ALPERIA GROUP

CONSOLIDATED FINANCIAL STATEMENTS OF THE ALPERIA GROUP AT 31 DECEMBER 2023

Alperia Spa

Share Capital Euro 750,000,000 fully paid up

Via Dodiciville 8 - 39100 Bolzano

Register of Companies of Bolzano / Tax code and VAT registration number 02858310218

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Deputy Chair	Mauro **Marchi**
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Member	Silvia **Paler**
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Independent Auditors	**PricewaterhouseCoopers Spa**

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Domestic energy data

2023 was still marked by a climate of uncertainty and concern: the Russia-Ukraine war, which began in February 2022 with Russia's aggression against Ukraine, continued throughout 2023 and persists to this day, while at the beginning of October 2023, there was a terrorist attack by Hamas (the Palestinian militant group operating in the Gaza Strip) in Israel, with the latter then retaliating by invading Gaza territory.

These dramatic events have inevitably had an effect on the energy sector: the European Union has responded to this situation by implementing a number of initiatives to reduce its reliance on Russia for oil and natural gas, seeking to stabilise oil and natural gas prices.

The actions put in place by the EU have helped to improve the resilience of the European energy system, turning Russia's challenge into a major new opportunity. As the President of the European Commission stated in mid-January 2024 at the World Economic Forum in Davos, Switzerland, in 2023 only one-twentieth of the energy consumed in Europe came from Russia, and for the first time the EU produced more electricity from wind and solar power than from gas.

In this highly complex scenario regarding the geopolitical context and the energy market, it should be noted that in Italy there was a drop in demand for electricity in 2023 compared to the previous year (-2.8%) and compared to 2021 (-4.3%); see, in this regard, the following table.

Energy balance in Italy (GWh)	2023	2022	Change
Hydroelectric (including pumping)	39,773	29,904	+ 33.0%
Thermal	157,934	191,276	- 17.4%
Geothermal	5,347	5,449	- 1.9%
Wind	23,374	20,304	+ 15.1%
Photovoltaic	30,595	27,674	+ 10.6%
Total net production	**257,023**	**274,607**	**- 6.4%**
Imports	54,572	47,379	+ 15.2%
Exports	3,320	4,392	- 24.4%
Foreign balance	*51,252*	*42,987*	*+ 19.2%*
Pumping consumption	(2,185)	(2,586)	- 15.5%
Electricity demand (GWh)	**306,090**	**315,008**	**- 2.8%**

(Source: Terna Spa, Monthly Report on the Electricity System, December 2023)

In the year under review, the demand for electricity amounted to 306.1 TWh, of which 46.5% met by production from non-renewable energy sources (in 2022 the percentage was 55.4%), 36.8% from renewable energy sources (in 2022 the percentage amounted to 31.0%) and the remaining share from the foreign balance.

A look at the monthly data shows that the highest demand for energy was in July with 29.9 TWh, while the lowest was in April with 23.2 TWh.

Net production decreased by 6.4% to 257.0 TWh. In particular, production from hydroelectric power, including pumping (+33.0%), wind power (+15.1%) and photovoltaics (+10.6%) increased significantly, while thermal (-17.4%) and geothermal power production (-1.9%) decreased.

The foreign balance (imports – exports) increased significantly compared to the previous year (+19.2%).

As regards hydroelectric power production, the first few months of the year under review were characterised by a persistent scarcity of water, which led the Government to issue Decree-Law no. 39 of 14 April 2023, converted – with amendments – by Law no. 68 of 13 June 2023, containing "*Urgent provisions for combating water scarcity and for the strengthening and adaptation of water infrastructure*".

With this decree, a Steering Committee for the Water Crisis was established, chaired by the Prime Minister, or by the Minister of Infrastructure and Transport, as delegated by the former, and composed of various Ministers concerned, as well as the President of the Conference of Regions and Autonomous Provinces or a President of a region or autonomous province delegated by the former. This Committee has steering, coordination and monitoring functions to curb and deal with the water crisis. An extraordinary national Commissioner was also appointed to take urgent action.

The water scarcity situation has improved since May. On this note, it is also worth mentioning the disastrous flooding in Emilia-Romagna from 2 to 17 May 2023, with flooding and geological events caused by a weather front of Atlantic origin, generated in turn by a Mediterranean cyclone, which led to persistent rains, flooding, overflows and landslides in the region.

As regards the single purchase price (PUN) of electricity, the values recorded during 2023 were significantly lower than those of the previous year which, as already mentioned at the beginning of this report, had been exacerbated by Russia's invasion of Ukraine. In fact, the PUN went from around 304 Euros/MWh to around 127 Euros/MWh, a value in line with that recorded in 2021, effectively cancelling out the record increase recorded in 2022, in line with what was also observed on the other major European energy exchanges.

See the following two tables.

Single Purchase Price (PUN) – annual average	**(Euro/MWh)**
2004 (April to December)	51.60
2005	58.59
2006	74.75
2007	70.99
2008	86.99
2009	63.72
2010	64.12
2011	72.23
2012	75.48
2013	62.99
2014	52.08
2015	52.31
2016	42.78
2017	53.95
2018	61.31
2019	52.32
2020	38.92
2021	125.46
2022	303.95
2023	127.24

(Source Gestore Mercati Energetici Spa, Statistics)

Single National Price (PUN) – **Monthly Average (Euro/MWh)**	**2023**	**2022**	**Change %**
January	174.49	224.50	- 22.3%
February	161.07	211.69	- 23.9%
March	136.38	308.07	- 55.6%

April	134.97	245.97	-	45.1%
May	105.73	230.06	-	54.0%
June	105.34	271.31	-	61.2%
July	112.09	441.65	-	74.6%
August	111.89	543.15	-	79.4%
September	115.70	429.92	-	73.1%
October	134.26	211.50	-	36.5%
November	121.74	224.51	-	45.8%
December	115.46	294.91	-	60.8%
Annual average	**127.24**	**303.95**	-	**58.1%**

(Source Gestore Mercati Energetici Spa, Statistics)

The monthly performance of the PUN showed a decreasing trend in the first half of 2023, when - from the annual high in January (174.49 Euro/MWh), it reached the annual minimum in June (105.34 Euro/MWh), followed by a subsequent rise until October (134.26 Euro/MWh), corresponding to the onset of tensions in the Middle East, and a new decrease in the last two months of the year.

The downwards trend in the Italian price was favoured by the decrease in electricity volumes traded on the MGP, the increase in the sale of renewable energy, with water volumes picking up from the very low levels in 2022, and net imports at the highest values ever recorded.

However, it should be noted that the PUN is not the actual price at which the Alperia Group sells its production, which instead is affected by a number of factors such as production concentrated in the summer months, timing and – above all – coverage strategies.

The dynamics of the PUN were driven by the sharp drop in the price of gas, the reference fuel for Italian production, which also returned substantially to 2021 levels, but was still higher than the values historically observed up until 2020: the average annual price of gas at the PSV (Virtual

Trading Point) fell to 43.05 Euros/MWh (-82.33 Euros/MWh compared to 2022). Similar developments also took place at the main European hubs and, in particular, on the Dutch TTF market, which fell to 40.79 Euro/MWh (-83.87 Euro/MWh compared to 2022), a value that brought the PSV – TTF spread back to just over 2 Euro/MWh.

As for the gas market, the long ongoing Russia-Ukraine conflict, also fuelled by new tensions in the Middle East, also showed its effects on the Italian and international gas systems in 2023, the year which confirmed low levels of demand and the consolidation of a raw material procurement structure substantially independent of Russian supplies.

In particular, with reference to demand, in 2023 natural gas consumption in Italy marked the second consecutive decline, falling to 63.1 billion cubic metres (667.4 TWh, -8.4% compared to the previous year), as a result of inflationary pressures and containment policies adopted in 2022 due, respectively, to the sharp increases in prices and the need to fill storage facilities, as well as the milder temperatures recorded in 2023. The decrease was concentrated in the first six months of the year, while the changes in the second half of 2023 were modest.

