the generalised increase in costs, which has now been adequately compensated by the tariff mechanisms under MTI-4;
- the increase in **Personnel costs** by EUR 96 thousand, in connection with costs related to the particularly heavy workload during the year, which did not allow for the maximum use of holidays and leave;
- the increase in **Other revenues** by EUR 0.8 million compared to the forecast, of which EUR 0.5 million for items adjusting the regulated revenues of the Water Service based on the results of the new MTI-4 tariff tool and the 2020-2021 contractual quality penalty mechanisms;
- the higher amount recognised under **Other provisions** (+EUR 149 thousand), more than offset by lower **Net Financial Expenses**, resulted in an EBT that was EUR 316 thousand higher than forecast;
- after taxes, which benefit from the effects of the significant capitalisation of the Company realised in 2021, the Net Profit of EUR 743 thousand is higher than the forecast figure (+EUR 461 thousand).

Comparison of Income Statement 2023 by Sector on Forecast 2023

Income statements by sector are derived from analytical accounting, which allows cost and revenue items to be attributed directly, if they specifically relate to the sectors themselves, and indirectly, if they are common to more than one or all sectors. This indirect allocation takes place on the basis of criteria that, as far as possible, coincide with those identified by ARERA for the obligations of accounting separation ('unbundling') already in place for companies operating in the electricity and gas sectors, and which from the 2016 financial statements, is also extended to the Water Service.

INCOME STATEMENT by sector amounts €/1000	Integrated Water Service		LPG		General services and other items		Total	
	Final 2023	Budget 2023	Final 2023	Budget 2023	Final 2023	Budget 2023	Final 2023	Budget 2023
Revenues from Integrated Water Service	26,827	27,598	0	0	0	0	26,827	27,598
Revenues from other services	0	0	220	227	4	5	223	232
Total revenue from services	26,827	27,598	220	227	4	5	27,051	27,830
Increase in fixed assets	1,871	2,181	0	0	32	69	1,903	2,250
Other revenues	1,894	687	9	3	784	334	2,687	1,025
Total Revenues	30,592	30,466	228	230	820	408	31,640	31,105
Purchase of materials	(1,365)	(1,154)	(109)	(120)	(418)	(474)	(1,893)	(1,747)
Purchase of services	(8,524)	(9,461)	(40)	(53)	(2,190)	(2,053)	(10,753)	(11,567)
Use of third party assets	(1,575)	(1,521)	(8)	(8)	(389)	(402)	(1,972)	(1,931)
Personnel costs	(8,284)	(8,426)	0	0	(2,593)	(2,355)	(10,878)	(10,781)
Other costs	(1,114)	(403)	(2)	(1)	(182)	(130)	(1,298)	(535)
Total Costs	(20,862)	(20,966)	(160)	(182)	(5,772)	(5,414)	(26,794)	(26,561)
EBITDA	9,730	9,500	68	48	(4,953)	(5,006)	4,846	4,543
Amortisation of Investments	(2,808)	(2,815)	(10)	(9)	(342)	(226)	(3,160)	(3,050)
Allocation to Provision for Bad Debts	(180)	(200)	0	0	0	0	(180)	(200)
Other Provisions	(298)	(150)	0	0	(11)	(10)	(309)	(160)
Total Provisions	(3,286)	(3,165)	(10)	(9)	(353)	(236)	(3,649)	(3,410)
EBIT (gross of general services)	6,444	6,335	58	39	(5,305)	(5,242)	1,197	1,133
General services expenditure share	(5,286)	(5,237)	(33)	(33)	5,319	5,270	0	0
EBIT (net of general services)	1,158	1,098	25	7	14	28	1,197	1,133
Net financial expenses							(356)	(608)
Ordinary EBT							842	525
Extraordinary expenses							0	0
Extraordinary income							0	0
Extraordinary management							0	0
EBT before tax							842	525
Taxes							(98)	(243)
Net Result							743	282

The Integrated Water Service has a balanced management, thanks to the tariff mechanisms for covering external costs and the recognition of the inflationary phenomenon, as provided for by the new MTI-4 tariff method, which for 2023 amounts to EUR 0.7 million.

The LPG Service in local networks maintains a delicate equilibrium, due to the synergies achieved by assigning the technical and administrative management to the related company BIM Belluno Infrastrutture S.p.A., which was able to avail itself, also in 2023, of the personnel assigned to methane gas distribution.

Looking ahead, following the handover of methane gas Distribution to the new operator Italgas, which took place on 31/01/2024, it will be necessary to identify a new management model for this service that will guarantee its economic-financial balance.

The breakdown of operating revenues between the Integrated Water Service and other sectors is as follows:

Sectors	2023	2022
Revenues from Integrated Water Service	97%	97%
Revenues from other sectors	3%	3%

In 2023, the weight of the revenues of the integrated water service, compared to those realised in the other sectors, remains stable compared to the previous year. The revenues of Other sectors relate to LPG distribution and service activities for other entities.