This decline affected the three distribution sectors, with a more marked dynamic in thermoelectric and civil power, with volumes amounting to 21.1 billion cubic meters (223.0 TWh, -16.2% compared to 2022) and 26.6 billion cubic meters (281.7 TWh, -7.4%) respectively, and, more moderately, in the industrial sector, with a consumption of 11.5 billion cubic meters (121.0 TWh, -4.0%).

On the other hand, gas exports increased, amounting to 3.9 billion cubic metres (41.8 TWh, +28.5%).

On the supply side, faced with a lower demand and domestic production at an all-time low of 2.8 billion cubic meters (29.6 TWh, -9.7%), natural gas imports declined, equal to 60.6 billion cubic meters (641.1 TWh, -11.7%), in a context where, following the strong fall in supplies from Russia, the growing strategic role of LNG was consolidated, amounting to 16.2 billion cubic meters (172.0 TWh, +14.6%), with a percentage out of total imports increasing to 27% (+6.5% compared to 2022).

On the other hand, the reduction in flows via gas pipeline was decisive, amounting to 44.4 billion cubic meters (469.1 TWh, -18.5%).

As regards the gas storage system, injections fell to 8.3 billion cubic meters (88 TWh, -30.7%), while distribution fell to 8.0 billion cubic meters (84.3 TWh, -12.9%).

On the last day of the year under review, the level of gas in storage came to 10.4 billion cubic meters (109.3 TWh, +0.2%) - an all-time high.

Sector overview

The Alperia Group is closely monitoring the evolution of provincial, national and EU energy regulations and, in particular, those concerning concessions for the large-scale diversion of hydroelectric power, to assess any impact on its operations.

As regards the Autonomous Province of Bolzano, it should be noted, firstly, that the Provincial Government – with resolution no. 459 of 30 May 2023 – approved the bill containing "*Regulations on the assignment of concessions for the large-scale diversion of water for hydroelectric purposes*"; this document was then submitted to the competent Provincial Council for review, which – with some amendments – approved it at its meetings on 24 and 25 July 2023. Law no. 20 of 16 August 2023 was finally published in the Official Bulletin of the Trentino Alto Adige Region the following day and entered into force on 1 January 2024. The Law governs:

- the methods and procedures for awarding the concessions in question, laying down in particular the procedural rules for the conduct of tenders, the deadlines for calling tenders, the criteria for admission and award, and the financial, organisational and technical requirements of participants;
- the duration of the concessions;
- the criteria for determining the concession fees for the use and enhancement of the public water domain and the assets consisting of the plants pertaining to the large-scale diversions;
- the parameters for plant development;
- the methods for assessing landscape aspects and environmental impact, determining the consequent environmental and territorial mitigation and compensation measures, including financial measures;

- the use and enhancement of concession assets.

In relation to this Law, the Provincial Council of Bolzano approved – with resolution no. 1074 of 5 December 2023 – the identification of concessions for the large-scale diversion of water for hydroelectric purposes, expiring on 31 December 2024, or at a later date established by the State in the rest of the national territory, which will be affected by the reallocation procedures: these are the concessions of Premesa, Brunico, Ponte Gardena/Barbiano, Naturno, Prati di Vizze, Curon, Marlengo and Lappago, all currently held by Alperia Greenpower Srl.

With the same resolution, the Provincial Council, after consulting with the Council of Municipalities, identified tenders awarded by public procedure as the most appropriate form to issue the aforementioned concessions. It should be noted that the other two possibilities for assigning concessions, envisaged by the aforementioned provincial law, are (i) public/private companies with mixed capital, in which the private partner is chosen through tenders awarded by public procedure and the (ii) forms of partnership contemplated in Articles 174 and following of Legislative Decree no. 36 of 31 March 2023.

The Provincial Council of Bolzano, with resolution no. 1147 of 19 December 2023, then approved the "*Plan for the allocation of free electricity 2024 – 2026*".

As known, Article 13 of the Statute of Autonomy of Trentino-Alto Adige requires concession holders of large-scale diversions for hydroelectric purposes to supply, annually and free of charge, to the Autonomous Provinces of Trento and Bolzano, 220 kWh for each kW of average nominal power of the concession.

Under the above-mentioned Plan, which has now been approved, the portion of free energy due to the Province of Bolzano, equal to around 144 GWh, will be allocated to public bodies and essential public services, to minimise the cost of electricity and thus create an overall social advantage.

The Plan will be divided into several phases: in 2024, the plan will start with hospitals (Bolzano, Merano, Silandro, Bressanone, Vipiteno, Brunico, San Candido) with an estimate, based on 2023 consumption, of approximately 47.0 GWh. In 2025, the Plan will be extended to users of the provincial administration (schools, provincial buildings and road tunnels) with an estimate (again based on 2023) of an additional 22.7 GWh. For 2026, the Plan will also be extended to the University of Bolzano with an extra 7.5 GWh, for a total of approximately 77.2 GWh for the three-year period.

The use of free energy will be regulated by special agreements to be stipulated between the Autonomous Province of Bolzano, the concession holders and sellers of energy, as well as between the Province itself and the beneficiaries. Sellers will bill (i) concession holders for energy, transportation, meter and system management costs, and will bill (ii) beneficiaries for taxes, grid balancing costs and energy not covered by the free energy.

The Plan will be reviewed automatically every three years, to verify its validity and compliance with the requirements.

For the portion of energy that will not be used in kind, the Province will continue to request financial valorisation.

Another important initiative taken by the Provincial Council of Bolzano was its approval – on 18 July 2023 – of Part II (Specific Part) of the South Tyrol 2040 Climate Plan, which contains details of the various measures envisaged; it should be noted that Part I (General Part) of the Plan, which contains the overall vision and strategy, was approved on 30 August 2022.

As is known, the new South Tyrol 2040 Climate Plan is a complete revision of the South Tyrol 2050 Energy Climate Plan dating back to 2011 and contains ambitious goals to achieve climate neutrality by 2040.

The Plan has identified 17 fields of action (communication and awareness-raising, heavy traffic and freight, passenger transport, construction, heating, agriculture and forestry, industry, tourism, private tertiary sector, grey energy, electricity production, storage and distribution, biomass, long-term carbon sinks, resilience and adaptation, power and consumption, support services, planning and certification, research) and 157 measures.

There are three general targets that represent the common thread of the entire planning document.

The first addresses carbon dioxide (CO2) emissions, which will have to be reduced – compared to 2019 levels – by 55% by 2030 and by 70% by 2037.

In the transport sector, the expansion of railways is the backbone of the Climate Plan: the Val di Riga variant, the electrification of the Venosta Railway, the Virgolo three-track tunnel, as well as the purchase of 15 new trains by 2026, are just some of the main projects.

Cycling, the digital transition and low-emission transport on the Brenner line are among the other priority topics: cycle lanes (currently 510 kilometres) will be expanded, as will bus fleets (390 emission-free buses in 10 years). The digital transformation of public transport must make this sector more attractive: booking systems are envisaged for car sharing and bike sharing, and taxis or hire rental must also be booked in advance, for a subsequent trip.

The second target is the share of renewable energy, which must increase from the current 67% to 75% by 2030 and to 85% in 2037.

On this front, South Tyrol will focus above all on solar energy. In the next 15 years, photovoltaic capacity will have tripled. The latest alignment of financing guidelines in the energy sector at the end of 2022 has already led to a two-fold increase in applications and a three-fold increase in energy sector investments. In addition, district heating plants will increasingly switch to biomass: 71 of the 83 existing plants in South Tyrol already use it. In the construction sector, the transition will take place gradually: fossil fuel-only heating systems will no longer be allowed in new buildings, renovations and conversions.