Comparison of the 2023 Income Statement of the Integrated Water Service with the 2022 Final Balance

INCOME STATEMENT Integrated Water Service	Final		Final		Δ
amounts €/000	2023		2022		Final 2023 / Final balance 2022
Revenues from Integrated Water Service	26,827		27,148		(321)
Revenues from miscellaneous services	0		0		0
Total revenue from services	26,827		27,148		(321)
Increase in fixed assets	1,871		1,760		111
Other revenues	1,894		2,128		(234)
Total Revenues	30,592	100%	31,036	100%	(444)
Purchase of materials	(1,365)		(1,287)		(78)
Purchase of services	(8,524)		(10,558)		2,034
Use of third party assets	(1,575)		(1,793)		218
Personnel costs	(8,284)		(7,656)		(628)
Other costs	(1,114)		(690)		(424)
Total Costs	(20,862)	-68%	(21,982)	-71%	1,121
EBITDA (gross of general services)	9,730	32%	9,054	29%	677
Amortisation of Investments	(2,808)		(2,647)		(160)
Allocation to Provision for Bad Debts	(180)		(200)		20
Other Provisions	(298)		(338)		40
Total Provisions	(3,286)	-11%	(3,185)	-10%	(100)
EBIT (gross of general services)	6,444	21%	5,868	19%	576
General services expenditure share	(5,286)		(4,920)		(366)
EBIT (net of general services)	1,158	4%	949	3%	210

The income statement of the Integrated Water Service in 2023 reflects the same dynamics already commented for the overall income statement, representing 97% of the company's business.

Indirectly allocated costs are up by EUR 366 thousand compared to 2022, in connection with the general increase in costs.

EBIT net of general services is positive and equal to EUR 1.2 million, an increase compared to the previous year that is more burdened by the increase in external costs, pending a better definition of the tariff mechanisms to safeguard the economic-financial equilibrium referred to in ARERA Resolution 639/2023/R/IDR.

Environment and personnel-related information

Taking into account the social role of the company, as also highlighted in the Report on Operations document of the National Institute of Chartered Accountants, it is deemed appropriate to provide the following information regarding the environment and personnel, as well as to extend monitoring and supervisory activities.

Environment

It should be noted that all activities, and in particular those in the wastewater sector, are subject to systematic environmental supervision as a legal obligation. In this context, even single incidents of non-compliance with the parameters trigger corrective actions; in some circumstances, administrative dispute reports may be issued to the external persons in charge and/or to the Company, which, if they are not dismissed, result in the issuance of injunctions and the payment of the relevant penalty, without prejudice to any appeal.

Personnel

During 2023, there were five occupational accidents, one of which was a commuting accident, while there were no charges for occupational illnesses of employees and no work-related cases. In order to increase the qualification of its personnel, the company continues to conduct significant safety, specialised and soft skills training courses.

Investments

The following gross investments were made during the financial year 2023:

Fixed assets	Acquisitions during the year
Third-party plant maintenance	6,763,780
Plant and machinery	3,305,574
Industrial and commercial equipment	1,021,327
Fixed assets in progress	4,634,475
Software	236,425
Other investments	375,819
Grand total	16,337,401

The investments in the Integrated Water Service, which in 2023 total EUR 16.3 million, of which EUR 4.6 million related to works still in progress at year-end, are strictly related to the forecast of the Plan of Initiatives approved by the Consiglio di Bacino Dolomiti Bellunesi on 30 September 2022 and the variations that have occurred.

In this regard, it should be noted that the forecast investments considered in the Budget for the year 2023 drawn up at the end of 2024 and compared in this Report is based on a Works Programme that, in 2023, was subject to major revisions by the Basin Council, recently acknowledged in shareholders' meeting resolution No. 4 of 4 April 2024.

The following grants accrued in respect of the investments made by the Company:

Type of grant	Amount pertaining to the financial year
FoNI grants	3,689,079
Regional grants	514,942
Connection grants from Users	224,713
Grand total	4,428,734

The net investment expenditure borne by the company thus amounted to EUR 11.9 million.

The final figure is shown below with a comparison of the forecast figure and the change for each type of investment.

INVESTMENT EXPENDITURE (amounts in €/1000)	Final Balance 2023	Budget 2023	Changes
PNRR Works	1,486	0	1,486
Major IWS works	4,424	12,326	(7,903)
Minor IWS extraordinary maintenance	7,916	5,551	2,365
Capital goods	806	660	146
TOTAL Investment Expenditure IWS Programme of Initiatives	14,631	18,538	(3,907)
"Vaia" investments - IWS (with reimbursement by the Operator)	1,693	2,506	(813)
"ASCO" investments - IWS, hydropower, photovoltaics	0	1,910	(1,910)
LPG investments (connections and meters)	13	6	7
TOTAL Company Investment Expenditure	16,337	22,960	(6,623)

Compared to the forecast, there was a negative variance of EUR 6.6 million in the investments realised in 2023.

The new works, upgrades and replacements of existing plants carried out by the Company in 2023 for the Integrated Water Service amount to EUR 14.6 million, compared with a forecast figure of EUR 18.5 million; a negative deviation of EUR 3.9 million is noted, mainly due to external factors (duration of authorisation and/or tender procedures, delays by executing companies, the wait for the allocation of the PNRR contribution) that delayed the construction phases of important specific works such as the new purification plant in Borca di Cadore, the expansion of the Belluno - Marisiga purification plant (PNRR), the Nogarè sewerage collector in Belluno, the work on the FFSS purification plant in Feltre, and the enhancement of the Cortina purification plant.

It is worth highlighting the increasing duration of the authorisation procedures, linked above all to the issue concerning the search for and elimination of parasite water in sewers conveyed to purification plants, which has resulted in innumerable requests for in-depth studies by the Province of Belluno, especially with reference to the design of purification plants, which has caused the planning to be revised.

"Vaia" investment expenditure, with reimbursement by the Veneto Region, also shows a negative variance from the forecast, with reference to the work on the Masarè ad Alleghe sewerage system - Section I, due to a change in planning.

Investments with the proceeds from the sale of the shareholding in Ascotrade S.p.A. were delayed due to regulatory uncertainty, which led to the suspension of important projects.

Research and development activities

Pursuant to art. 2428, paragraph 2, No. 1, of the Italian Civil Code, it is reported that in 2023, activities continued to improve and make internal management processes more efficient, through the implementation of projects aimed at the systemic collection of telemetry data; in particular, these are detection systems (data loggers) of process measurements installed on some water supply systems, for monitoring water districts and the creation of controlled pressure areas, and on sewage systems for monitoring the activation of flood spillways for environmental purposes. This project is integrated with the one that envisages the implementation of an integrated data collection software system, as part of the development of an asset management strategy, which will make available, according to a transversal services approach, different and multiple integrated databases, as a final tool to support decision-making and planning of asset replacement/renewal. In addition, the digitisation of water management, remote meter reading (smart metering) and Geoweb-GIS integration with other company systems (Net@2A, SAP, WFM) continues.

Transactions with subsidiary, associated, parent and related companies

The following transactions were conducted with related companies and entities during the year.

Transactions with the related company **BIM Belluno Infrastrutture S.p.A.** mainly concern the administrative, financial, personnel, IT, commercial, logistics, security and technical services performed by BIM Gestione Servizi Pubblici S.p.A. on the basis of a specific service contract, as well as the take-over of a loan as part of the contribution of the hydroelectric branch in 2014, while BIM Belluno Infrastrutture S.p.A. managed the LPG distribution and energy efficiency certificate trading services on behalf of the related company.

These reports are summarised as follows:

Company	Receivables	Payables	Revenues	Costs
BIM Belluno Infrastrutture S.p.A.	155,614	856,926	660,975	69,689

The amount of the taken-over loan to the related company is EUR 813,195 as of 31/12/2023.

Relationships exclusively of a financial nature are in place with **Consorzio BIM Piave Belluno**, relating to grants obtained disbursed in instalments, summarised as follows:

Company	Receivables	Payables	Revenues	Costs
Consorzio BIM Piave Belluno	2,516,443	0	15,900	0

All the above transactions, which do not include any atypical or unusual transactions, are governed by normal market conditions.

Treasury shares and shares/units held in parent companies

Following the withdrawal of the Municipality of Alano, and the unsuccessful placement of the 60 shares held by it due to the failure of the other Shareholders to exercise their option rights, the Company purchased treasury shares pursuant to article 2357 of the Italian Civil Code, subject to Shareholders' Meeting authorisation, for the amount of EUR 450 thousand, equal to the payment value determined on the basis of a specific appraisal.

Disclosure of risks and uncertainties pursuant to art. 2428, par. 2, point 6-bis, of the Italian Civil Code

Pursuant to art. 2428, paragraph 2, point 6-bis of the Italian Civil Code, below we provide information on the use of financial instruments, insofar as they are relevant to the valuation of the balance sheet and financial situation.

Credit risk

In terms of credit granted, the ratio between the volume of receivables and turnover at 31 December 2023 was 47%, a further improvement on previous years (it was 56% in 2022), a ratio that is still affected by the tariff dynamics linked to the adjustment of external costs, as well as the 2023 inflation recovery provided for by the new MTI-4 tariff method, which result in a credit for VRG adjustments equal to 33% of the receivables recognised in the financial statements. Net of these impacts, the ratio of credit volume to turnover is 32%.

With regard to the risk of insolvency due to the general economic situation, the Company continued to manage credit recovery policies by negotiating extensions and instalment-based payments. No particular critical issues are noted.