The third target refers to greenhouse gas emissions from agriculture and forestry, which – in addition to CO2 – also include nitrous oxide (N2O) and methane emissions: these emissions will have to be reduced – compared to 2019 levels – by 10% by 2030 and by 40% by 2040.

The new document provides for the promotion of sustainable farming methods, such as expanding organic farming, reducing the use of synthetic fertilisers and pesticides, and improving soil health, by replacing – among other things – mineral fertilisers with organic ones.

One of the main features of the new South Tyrol 2040 Climate Plan is the fact that the measures included in the new version are not static, but can be supplemented or improved. This is why the Plan in question provided for the establishment of (i) a Citizens' Council for the Climate and (ii) a Climate Stakeholder Forum. The Citizens' Council consists of a representative group of 50 citizens selected from a random sample by the Provincial Institute of Statistics ASTAT. The Council will review the measures of the Climate Plan to verify their completeness, integrate them – if necessary – and develop concrete proposals for implementation.

The Stakeholder Forum is the other working group, that will act under the guidance of the CasaClima Agency. The Forum comprises 75 stakeholder members, who will supplement the measures of the Climate Plan and make recommendations for a further definition of the strategy.

The works of the two groups started between late January and early February 2024, and will continue during the spring of this year.

On the same date (18 July 2023), the Provincial Council of Bolzano standardised and revised the previous emergency plans for the 15 large dams in South Tyrol.

These plans were prepared by the Office of Hydrology and Dams of the Civil Protection Agency. The plans provide guidelines which encompass the general concepts, procedures, authorities involved and other specific documents (dam datasheet, emergency management datasheet, tables and operational maps).

Moving on to national level and, in particular, to large-scale diversion hydroelectric concessions, a intergovernmental working group was set up during 2023, with the aim of re-assigning expired/expiring concessions to current concession holders, in addition to calling tenders for them.

There are mainly two reasons that led the new government to this change of course: on the one hand, there is a greater focus on the strategic nature of large hydroelectric power plants and the need to keep them under the management of national operators; on the other hand, there is the need to counter the drought emergency that occurred during 2022 and the first few months of 2023, to make substantial investments to carry out initiatives aimed at increasing reservoir capacity, reducing dispersion and creating new reservoirs to store water resources: to date, these investments have not been made by current concession holders for fear of losing concessions as a result of the tenders.

On the other hand, the European Commission, in its communication relating to the closure of the infringement procedure 2011/2026 which involved Italy’s failure to tender hydroelectric concessions, essentially ruled out the possibility of a real opening of the sector to competition, implicitly admitting the tolerability of any extensions of existing concessions.

The draft version of the Energy Decree (Decree-Law no. 181 of 9 December 2023, referred to further on) had introduced a specific article that in fact focussed on the possibility of reassigning large-scale diversion concessions to current concession holders, finding wide and manifest consent from the autonomous provinces and regions, but in the end this article was deleted, as a provision of such magnitude would conflict – according to the Minister for European Affairs, the South, Cohesion Policies and the NRRP – with the tender obligation envisaged in the 2021 annual competition law, consequently risking the payment of the fifth instalment of the NRRP and/or a cut in this instalment.

During the review to convert the aforementioned Energy Decree into law, which took place in parliament (Chamber of Deputies), in late January 2024, the Government accepted an agenda on hydropower which - starting from the premise that "*it is therefore desirable to have a new procedure for the reallocation of large-scale diversion hydroelectric concessions, in addition to those already provided for in Article 12, paragraph 1-bis, of Legislative Decree no. 79 of 1999, respectful of the needs of the territories and allowing for an adequate enhancement of public assets, responding to the need to guarantee Italy and the autonomous provinces and regions an alternative procedure that is faster and more effective than those already known, in order to pursue, more effectively and quickly and certainly, the strengthening of national energy autonomy and the promotion of the production of energy from renewable sources in view of the decarbonisation objective*" - commits it "*to consider starting, within a reasonable timeframe, a formal discussion with the European Union, which has already been requested by other countries (e.g. France), to propose an adaptation of procedures and standards, that does not conflict with European legislation, that is in line with the COP28 final document, which indicates the present decade as strategic for achieving the decarbonisation targets for the fight against climate change, and that allows us to launch significant and immediate investments in the most important renewable source in our country*".

Another agenda presented to the Chamber of Deputies in February 2024 during the review to convert the Milleproroghe decree (Decree-Law 215 of 30 December 2023) into law, which was accepted by the Government - starting from the assumption that "*the legal framework concerning the Member States is currently extremely composite and differentiated and, in any case, is characterised by a substantial closure of the hydroelectric market to foreign operators. Few countries have time-limited concessions and competitive renewal procedures; most guarantee national operators renewals without any tenders, or even unlimited concessions (Sweden, Finland) or very long concessions (Austria, 90 years); France, Spain and Portugal, 75 years"*) - outlines the government's commitment "*to take action through all the appropriate European institutional channels, to begin a discussion on the hydroelectric issue for the drafting of EU guidelines aimed at reducing the evident inequality that exists today and affirming a principle of reciprocity at European level*".

Moreover, it should be noted that the nearby Autonomous Province of Trento, with Law 16 of 7 December 2022, had already given holders of concessions for the large-scale diversion of hydroelectric power - the possibility to submit a business plan with investments aimed at making production more efficient and increasing production capacity, also willing to pay, in addition to the fees already envisaged, a new component of the fee, parameterised to energy market values.

This plan, evaluated and approved by the Province, should have comprised an investment stage to be completed by 31 December 2024 and a possible second stage to take place by 1 April 2029 (expiry date of the large-scale diversion concessions granted to ENEL Spa).

For the duration of the aforesaid business plan, the Trentino provincial legislation established that "…… *the procedures for the assignment of concessions would be suspended……*" relating to plants affected by the aforementioned plan.

In the session of 2 February 2023, the Government challenged the Constitutional Court on the relative provincial law, as the latter would exceed the competencies of the Autonomous Province of Trento granted by the Special Statute of Autonomy, presenting aspects of constitutional illegitimacy.

However, the Council of Ministers decided to convene a technical session with the competent Ministers to plan proposals to solve the problem before the hearing of the appeal before the Constitutional Court.

In the meantime, at the end of 2023, some tenders were launched by the Abruzzo and Lombardy regions, but the related calls were immediately challenged by some players in the sector.

In late February 2024, the Abruzzo region announced that it had suspended the procedure in question, following some findings of MASE (the Ministry of the Environment and Energy Security) on the latest regulatory change that the same region had introduced regarding regulations governing procedures to award large-scale hydroelectric concessions.

As may be inferred from the above, the framework for hydroelectric power concessions is still taking shape. The matter is of particular importance, as any regulatory changes inevitably have an impact on the budgets of current concession holders.

As for the Government's action regarding electricity and gas bills relating to both household and business consumption in 2023, the following is noted.

As regards the first quarter of 2023, the Government passed Law no. 197 of 29 December 2022 (2023 Budget), under which:

- it increased the amount of the various extraordinary contributions in the form of tax credits, granted to companies for the purchase of electricity and natural gas, compared to the last quarter of 2022 (from 30% to 35% for non-energy-intensive companies and from 40% to 45% for energy-intensive, gas-intensive and non-gas-intensive businesses);

- it reset the rates relating to general system charges for all electricity users (domestic and non-domestic low voltage, for other uses, with power up to 16.5 kW) to zero;
- it set a negative component for general system charges for gas consumption brackets up to 5 thousand cubic metres per year, maintaining the resetting of all other rates of these charges to zero, and (ii) reduced the VAT rate to 5% on gas consumption;
- it reduced the VAT rate to 5% on supplies of district heating services;
- it consolidated the electricity and gas social bonus;
- it increased the ISEE (income) cap for 2023, for access to electricity and gas social bonuses, from Euro 12,000 to Euro 15,000.

With Decree-Law no. 34 of 30 March 2023, converted – with amendments – by Law 56 of 26 May 2023, the Government:

- consolidated the electricity and gas social bonus for the second quarter of 2023;
- increased – for the year 2023 – the ISEE (income) cap for access to electricity and gas social bonuses to Euro 30,000 for large families with at least 4 dependent children;
- reset to zero, for the second quarter of 2023, the rates relating to general system charges for the gas sector and reduced, for the month of April 2023 only, the rates of a tariff component applied to consumption brackets up to 5 thousand cubic meters per year and (ii) reduced the VAT rate to 5% on gas consumption referring to the months of April, May and June 2023;
- it reduced the VAT rate to 5% on supplies of district heating services;
- reduced, for the second quarter of 2023, the various extraordinary contributions in the form of tax credits, mentioned above, granted in the previous quarter to companies for

the purchase of electricity and natural gas (10% for non-energy-intensive companies and 20% for energy-intensive, gas-intensive and non-gas-intensive companies);

- established – pending the definition of long-term measures to be adopted in favour of households, a contribution - to be funded under the REPowerEU plan – for resident domestic customers that do not receive the gas social bonus, starting from 1 October 2023 and until 31 December 2023, to be paid as a fixed amount and differentiated according to climate zones, with reference to the last quarter of 2023 when the average daily gas prices on the wholesale market exceeded the threshold of 45 Euro/MWh.

On the other hand, the aforementioned Decree-Law 34/2023, reactivated the rates relating to general system charges for all electricity users (domestic and non-domestic) starting from the second quarter of 2023.

Subsequently, Decree-Law 57 of 29 May 2023, converted – with amendments – by Law 95 of 26 July 2023:

- consolidated the electricity and gas social bonus for the third quarter of 2023;
- reset the rates relating to general system charges for the gas sector to zero for the third quarter of 2023 and (ii) reduced the VAT rate to 5% on gas consumption for the months of July, August and September 2023;
- reduced the VAT rate to 5% on supplies of district heating services.

The aforementioned Decree-Law 57/2023, on the other hand, eliminated – from the third quarter of 2023 onwards – various extraordinary contributions in the form of tax credits, mentioned above, previously granted to companies for the purchase of electricity and natural gas.

With Decree-Law 131 of 29 September 2023, converted – with amendments – by Law 169 of 27 November 2023, the Government:

- determined the electricity and gas social bonus for the fourth quarter of 2023 in line with provisions set forth in Ministerial Decree of 29 December 2016, for electricity, and in Legislative Decree 185/2008 converted – with amendments – by Law 2/2009, for gas;
- (i) reset the rates relating to general system charges for the gas sector to zero for the fourth quarter of 2023 and (ii) reduced the VAT rate to 5% on gas consumption for the months of October, November and December 2023;
- it reduced the VAT rate to 5% on supplies of district heating services;
- replaced the provisions of the aforementioned Legislative Decree 34/2023 on the extraordinary contribution to resident domestic customers other than those receiving the gas social bonus for the October/December 2023 quarter with the provision for an extraordinary contribution to domestic customers receiving the electricity social bonus, again referring to the last quarter of the year.

In order to recover resources to allow for the implementation of the provisions, to the benefit of customers, some special measures were introduced by the Government during 2022 - at the expense of sector operators.

In particular, with Article 15 bis of Decree-Law 4/2022, converted with amendments by Law 25/2022, a cap on market revenues obtained from the production of electricity with plants powered by renewable sources through a two-way offsetting mechanism was set - starting from 1 February 2022 and until 31 December 2022, later extended to 30 June 2023 by Decree-Law 115/2022, converted with amendments by Law 142/2022.

The competent ARERA (the Italian Regulatory Authority for Energy, Networks and Environment), with resolution no. 266/2022/R/eel of 21 June 2022, implemented the aforementioned Article 15 bis for the year 2022.

In this regard, the Lombardy Regional Administrative Court (TAR) – in relation to the proceedings brought by various operators – annulled the aforementioned decision in closed session on 23 November 2022; as stated in the operative part of the rulings published on 9 February 2023, *"….. the contested resolution is flawed on a preliminary and motivational level, because it has unreasonably failed to identify on a technical level and to valorise on a regulatory framework level all the factors that lead to the definition of the economic items functional to the emergence of the infra-marginal profit actually realised by the operators affected by the measure*".

Pending the publication of the ruling, with the related reasons, the Council of State – on 18 January 2023 – with an order published the following day suspended the enforceability of the provisions of the aforementioned rulings of the TAR. Moreover, this suspension was motivated only on the basis of precautionary reasons and not on merit, since the public interest in supporting consumers was considered to prevail over the interest claimed by operators.

In the meeting of 28 February 2023, ARERA, with decision 67/2023/C/eel, appealed against the aforementioned rulings of the Lombardy TAR.

Finally, after publication of the reasons for the rulings, the Council of State – with orders published on 22 March 2023 – confirmed the suspension of the enforceability of the aforementioned TAR rulings, stating that it was necessary to further investigate the extent of ARERA's regulatory powers on the merits, in any case without affecting assessments of the compatibility of the provisions *sub iudice* with supervening European legislation (Council

Regulation (EU) 2022/1854 of 6 October 2022). The hearing on the merits has been adjourned to the fourth quarter of 2024.

As a result of the orders of the Council of State, the aforementioned ARERA decision became enforceable again.

Finally, it should be noted that the Lombardy Regional Administrative Court – in relation to other proceedings brought by some operators – by order of 7 July 2023 decided to refer the issue of the aforementioned Article 15 bis to the European Court of Justice so that it could assess the compatibility of the measure introduced by the aforementioned article with European Union law: the administrative court doubts, in fact, that the actual methods followed by the Italian legislator to identify the cap on revenues comply with the limits set by the aforementioned Council Regulation (EU) 2022/1854 and with EU energy legislation.

Article 1, paragraphs 30/38, of the aforementioned Law 197/2022 established another mechanism similar to the one just mentioned.

This measure concerns the application – from 1 December 2022 until 30 June 2023 – of a one-way compensation mechanism for electricity produced by: (i) renewable source plants not falling within the scope of the aforementioned Article 15 bis and (ii) plants powered by non-renewable sources pursuant to Article 7, paragraph 1 of Council Regulation (EU) 2022/1854.

By resolution no. 143/2023/R/eel of 4 April 2023, the competent ARERA regulated the above-mentioned measures for the period 1 January 2023 – 30 June 2023 (pursuant to Article 15 bis of Legislative Decree 4/2022) and for the period 1 December 2022 – 30 June 2023 (pursuant to Article 1, paragraphs 30/38, of Law 197/2022).

With particular reference to the aforementioned one-way compensation mechanism, the GSE has not – to date – implemented the measure with the publication of technical regulations.

Another provision introduced by the Government in Article 1, paragraph 115, of the aforementioned 2023 Budget Law is for a temporary solidarity contribution, for 2023, to be paid, among others, by producers of electricity and methane gas as well as resellers of electricity, methane gas and natural gas. The contribution is due if at least 75% of revenues for 2022 derive from the aforementioned activities. It is due by applying a rate equal to 50% on the amount of income for IRES (corporate income tax) purposes relating to 2022 which exceeds the average income earned in the years 2018-2021 by at least 10%. However, the contribution cannot be higher than 25% of the value of existing shareholders' equity at 31 December 2021. The contribution, which had to be paid by 30 June 2023, is not deductible for income tax and regional production tax purposes.

A total amount of approximately Euro 6.5 million was allocated, for this contribution, in the 2022 financial statements, for certain companies of the Alperia Group that are consolidated on a line-by-line basis.