Liquidity risk

A large part of the liquidity is invested in capital-guaranteed financial instruments, with adjustments allowing for easy disinvestment in case of need. The Company has adopted a liquidity management regulation that aims to establish, in an increasing order of priority and relevance, the following key points to be considered and observed in the management of corporate liquidity:

1. investment classifiable within the NFP (cash equivalent or listed instruments);
2. risk characterisation, which must be close to 'zero';
3. flexibility and ease of disinvestment at limited costs;
4. economic performance;
5. simplicity of accounting;
6. ethicality;
7. spill-over effects on the territory.

The tariff mechanisms also make amounts available to finance investments related to the amount of planned expenditure (in 2023, EUR 3.7 million).

The company is therefore financially well structured.

Financial Covenants

In the subscription contracts for the two new Hydrobonds 4, the following covenants are provided for, which, for the year 2023, are largely fulfilled:

- **EBITDA/Financial Costs** which was **11.2** compared to the required ≥ 2.50 from 2021 to 2024 inclusive; from 2025 to the maturity date, the index must assume a value ≥ 3.50 ;
- **N.F.P./EBITDA** which was **1.93** compared to the required ≤ 6.00 from 2021 to 2024 inclusive; from 2025 to 2026 inclusive, the index shall take a value ≤ 6.50 , while from 2027 inclusive to the maturity date the index shall take a value ≤ 7.50 .
- **N.F.P./Fixed Capital**, which was **13.75%** compared to the required $\leq 50%$ from 2021 to 2030; from 2031 inclusive to the maturity date, however, the index must assume a value $\leq 60%$.

It is specified that following the Bondholders' Meeting of 8 February 2022, the financial covenants provided for in the Regulations of the Hydrobond 1 bonds issued in 2014 and Hydrobond 2, issued in 2016, were aligned with those provided for the Hydrobond 4 transaction of 2022, with the aim of thus ensuring the same protection for creditors.

Market risk

It should be noted that, in general, business activity in the integrated water service is affected by specific risks related to the characteristics of the market subject to the tariff method. The tariff system includes, in principle, adjustment mechanisms that do not make alternative risk management assumptions relevant. The risk management policies are, again, of a predominantly operational nature, in the sense that the continuous compliance of the company's standards with the tariff model must be monitored in order to avoid the presence of costs that are not recognisable when updating tariffs.

Significant events after the close of the year

The Company is pursuing the merger project by incorporation of the related company Bim Belluno Infrastrutture S.p.A., which, after the sale of the assets related to the methane gas distribution completed on 31 January 2024, now consists of the hydroelectric power generation activities from micro-power plants and the district heating service. The process, which was started in 2023, is still awaiting the unanimous consent of the Shareholders for the simplified procedure, which does not require the Court to appoint experts to determine the exchange ratio.

Outlook

Against the backdrop of the general increase in prices that characterised the market from 2021, the constant commitment of the Company to investment planning was essential, through the drafting of large-scale feasibility studies, which make it possible to verify various technical-economic scenarios and make the most appropriate decisions, based on the most objective elements possible.

The Company's commitment must be directed towards the investments planned in the Programme of Initiatives approved by the Basin Council, in particular those to be realised with the funds obtained from the PNRR to meet the interim targets set, as well as the investments to be realised with the funds made available for the VAIA emergency.

The Company shall also initiate investments with the funds deriving from the sale of shares in Ascotrade, as resolved by the Shareholders' Meeting and, if impacting the Integrated Water Service, in agreement with the Basin Council.

Special attention will have to be paid in the Plan years to the full application of the new tariff method for the 2024-2029 period and to the technical quality macro-indicators established by ARERA for all the Integrated Water Service Operators, which, thanks also to the bonus system, may also provide new resources to be used in improving services.

The outcome of the new 2024-2029 tariff determination is pending, which shows the concrete possibility of an adequate recognition of the cost increase that has occurred in recent years, which would ensure a far more favourable operating environment than the one in which the Company has been operating in recent years.

Activities pursuant to Legislative Decree 231/01

The company has adopted an Organisation and Control Model pursuant to Legislative Decree No. 231/01, including a Code of Ethics, whose operation is monitored by a Supervisory Board.

Deferment of deadlines for approval of the Financial Statements

Pursuant to article 19 of the Articles of Association, the longer term of one hundred and eighty days from the end of the financial year was used to approve the financial statements.

As provided for in article 2364, paragraph 2 of the Italian Civil Code, it should be noted that the recourse to this deferment is due to the guidelines received from the Ente di Governo d'Ambito (Area Governing Authority) for the allocation of the FoNI 2023 contribution, which led to uncertainty regarding the allocation of a significant portion of the contribution, with an impact on the operating times as well as on the result for the year and on the balance sheet. At its meeting of 27 March 2024, the Board of Directors therefore deemed it necessary to amend the Draft Financial Statements, already approved on 21 March 2024, by resorting to the longer term.

Allocation of profit for the year

Dear Shareholders,

in light of the foregoing, we submit the Financial Statements for the year ended 31 December 2023 for your examination and approval, proposing that the profit for the year of EUR 743,396 be allocated entirely to the extraordinary reserve, as there is no need to allocate it to the legal reserve, which has already reached the minimum amount required by law.