The Italian Revenue Agency, in response to a ruling of 5 June 2023 no. 339, specified that cash *flow hedge* reserves should not be taken into account for the purposes of equity relevant for calculating the 2023 solidarity contribution; Alperia Trading Srl, the Group company most affected by this measure, while not sharing the Agency's position, prudently preferred to recalculate the amount and pay the sum of Euro 24.2 million, instead of Euro 6.2 million as calculated in the 2022 financial statements. The related difference, equal to Euro 18.0 million, has been allocated to taxes in these 2023 consolidated financial statements. On 13 December 2023, the company in question submitted a specific application to the Italian Revenue Agency, requesting the reimbursement of (i) the entire amount of Euro 24.2 million, highlighting that the contribution *in question* would be incompatible with Council Regulation (EU) 2022/1854 and illegitimate due to conflict with Articles 3, 23, 42, 53 and 117 of the Constitution or at least (ii) the aforementioned amount of Euro 18.0 million.

Since no response was received from the Revenue Agency within the 90-day deadline following the submission of the application, indicating its refusal to uphold the request, Alperia Trading Srl will file an appeal before the competent Tax Court of the first instance of Bolzano.

It should be noted, in this regard, that the Lazio Regional Administrative Court – with two rulings filed on 16 January 2024 – referred the matter of the legitimacy of the contribution in question to the Constitutional Court, accepting the requests of some operators. The court stated – first of all – that the contribution was contrary to Article 117 of the Constitution with regard to the constraints deriving from EU law and, specifically, from the aforementioned Council Regulation (EU) 2022/1854, which is directly applicable; the TAR also raised objections in relation to Articles 3 and 53 of the Constitution, having identified critical issues in the provisions (i) which established the criteria for calculating the taxable base of the contribution, (ii) which specified what is meant by actual extra profits and (iii) which provided for the non-deductibility of the contribution in question.

An important document drawn up by the Government in the energy sector is the Integrated National Energy and Climate Plan (better known as PNIEC), the summary of which was transmitted at the end of June 2023 by MASE to the European Commission; this proposal updates the previous PNIEC 2019.

Starting from the premise that "*Italy fully shares EU guidance aimed at strengthening the commitment to the decarbonisation of European energy and economic systems, and at leading Europe to be the first regional area* *to have a social, economic and productive dimension totally with zero net emissions, also in order to gain a leadership in this sector in the international arena and therefore to be a guide of the other world economies*", the document highlights a gap in achieving the emissions targets and global and sectoral targets for 2030 included in the previous PNIEC 2019.

The strategy to adopt will therefore require a greater effort in achieving the new objectives, especially as regards the reduction in consumption and emissions in sectors linked to the commitments of the Effort Sharing Regulation (such as transport, the civil sector, agriculture, waste and small-medium sized industry).

This means that, in addition to the decarbonisation actions of the energy-intensive and thermoelectric industrial sectors linked to the commitments of the Emission Trading Scheme, it will be necessary to act extensively with important measures, also to reduce consumption and carbon emissions in the tertiary sector, the residential sector and, in particular, mobility, through a decisive modal shift towards public transport, and the reduction of mobility needs, without neglecting the replacement of public and private transport with more efficient vehicles that have reduced CO2 emissions.

The process of updating the Plan envisages, in particular, a strong acceleration focussed on:

- renewable electricity sources: the target is to reach over 70 GW of additional power by 2030, from 58 GW in 2021 to 131 GW in 2030, with the greatest growth from photovoltaics (+57 GW) and wind power (+17 GW);
- the production of renewable fuels (biomethane and hydrogen);
- building renovations and the electrification of final consumption (heat pumps);
- the diffusion of electric cars and policies to reduce private mobility;
- CO2 sequestration, transport and capture.

The proposal to update the Plan has been made available to both environmental stakeholders and the public concerned, and a consultation phase has begun with the other Member States of the European Union on common energy and environmental issues. Following this, after consulting the regions and Parliament, the final text of the PNIEC will be drawn up to be sent to Brussels by June 2024.

As regards gas, it should be noted that MASE signed the decree of 27 October 2023 containing the Preventive Action Plan and the Emergency Plan to deal with unfavourable events for the system in view of the winter of 2023/2024.

The decree commits the Government to constant monitoring of the national energy situation in order to ensure the security of gas procurement.

The Preventive Action Plan is based on the 2023 risk assessment carried out by SNAM, with the involvement of all the main operators in the Italian gas system. The Plan focuses on national risk analyses, including the groups to which Italy belongs, and indicates preventive measures for the mitigation of procurement risks, for their security and for the protection of infrastructure. It also provides information on the market-based balancing mechanism, on infrastructural preventive actions planned at national level, listing their main developments and expected mitigation benefits.

The updated Emergency Plan contains the definition of crisis levels (early warning, alarm and emergency) and the measures to be taken, in particular those aimed at countering emergency situations. In addition, it lists the disclosure obligations and specific measures for electricity and district heating, and defines the roles and responsibilities of the various parties involved.

A long-awaited decree by operators in the sector is MASE decree of 7 December 2023, which incentivises so-called Renewable Energy Communities (RECs), for which a total capacity quota of 7 GW and €5.7 billion in incentives and contributions is envisaged.

With regard to the incentive tariff, which aims to support up to 5 GW by 31 December 2027 with an allocation of euro 3.5 billion over 20 years, it is expected that 210 thousand projects should concretely benefit from this support.

As regards the capital contribution from the NRRP reserved for small municipalities with under 5 thousand inhabitants (allocation of Euro 2.2 billion to build 2 GW up until 30 June 2026), the Italian authorities have estimated a 85,000 projects as actually being eligible.

By decree of 23 February 2024, MASE approved the operating rules drawn up by the GSE governing the methods and timing of the recognition of incentives.

An important measure in the energy sector concerns the aforementioned Energy Decree (Decree-Law no. 181 of 9 December 2023, converted – with amendments – by Law no. 11 of 2 February 2024), containing "*Urgent provisions for the energy security of the country, the promotion of the use of renewable energy sources, support for energy-intensive businesses and reconstruction in the territories affected by the exceptional flooding events that occurred as from 1 May 2023*".

This measure, which is worth Euro 27.4 billion in investments, contains regulations to (i) promote the self-production of renewable energy in energy-intensive sectors subject to delocalisation risk, through the sale of renewable energy at fair prices to energy-intensive end customers (ii) strengthen the security of natural gas procurement and related flexibility (with the strategic profile of onshore LNG regasification terminals already authorised at the date of entry into force of the decree, such as the terminals at Gioa Tauro and Porto Empedocle) (iii) encourage geothermal concessions (iv) encourage regions to host plants for the production of energy from renewable sources (v) simplify the procedures for assessing environmental impact, promote and support plants for the production of energy from renewable sources (vi) support the contribution to the flexibility of the electricity system from non-qualified plants that are powered by sustainable bioliquids (VII) develop the production of biomethane (viii) simplify the process for the construction of air-cooled condensers at existing power plants (ix) encourage the geological storage of CO2 (x) develop floating offshore wind farms (xi) boost the electricity grid infrastructure (XII) develop district heating and cooling projects (XIII) promote competitive procedures and customer protection in the retail electricity market.

In addition, reference is made to the 2022 Annual Law for the Market and Competition (Law no. 214 of 30 December 2023), which is part of the measures and initiatives to implement the NRRP, in two respects: firstly, the annual approval of a competition law is part of the commitments undertaken with the NRRP, and secondly, the law contains a number of regulations aimed at ensuring the achievement of certain "milestones" established under the Plan.

New provisions in this direction include the requirement to strengthen and plan the development of the national electricity grid, and the provision to promote the use of smart meters, in order to encourage energy saving and ensure access to new services.

Lastly, at European level, the European Commission launched a public consultation on 23 January 2023, which lasted until 13 February 2023, on the reform of the European Union’s electricity market design; this reform aims to better protect consumers from excessive price volatility, to support their access to safe and clean forms of energy and to make the market more resilient.

In mid-March 2023, the Commission presented a proposal for a Community regulation which, however, turned out to be less ambitious than expected: in fact, the decoupling of the price of electricity from gas, which was discussed so much during 2022, is not contemplated.

In particular, the proposal introduces measures to incentivise longer-term contracts (PPAs - Power Purchase Agreements) with the production of non-fossil energy and to introduce cleaner and more flexible solutions to compete with gas; in this way the impact of fossil fuels on consumers' electricity bills will be reduced, conversely increasing the impact of less expensive renewables.

The Commission has also proposed the use of contracts by difference, or two-way contracts, with a price guaranteed by the State. Based on this mechanism, the electricity producer must repay the profit obtained if the spot price is higher than the agreed one, but is compensated in the opposite case.

After long months of negotiations, the EU Council reached an agreement on the reform in mid-October 2023, and in mid-December 2023, the Council and the EU Parliament reached an agreement within the above deadlines.

Significant events in 2023

Update of the 2023 – 2027 Business Plan

On 29 November 2023 and 11 December 2023 respectively, the Management Board and Supervisory Board of Alperia Spa approved the update of the Group's 2023 – 2027 Business Plan.

With this update, the strategic guidelines of the original 2023-2027 Plan were confirmed. There are three pillars through which Alperia aims to make selected local areas virtuous examples of the energy transition: sustainability, consolidation and innovation. On the theme of sustainability, the reduction in emissions, creation of value in local areas and construction of integrated governance remain a priority. With its consolidation initiatives, Alperia aims to strengthen the business in South Tyrol and in all areas currently served, while also making its financial exposure more robust. This also includes consolidating the product portfolio and services offered. As for innovation, Alperia intends transforming its businesses in line with the energy transition. In this regard, it remains essential to transform the value proposition on the sale of commodities and services in terms of sustainability and customer centricity. In general, Alperia intends continuing with the widespread innovation of its core businesses and the development of new businesses for decarbonisation.

With the revision of the Plan, the market scenarios (first and foremost the sale price of electricity) and growth scenarios have naturally been updated; the main results of the update are as follows:

- the reduction in CO_2e emissions (Scope 1, 2 and 3) of 46% by 2027 compared to 2021 confirmed;
- Euro 850 million total investments in the period 2023-2027 (including incentives and divestments), slightly down compared to the Plan approved in 2022; investments concentrated in the Group's traditional sectors: hydroelectric generation, distribution, smart region and district heating;
- cumulative EBITDA in the aforementioned period amounting to just under Euro 1.7 billion, down compared to the original Plan, mainly due to the estimated drop in both hydroelectric production and expected prices;

- an increase in the electricity that the Group expects to sell to end customers, reaching 6.5 TWh in 2027, of which more than 75% is green energy;
- a decrease in the gas that the Group estimates it will sell to end customers, falling to just over 460 million SCM in 2027, of which more than 56% comprising green gas and 6% biomethane;
- a significant increase in the percentage of biomass that is estimated to be used for the production of thermal energy, from 40% (2022 figure) to 53% (2027 figure);
- a reduction in the Group's FTEs, which in 2027 will fall from over 1,490 in the plan approved in 2022 to just under 1,370 in the update;
- confirmation of the decline in the net financial position, which is estimated to reach approximately Euro 590 million in 2027, although the latter figure is higher than that envisaged in the 2022 Plan; maintenance of a net debt guidance of just over 2x EBITDA (2027 figure), with the presence of high liquidity profiles;
- upward trend in dividends confirmed;
- external growth to seize the opportunities arising from the consolidation of the local utilities sector in Northern Italy and to ensure the balance of the Group's business mix;
- continual development of e-mobility through the subsidiary Neogy;
- a further drive towards process efficiency, with investments in innovative and digital transition projects.

Corporate and organisational reorganisation

With effect from 1 January 2023 – under the business unit lease agreement signed in mid-December 2022 with the Municipality of Tires – Edyna Srl became responsible for the management of the electricity distribution network of this municipality (about 57 kilometres long with 22 transformer stations). In agreement with this municipality, which remains the owner of the network, Edyna carries out all activities necessary for improvements to, the maintenance and resilience of the distribution infrastructure.

Users connected to the electricity grid supplied at the time under the enhanced protection scheme (just under 700 customers) were switched to Alperia Smart Services Srl, with effect from 1 January 2023, as the latter is a sales company, already carrying out the aforementioned service, and connected at corporate level with the distribution company Edyna.

The business unit lease agreement is for 5 years and is therefore valid until 31 December 2027 and will be renewed for a further 3 years, unless one of the parties notifies the other party – at least 3 months before the expiry date – that it does not intend renewing the aforementioned agreement.

Remaining on the topic of electricity distribution, the Municipality of Parcines resolved – last December – to continue to lease the business unit located in the municipal area to Edyna Srl; the new agreement starts on 1 January 2024 and has a duration of 5 years with the option of renewal for a further 2 years.

On 22 June 2023, Alperia Spa signed the deed of sale of 100% of the shares of Edyna Transmission Srl to Terna – Rete Elettrica Nazionale Spa; in fact, previously the conditions precedent provided for in the agreement signed with Terna on 29 December 2022 had been met.

The total amount of the transaction amounted to approximately Euro 15.5 million, also including the value of the net financial position and net working capital of the company existing as of 30 September 2022; subsequently, the necessary price adjustment was made to take into account the value of equity and net working capital existing at the closing date, which involved an outlay of approximately Euro 0.9 million for Alperia.

In agreement with Terna, Edyna will continue to provide the management, operation and maintenance services of the two electrical substations of Ponte Resia in Bolzano and Naturno until 31 December 2024, without affecting the possibility of renewal for a further year.

On 27 June 2023, Alperia Spa established a new company called Alpsgo Srl, together with Car Sharing Südtirol-Alto Adige cooperativa consortile: the share capital, equal to Euro 200 thousand, is majority-owned by the latter with a 75.1% stake, while Alperia holds the remaining 24.9% stake.

The partial release of the stake of Car Sharing Südtirol-Alto Adige cooperativa consortile, amounting to Euro 100 thousand, took place through the transfer of the "Car Sharing" business unit, subject to a sworn appraisal.

The company is involved in the organisation and provision of mobility services – initially only in South Tyrol – that integrate local public transport, in particular car sharing using electric vehicles, in line with the Alperia Group's Vision 2031, and with the Climate Plan of the Autonomous Province of Bolzano.

Currently, 13 electric vehicle rental stations are already operating, located – specifically – in the municipalities of Bolzano, Merano, Bressanone, Lana, Silandro and Malles Venosta. In the coming months, the fleet will be further expanded and additional stations will be opened in cooperation with other municipalities and partners, for service coverage at a provincial level.

On 18 January 2024, the Alperia Group provided the necessary cash to finance the company's operations, making a capital payment of Euro 225 thousand; in addition, the company provides electricity for the charging stations, and the stations themselves, as well as some administrative services; Alperia Smart Services Srl acts as agent for the newco, for the acquisition of customers.

As regards corporate aspects, on 5 July 2023 the shareholders' meeting of the investee company SF Energy Srl was held, which resolved to make some amendments to the Articles of Association, including the transfer of the headquarters from the Municipality of Bolzano to the Municipality of Rovereto.

On 26 October 2023, the shareholders' meeting of the investee company IIT Bolzano Scarl was held, which resolved to cover operating losses and approved the concurrent increase in share capital, to reach the amount of Euro 2.0 million; the parent company paid its share of just under Euro 488 thousand, keeping its stake in the company's share capital unchanged, at 47.68%; the other significant shareholder is Autostrada del Brennero Spa with a stake – after the increase – of 43.32%. At the same meeting, the transformation of the company from a Scarl to Srl, amendments to the articles of association and the change in company name to IIT Hydrogen Srl were resolved; this transformation became effective on 23 January 2024.