Belluno, 21 May 2024

Bim Gestione Servizi Pubblici S.p.A.
The Chairperson of the Board of Directors
Mr. Attilio Sommavilla



BIM GESTIONE SERVIZI PUBBLICI SPA

Registered office in Belluno - Via Tiziano Vecellio no.
27/29 Fully paid-in share capital EUR 2,010,000 Entered
in the Belluno Register of Companies under No.
00971870258 Tax code 00971870258

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2023

PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

To the shareholders of the company: **Bim Gestione Servizi Pubblici spa**.

■ **Foreword**

During the financial year ended 31 December 2023, our activities were based on the provisions of the law and the Rules of Conduct for the Board of Statutory Auditors of Unlisted Companies issued by the National Institute of Chartered Accountants, published in December 2020 and in force since 1 January 2021.

In this Report, we inform you of these activities and the results achieved.

The financial statements of Bim Gestione Servizi Pubblici S.p.A. as at 31/12/2023, prepared in accordance with the Italian regulations governing their preparation, have been submitted for your examination, and show a profit for the year of EUR 743,396.00. The financial statements were made available to us within the legal deadline.

The Board of Statutory Auditors, not being entrusted with the statutory auditing, has carried out the supervisory activities provided for in Rule 3.8 of the "Rules of Conduct for the Board of Statutory Auditors of Unlisted Companies", consisting of an overall summary audit to verify that the financial statements have been properly drawn up. Verification of compliance with the accounting data is, in fact, the responsibility of the statutory auditor.

Please recall that the auditing function, pursuant to article 2409 bis of the Italian Civil Code, is carried out by the company "Ria Grant Thornton spa" for the three-year period 2023, 2024 and 2025, as per the shareholders' resolution of 4 May 2023.

According to the report of the independent auditors, the financial statements as at 31/12/2023 give a true and fair view of the financial position, results of operations and cash flows of your Company and have been prepared in accordance with the Italian regulations governing their preparation.

▪ ***Supervisory activities***

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

During the period from 1 January 2023 to 31 December 2023, we attended the Shareholders' Meetings at which, in relation to the transactions approved, on the basis of the information obtained, no violations of the law or the articles of association were found, nor were there any transactions that were manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the company's assets.

We have obtained information from the Board of Directors, during the meetings held, regarding the company's operations on which we have no particular observations to report.

During the meetings held, we also obtained information from the Board of Directors or delegated persons on the general performance of operations and their foreseeable evolution, as well as on the most significant transactions, due to their size or characteristics, carried out by the company.

The Board also participated in the meetings of the Board of Directors.

In particular, the year 2023 was managed in continuity with the previous year, consolidating the results achieved previously, and invoiced volumes remain substantially stable.

At income statement level, the slight decrease in revenues is largely due to the presence of lower external costs (electricity) for which recognition in the tariff is envisaged, which in 2023 were fully covered by Arera's regulatory provisions, in addition to the related tax credit recognised until 30 June 2023. The gross operating margin (EBITDA), EUR 4,846,000.00, is up slightly from the previous year (EUR 296 thousand), while the operating profit (EBIT), EUR 1,197,000.00, is also up slightly from the previous year (EUR 230 thousand).

The net profit for the year of EUR 743,396.00 is determined by ordinary operations and financial operations, as there are no extraordinary items.

From a financial point of view, the net financial position as at 31/12/2023 was a negative EUR 2,706,000.00, marking a decrease of EUR 6,717,000.00 compared to the financial year 2022.

As far as regard collections, the timing of payments do not reveal any particular criticalities; the company has continued to manage credit collection policies by negotiating deferrals and instalment-based payments.

Compared to the previous year, the ratio of equity to total debt further improved, with shareholders' equity reaching EUR 59.9 million.

We have acquired knowledge and supervised, for matters within our competence, the adequacy and functioning of the organisational structure of the company, including by collecting information from department managers.

We have examined the reports of the supervisory body and no critical issues have arisen with regard to the proper implementation of the organisational model that need to be highlighted in this report.

We acquired knowledge and monitored, for matters within our competence, the adequacy and functioning of the company's administrative-accounting structure, and its reliability in correctly representing operating events, by obtaining information from the department managers, from the independent auditors and an examination of company documents and, in this regard, we have no particular remarks to make.

No complaints were received pursuant to article 2408 of the Italian Civil Code.

During the course of the supervisory activity, as described above and documented in the relevant minutes, no other significant facts emerged that would require mention in this report.

■ ***Financial statements***

We have examined the draft financial statements for the year ended 31/12/2023, made available to us within the terms pursuant to article 2429 of the Italian Civil Code on which we report the following the following.

Since we were not entrusted with the independent audit of the financial statements, we oversaw their general approach, their general compliance with the law with regard to their formation and structure.

We have no particular observations to report.

We verified compliance with the legal regulations regarding the preparation of the report on operations and, in this regard, we have no particular remarks to make.

To the best of our knowledge, the Board of Directors, in drafting the financial statements, has not departed from the provisions of the law pursuant to article 2423, paragraph 4, Italian Civil Code.

■ ***Conclusions***

Also considering the findings of the work performed by the independent auditors contained in the audit report on the financial statements, which has been made available to us, the Board of Statutory Auditors proposes that the shareholders' meeting approve the financial statements for the year ended 31/12/2023, as prepared by the administrative body.

The Board of Statutory Auditors agrees with the proposal for the allocation of the result for the year formulated by the directors in the explanatory notes.

Belluno, 5 June 2024

Il collegio sindacale

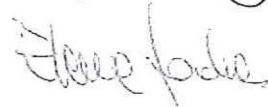
Dott. Mario De Poli



Michela Vlarron



Elena Zadra





**BIM GESTIONE SERVIZI PUBBLICI S.P.A.
CORPORATE GOVERNANCE REPORT
(under art. 6(4) TUSP)**

BIM Gestione Servizi Pubblici (hereinafter GSP) is an *in-house* fully publicly owned company. As of 31/12/2023, 61 municipalities participated in the Company, of which 60 in the Province of Belluno and 1 in the Province of Udine. Please note that following the withdrawal of the municipality of Alano di Piave in December 2023, the Company holds 60 treasury shares.

As of 22 January 2024, the municipality of Quero Vas was merged with the municipality of Alano di Piave, creating the new municipality of Setteville.

Therefore, the regulations of the Consolidated Law on State-owned Enterprises (Legislative Decree 175/2016), article 6(4) of which provides for the preparation of a corporate governance report.

The contents of this report are precisely laid down in paragraphs 2 and 3 of the same article, which are reproduced below:

"2. Publicly owned companies prepare specific corporate crisis risk assessment programmes and inform the shareholders' meeting thereof as part of the report referred to in paragraph 4.

3. Without prejudice to the functions of the supervisory bodies provided for by law and by the articles of association, publicly owned companies assess the appropriateness of supplementing their corporate governance instruments with the following, taking into account their size and organisational characteristics as well as the activity performed:

- a) internal regulations aimed at ensuring compliance of the company's activities with competition protection rules, including those on unfair competition, as well as rules on the protection of industrial or intellectual property;*
- b) an internal audit office structured according to criteria of appropriateness with respect to the size and complexity of the social enterprise, which cooperates with the statutory auditing body, promptly responding to requests from the latter, and periodically submits reports to the statutory auditing body on the regularity and efficiency of management;*
- c) own codes of conduct, or adherence to collective codes of conduct regulating business conduct towards consumers, users, employees and associates, as well as other bearers of legitimate interests involved in the company's business;*
- d) corporate social responsibility programmes, in accordance with the recommendations of the European Union Commission'.*

Below are the assessments carried out regarding, firstly, corporate risk assessment and, secondly, corporate governance instruments.

1. Corporate crisis risk assessment.

As is well known, article 6(4) of the TUSP requires "*publicly owned companies to prepare specific corporate crisis risk assessment programmes and inform the shareholders' meeting thereof in the report referred to in paragraph 4*".

In order to assess this risk, the main profitability and financial indicators were examined, and the figures for the last three financial years were verified, and some of the 'alarm thresholds' recommended by utility trade associations were examined.

The indicators under review are listed and commented on below.

ROE (Return on equity)

ROE = (Net profit/shareholders' equity) %



In order to evaluate a company, it is not sufficient to consider only the economic result in absolute terms, but the economic result must always be considered in relation to the capital employed.

ROE expresses the same concept: it indicates the return on EUR 100 of capital invested in the company.

In order to be able to say whether a given ROE value is positive or negative, it has to be compared with the return of alternative low-risk investments (BOT, BTP, etc.).

ROE can be considered satisfactory if it is at least 3 or 4 %points higher than the rate of return on low-risk investments.

The difference between 'safe' alternative investments (BOT, BTP, etc.) and the ROE value is called the 'risk premium' as it 'rewards' a risky investment. If the risk premium were 0, it would make no sense to invest in the risky business (a company) as it is possible to obtain the same return without risking anything.

In the last three financial years, including 2023, the following values were recorded for GSP:

ROE GSP		
Year 2021	Year 2022	Year 2023
28.69%	0.73%	1.24%
Average BOT yield¹		
Year 2021	Year 2022	Year 2023
-0.467%	-0.444%	3.086%
Average BPT yield²		
Year 2021	Year 2022	Year 2023
1.02%	3.04%	4.35%

The ROE, which in 2021 was influenced by the exceptional result of extraordinary operations, due to the capital gain from the sale of the shareholding in Ascotrade S.p.A., as well as the dividends distributed by the same - settled in 2022 at values to be considered more in line with those deriving from the company's core business, i.e., the Integrated Water Service, which reflects the principle of "full cost recovery", but does not guarantee - nor is it expected to do so - the expected returns of private industrial management.