On 4 December 2023, a preliminary agreement was signed between the parent company and an operator in the sector for the sale of 100% of the shares in Biopower Sardegna Srl; the transaction, subject to a condition precedent governed by the Alperia Group, provides for the closing to take place in mid-April 2024 with the valuation of the existing company’s shareholders' equity on 14 April 2024.

Finally, with a notary deed dated 11 December 2023, the merger by incorporation of Solar Total Italia Srl into Alperia Green Future Srl took place; the accounting and tax effects of the transaction, which responds to the need to rationalise and simplify the Group's structure, with consequent savings in administrative and management costs, start from 1 January 2024.

From an organisational point of view, it should be noted that on 15 June 2023 Alperia signed an agreement on remote working with the trade unions, replacing the agreement previously in force.

The agreement took effect on 1 July 2023 and is based on the following principles:

- the application of simple, uniform rules;
- training for managers on the correct use of the rules;
- continuity in offering remote working.

Individual agreements provide for 8 working days per month for flexible work.

For parents of children under the age of 12, an all-inclusive maximum of 12 working days per year is added, in conjunction with the child’s illness, which must be duly certified; These days are in addition to those ordinarily due in the month when they are used.

During the month, the use of days due is permitted, even consecutively, except in certain situations.

First public issue of green bonds

After issuing four green bonds placed on the private market in the past, the first of which in 2016, the parent company issued its fist public green bond for Euro 500 million, with a settlement date of 5 July 2023, confirming the Group's sustainability strategy aimed at decarbonisation.

The total amount of Alperia's new green bond, which is reserved for qualified investors, was issued under the Company's Euro Medium Term Notes Programme, with a maximum limit for concurrent outstanding bonds that has been increased from Euro 600 million to Euro 1.5 billion; on 18 May 2023, both the Management Board and the Supervisory Board approved the update to the programme and the issue of the new bond, while on 8 June 2023 the Central Bank of Ireland approved the basic prospectus of the programme, as the bonds have been listed on the regulated Irish market Euronext Dublin since their date of issue.

The new non-convertible bond is repayable at maturity after 5 years; an annual fixed-rate coupon of 5.701% will be paid.

On 4 July 2023, the green bond was assigned a rating of BBB by Fitch, in line with Alperia's rating; previously, on 21 June 2023, the same agency confirmed Alperia Spa's long-term rating as BBB, with a negative outlook.

The funds raised were used to finance and/or refinance projects that generate significant environmental benefits, so-called "Eligible Green Projects", selected on the basis of the evaluation criteria defined in the Green Financing Framework (GFF) published by Alperia in May 2023. These projects, which pursue one or more goals of the UN 2030 Agenda (Sustainable Development Goals - SDGs), are divided into the categories "Renewable energy", "Energy efficiency" and "Clean transportation".

The operation met with considerable interest; in fact, international investors participated in considerable numbers, mainly specialised in sustainable finance products, demonstrating their appreciation and trust in the Alperia Group. It should be noted that more than 10% of the new green bond has been subscribed by local banks and funds.

The banks involved in the issue of the green bond were Banca Akros, BNP Paribas, Crédit Agricole CIB, Intesa Sanpaolo (IMI CIB Division), Mediobanca and UniCredit, coordinated internally by Alperia's M&A-Structured Finance Department.

The same banks acted as Green Structuring Advisors in the structuring of the Green Financing Framework.

Ethica Group, with its Debt Advisory team, assisted Alperia as financial advisor for the structuring of the bond.

On the one hand, the transaction in question has made it possible to extend the average maturity of the Group's sources of financing and, on the other hand, rebalance these sources between fixed and floating rates. In fact, the proceeds of this issue made it possible to repay in full – on 6 July 2023 – the Euro 480 million Bridge to Bond line with a maturity of 12 months + 6 months + 6 months, and approximately Euro 17 million, of the Euro 440 million Term Loan line with a maturity of 24 months. It should be noted that these two credit lines (together with the Euro 480 million Revolving Credit Facility – RCF) were finalised in a contract on 3 November 2022 at a floating rate.

On 6 July 2023, the parent company repaid an additional Euro 80 million of the Term Loan facility; further amounts were subsequently reimbursed: approximately Euro 63 million on 27 July 2023, Euro 80 million on 29 September 2023, Euro 50 million on 20 November 2023 and Euro 150 million on 20 December 2023, so that this line – as of 31 December 2023 – was fully reimbursed.

As of 31 December 2023, the RCF line was drawn for Euro 100 million.

During the event presenting the eighth Capital Markets Observatory, organised in Milan on 21 February 2024 by the company Equita (Italy's leading independent investment bank) sponsored by Bocconi University and Borsa Italiana, Alperia - as part of the *"Award for the best Capital Market use strategy"* o2024 edition - came third in the category "*Fundraising on the ESG Debt Market*".

Alperia and sustainability

In April 2023, the authoritative Financial Times newspaper included Alperia among sustainability leaders at European level - an important recognition for the company.

The Financial Times survey looked at 500 European companies working towards "*rapid, immediate and profound reductions in greenhouse gas emissions*". The list of European companies – in which Alperia ranks 57th but first among Italian companies – was drawn up on the basis of the reduction in greenhouse gas intensity over 5 years, calculated in tons of carbon dioxide emissions equivalent to Euro 1 million in revenues.

In May 2023, Alperia was awarded a Gold rating by Ecovadis, a leading international ESG assessment institute, making it one of the top 6% of certified sustainability companies.

Finally, Alperia participated, at the invitation of Reuters, the most important British news agency, in the *United Nations Climate Change Conference* (COP 28), representing the private sector, to report on the commitment and strategies aimed at achieving Net Zero: This was the 28th edition of the international summit on the climate crisis, organised by the UN Framework Convention on Climate Change, held in Dubai from 30 November to 12 December 2023.

The invitation was an important recognition for Alperia, which has made sustainability and the fight against climate change its strength and core value.

During 2023, Alperia also decided to invest in some new projects channelling local areas and communities: In particular, the following initiatives will start in 2024:

- biodiversity islands: this project aims to increase the diversity of flora, by creating habitats for fauna in some non-waterproofed areas of the Group's primary substations and in the green areas of its administrative sites;
- reforestation in South Tyrol: the project will focus on reforestation in selected areas near the Group's facilities with the planting of resilient trees; in fact, in recent years, forests in the South Tyrol have been severely damaged by wind, bark beetle and snow;
- energy self-sufficiency of mountain huts: this project is for the conversion of some mountain huts to make them energy self-sufficient, mainly through the installation of photovoltaic systems and storage batteries.

Restyling of the Alperia brand

During 2023, seven years after being created, the Alperia brand’s image was restyled, with new colours and new messages to refresh its look.

Founded as a local provider in 2016, the Group is now strongly active outside the province and has since expanded its field of activity into new and innovative areas. The positioning of the brand on the market, as well as its identity, have therefore evolved over time, calling for an update to the brand image that responds to the new reality and its needs.

The most noticeable visual aspect was the transition from a primary grey colour to a palette of bright shades inspired by nature, making the brand image friendlier and closer to the public and customers.

Not only has the visual appearance been renewed, Alperia's key message "We are the energy of South Tyrol" has also been replaced with the new claim "Reimagining energy", moving from a local focus to a universal message that reflects the Group's new positioning as a sustainable reality along the entire value chain and partner for the energy transition.

The project was developed by Alperia's Strategic Marketing & Communication Department.

Certification and internal surveys

At the beginning of April 2023, audits for the renewal of ISO 9001 and ISO 14001 certification, and for the maintenance of ISO 45001 certification for Alperia Spa were successfully conducted. During the year under review, the same audits were also successfully conducted for the other companies of the Group.