ROS (return on sales)

ROS = (Operating profit/sales revenue) %

ROS expresses the percentage of gross operating profit per EUR 100 of net sales. The higher the ratio, the more satisfactory it is. ROS increases as revenues increase and costs decrease. Revenues can be grown either by increasing the sales volume or by raising sales prices.

The R.O.S. Ratio can take on the following values:

R.O.S. = greater than zero

It means that a portion of revenue is still available after all costs relating to the core business have been covered. It expresses the ability of revenues from ordinary operations to help cover

¹ Weighted average 12-month BOT rate (Ministry of the Treasury data, January 2022 auction).

² Average interest rate of 10-year Treasury bonds (Ministry of the Treasury)



extraordinary costs, such as financial charges and taxes, and to produce a reasonable profit as a return on equity.

R.O.S. = zero

The remunerative capacity of the core revenue stream is limited to covering only the costs of core operations. In this case, the coverage of financial expenses and taxes and the occurrence of a profit depend on the presence of extraordinary resources, such as financial income.

R.O.S. = negative

The inability of core revenues to cover the costs of core operations is reported, as well as, of course, financial costs, taxes and return on equity. This is a symptom of a very serious production and management crisis.

In the last three financial years, including 2023, the following values were recorded for GSP:

ROS GSP		
Year 2021	Year 2022	Year 2023
2.87%	3.54%	4.43%

The evolution of the figure signals a performance, with a satisfactory margin after the coverage of all costs relating to core operations.

Incidence of extraordinary operations

Incidence of extraordinary operations = (profit for the year/EBIT)

This indicator expresses the incidence of extraordinary operations on EBIT, or the amount of net profit per EUR 100 of EBIT. The difference between EBIT and the economic result is due largely to financial management.

This ratio indicates how much net profit remains from operating profit after interest expense, financial events and taxes.

It highlights the influence of financial and tax management on the result for the year; if these operations have a negative impact on the formation of income, as frequently occurs, the result of this ratio will be <1.

A ratio of 1 (operating profit = profit for the year) highlights (quite a rare case) neutrality or the absence of financial and tax management.

In the year 2021, the incidence of extraordinary operations >1 was due to the positive result of extraordinary operations, with reference to the dividends received from the investee Ascotrade S.p.A., augmented by the proceeds deriving from the sale of the relevant shareholding.

In 2022 and 2023, the figure settled at more contained values due to the typical trends of the Integrated Water Service, already outlined previously.

Incidence of extraordinary operations		
Year 2021	Year 2022	Year 2023
23.94	0.45	0.62



Indebtedness ratio. LEVERAGE

Leverage = (Net Invested Capital/Shareholders' Equity)

Leverage is an economic ratio of corporate profitability.

The lower the equity (denominator of the formula) in relation to total loans, the higher the debt and the higher the ratio. In general, the lower the ratio, the more satisfactory it is.

Leverage shows how the company manages to finance its investments and in particular whether it is predominantly equity or debt capital.

The debt ratio is also called leverage (leverage effect) because the presence of debt can implement a positive or negative financial multiplication of profitability.

Leverage		
Year 2021	Year 2022	Year 2023
1.19	1.24	1.36

The ratio under review for GSP showed a slight increase during the last financial year, but essentially in line with the previous one.

Financial independence ratio

Financial independence ratio = (Shareholders' Equity/Total Financing) %

The financial independence ratio expresses the ratio of shareholders' equity to total financing. Financial independence increases as net equity increases. A ratio of 100% indicates that all financing is equity.

A ratio below 33% indicates low financial independence and a heavy financial structure; values between 33 and 55 indicate a financial structure that needs to be kept under control; values between 55 and 66 indicate a satisfactory structure; values above 66 indicate considerable possibilities for development.

In the case of GSP, the situation involves much higher values, indicating a positive financial situation with an optimal trend.

Financial independence ratio		
Year 2021	Year 2022	Year 2023
200.01%	171.58%	194.26%

Alarm thresholds

The contributions made by the guidelines of the trade associations within the public utilities (Utilitalia), identify certain alarm thresholds, to be verified over the last three financial years, including: Negative operating result, operating losses that erode shareholders' equity, doubts as to the company's ability to continue as a going concern raised by the board of statutory auditors or the independent auditing firm in their respective reports on the financial statements, etc.

None of these eventualities occurred (as can be easily verified from the approved financial statements and those pending approval) with regard to GSP's situation.

Performance analysis



The assessments conducted so far can be supplemented by CRIF's assessments and the trend in the relevant rating assigned over time.

Since 1996, the Centrale Rischi Finanziari (CRIF - central credit registry) was established by CICR resolution of 29/03/1994. The first and only Italian company, on 23 December 2011, CRIF obtained from Consob - the Competent Authority for Italy - and from ESMA - the new European Financial Markets Authority - registration as a Credit Rating Agency (CRA), in accordance with EC Regulation No. 1060/2009 of 16 September 2009, which regulates the operation of credit rating agencies at EU level. CRIF's ratings are therefore recognised and usable in all EU countries and adhere to the principles of objectivity, independence, quality and transparency required by the European Regulation. CRIF's ratings for GSP show the following trend, with continuity in 2023:

CRIF rating		
Year 2021	Year 2022	Year 2023
BB+ stable outlook	BB+ stable outlook	BB+ stable outlook

In conclusion, all the indicators taken into account show that GSP has a healthy management situation and there is no risk of a corporate crisis.

2. Corporate governance instruments.

The main corporate governance instruments are provided for in the Articles of Association and are functional to GSP's nature as an *in-house* company.

Articles 22 and 23 of the Articles of Association, in fact, provide, respectively, for the appointment of atypical, unpaid advisory and control bodies, such as the Coordination Committee, made up of representatives of the shareholding structure distributed throughout the territory, and the adoption of additional control instruments in favour of the Shareholders' Meeting with respect to the classic Financial Statements.

Article 22 of the Articles of Association, in particular, which was implemented by the Shareholders' Meeting with the creation of the Coordination Committee, attributes the following functions to this atypical body:

- a) hearings of the Company's top management bodies, also with a view to verifying the adequacy of the organisational structure adopted as well as its actual functioning in the best pursuit of the corporate purpose;
- b) formulation of opinions, guidelines, suggestions and other similar collaborative contributions with regard to the administrative approach of the Company;
- c) prior scrutiny, with a view to the early preparation of possible observations and proposals, of the acts of the Administrative Body that will be submitted to the Shareholders' Meeting and the Shareholders;
- d) forwarding of requests for information and acquisition of documents to the Administrative Body on matters relating to the planning and performance of services;
- e) promotion of information initiatives and fact-finding methods that guarantee the participation and information of users, including those organised in their own forms of representation.

On the other hand, Article 23 of the Articles of Association stipulates that an Interim Report as at 30 June of each year must be brought to the attention of the Shareholders' Meeting, which reports an interim situation with respect to the company's management, as well as an Annual Budget Forecast and a Three-Year Business Plan, which allow the Shareholders to determine the



company's guidelines in terms of investments, cost containment (with particular reference to personnel costs) and financial management.

These instruments allow shareholders effective control over the company's performance.

In relation to the further contents indicated in paragraph 3 of article 6 of the TUSP, the following should be noted.

With reference to the provisions of letter a), it is worth noting that GSP operates as the sole Area Operator of the Integrated Water Service under a local monopoly regime pursuant to and in accordance with the determinations of the "Dolomiti Bellunesi" Basin Council, as an in-house operator. Therefore, there are no potential competition issues, as water service is not part of an open market.

From a different point of view, within the scope of its functions as a Contracting Authority, the company ensures compliance with the principles of competition and equal treatment issued by the European Union by punctually applying the Public Contracts Code (Legislative Decree No. 36/2023, as amended).

With regard to letter b), the company size, which is substantially small insofar as falling under the dimensions of an SME, does not require the structuring of an ad hoc office that acts as a reference point with the control body - in this case the Board of Statutory Auditors - which liaises directly with the senior persons of the various company functions during the periodic audits carried out in accordance with the law.

Further control is exercised by the Supervisory Board, appointed when the 231 Model was adopted, and subsequently confirmed, which carries out verification activities on company activities subject to the risk of the 'predicate offences' being committed. It meets, where possible, on a two-monthly basis and receives regular information flows from the company as a whole.

With regard to letter c), as mentioned above, GSP has adopted an organisational, management and control model pursuant to Legislative Decree No. 231/2001, to be updated in 2023 and approved by the Board of Directors on 12 January 2024, which includes the Code of Ethics, published on the company website, which specifically governs the business conduct towards consumers, users, employees and associates, as well as other legitimate stakeholders involved in the company's activities.

With reference to CSR (Corporate Social Responsibility), Corporate Social Responsibility, the demands formulated by the European Union since the Lisbon European Council in March 2000 - where it was considered as one of the strategic tools to achieve a more competitive and socially cohesive society and to modernise and strengthen the European social model - were first reported in the European Commission's Green Paper, published in 2001, where social responsibility is defined as: 'The voluntary integration of companies' social and environmental concerns into their business operations and relations with stakeholders'.

With regard to the activity of BIM Gestione Servizi Pubblici S.p.A., it should be noted that its activity is necessarily linked to the determinations of a third party regulator (first and foremost the "Dolomiti Bellunesi" Basin Council, from the standpoint of identifying investments, and secondly, ARERA, from the perspective of service standards and quality).

Nevertheless, for the ninth consecutive year, the company has drawn up a Social or Sustainability Report in which it describes not only the company's investments and performance, but also its added value to the region.

Belluno, 21 May 2024

The Chairperson of the Board of Directors
Mr. Attilio Sommavilla