In June 2023, the parent company also obtained maintenance of ISO 27001 certification and, for the first time, extension to ISO 27701:2019 (Privacy Information Management System); Alperia is the first South Tyrol company to obtain this latest certification.

In May 2023, Alperia Spa obtained ISO 50001 certification for its Bolzano headquarters in via Dodiciville 8, while subsequently – in 2023 – Alperia Greenpower Srl obtained maintenance of the same certification for the Ponte Gardena hydroelectric power plant and Alperia Ecoplus Srl for the district heating plant in Bolzano Sud and Sesto; ISO 50001 certification is for energy management systems which aim for the continual improvement of energy performance.

Finally, on 19 July 2023, Alperia – as the first energy provider in Italy – received the Excellence Certificate, which is given to organisations that have distinguished themselves for the number and quality of certified management systems, and is issued by IMQ Spa, a leading audit body.

The Excellence Certificate is awarded only to the most virtuous companies that are dedicated at all times to improving their processes; in particular, Alperia has achieved 5 quality objectives, demonstrating compliance with international standards relating to management systems for quality (ISO 9001), the environment (ISO 14001), energy (ISO 50001), occupational health and safety (ISO 45001) and information security (ISO 27001).

As regards internal surveys, in the second half of October 2023, the anonymous "*Great Place to Work*" survey was held, with 76% of those invited taking part – out of a total of 1,287 Group employees: The results of this survey, which touched on various aspects of the work environment (credibility, respect, fairness, pride and cohesion), are a clear improvement compared to the findings of the same survey conducted in 2019.

In fact, the "Trust Index" rose from 50% to 60%, while 65% of respondents said that the working environment at the Alperia Group was excellent (previously 57%).

New headquarters in Merano

Work on the construction began on 27 March 2023, with the construction site handed over to the Joint Venture awarded the contract, while the works are scheduled to end in summer 2025.

The two buildings, consisting of offices, technical areas and warehouses, have been designed to accommodate around 300 employees of the various Group companies.

Particular attention has been paid to the buildings' energy efficiency, aiming for the highest level of energy certification (according to international standards such as *LEED Platinum* or *Gold and* national standards such as CasaClima). Alperia's certification aimed at the wellbeing of employees who will work at the new headquarters is also very important (international WELL and CasaClima Work & Life certifications), as well as aspects such as the sustainability of buildings, domotics and smart living solutions, the flexibility of the environments and the integration of the new structure in the urban context of the town of Merano with ample space dedicated to green areas.

The new location will be in Via Scuderie, near the race course and the Maia Bassa railway station.

Hydroelectric production

In a particularly intense year in terms of investments, the partial renovation of the Cardano and Brixen plants started in 2020 was substantially completed.

In Cardano, thanks to a total investment of over Euro 36 million, all the main components of the system were replaced: turbines, alternators, rotary valves, excitation systems and transformers, for all 5 generation units (one as a standby unit).

In Bressanone, thanks to a total investment of approximately Euro 43 million, all the main components of the plant were also replaced: turbines, rotary valves, excitation systems and alternators, for all 5 production units (two as standby units). Activities for hydraulic works were also significant, with the replacement of the butterfly valves, the rehabilitation of the Aica gates and the modernisation of the penstock protection system.

On both systems, work was also carried out on all the accessory components: the hydraulic systems, the cooling, automation and remote control systems, and auxiliary services, adapting them to the best technological standards.

Thanks to their partial refurbishment, the two main production plants of the Alperia Group's hydroelectric facilities are now ready to guarantee the production of renewable energy in the coming years, generating a total of over 1.2 TWh/year.

Project management, design and works' management were overseen by Alperia Engineering & Consulting.

Another important activity was the start of work to replace the penstock of the San Pancrazio plant in Val d'Ultimo; the current line, 602 metres long with a diameter of 2 metres, will be replaced by a new penstock along a route which is entirely underground, and a new underground piezometric well and new underground valve chamber will also be built. So far, the investment in 2022-2023 reached Euro 17 million, but the total expenditure forecast at 2025 will be Euro 43 million.

With the construction of this new hydraulic work, the environmental impact of the plant will be significantly improved, since the penstock and ancillary works will be underground; reliability over time will also be improved, in a particularly complex geological context.

Project management, design and works' management were overseen by Alperia Innoveering/Hydrodata.

Another significant activity concerned the first lot of works in Glorenza for the construction of the second gate to intercept the lightning discharge of the San Valentino – Resia dam.

The Lake at Resia (otherwise known as Lake Reschen), with its 120 million cubic metres of water, is the largest basin in South Tyrol and a valuable resource for the production of renewable hydroelectric energy and for the various uses to which it lends itself (regarding the landscape, irrigation, frost protection, artificial snow).

In conjunction with the level of the lake being lowered by the Autonomous Province of Bolzano for the construction of an alternative route to State Road no. 40, the first lot of the gates that will operate as the second interception system for the second lightning discharge of the dam was installed during 2023. The investment in 2022-2023 came to Euro 3 million; the completion of the second lot scheduled for 2024 will bring the total expenditure to Euro 5 million.

The construction of the work was made possible thanks to the excellent coordination with the Autonomous Province of Bolzano and will allow for a safer management of the Lake, while avoiding the need to empty it completely for the maintenance of the existing lightning discharge gates.

The design was overseen by Alperia Innoveering/Hydrodata, while project management and the works were undertaken by Alperia Greenpower Srl.

Electricity distribution network

In 2023, there was a strong impetus to build new plants for the high-voltage (Euro 20.8 million investment), medium-voltage (Euro 25.6 million) and low-voltage (Euro 9.2 million) network.

Edyna Srl, as the main technical responder to solve medium voltage interruptions, has increased the laying of medium-voltage underground cables; in fact at the end of 2023, underground lines accounted for 77% of the total of medium-voltage lines, up from 58% at the end of 2017.

As regards the upgrading of plants, in the period from 2019 to 2023, nominal power at the primary plants was increased, from 1,319 MVA at the end of 2018 to 2,487 MVA at the end of 2023.

Below we report on the main works that went into operation in 2023:

- Lasa substation: a complete substation – transformer, HV stall and MV switchboard;
- Vernago substation: a complete substation – transformer, MV switchboard and HV stall;

- Dobbiaco substation: green transformer and MV switchboard;
- 66kV 849 Line: cable connection to the Resia electrical substation and pylon in via Grandi.

As regards the grid integration project with voltage unification at 20 kV, spanning approximately 7 years (July 2019 - December 2025), the following objectives had been achieved at 31 December 2023, with respect to the plan:

- upgrading of MV lines: 88.91%;
- change of transformers: 51.39%.

As regards the PMS2 Smart Meter project, over 68,000 2G meters were installed in 2023 en masse, most of them in the Municipalities of Bolzano, Merano and Laives and in 17 other Municipalities in South Tyrol. Considering the massive installations in 2020, 2021 and 2022 as well, over 190 thousand new generation meters have been installed (equal to 77% of total meters), thus confirming alignment with the planning approved by ARERA.

During 2024, activities will be carried out in the remaining 49 municipalities, with around 58 thousand replacements.

In addition, Edyna Srl began construction work on an important key infrastructure in December 2023: the Vandoies substation, with a total cost of Euro 6.5 million, that will go into operation at the end of 2025. This substation is part of a project funded by the NRRP and is a fundamental work for the future Winter Olympics that will also take place in South Tyrol in 2026. The plant will be connected to Terna's 132 kV HV and will distribute energy throughout the territory with new MV lines, partially underground, also improving transportation capacity. As part of the continual improvement of the network in Val Pusteria, Edyna will then complete the expansion of the network with the new substation in Sesto.

Commercial activity

2023 was characterised by strong growth in the Retail segment (domestic and SME) and by the consolidation of the Corporate & PA clients segment.

In the Retail segment, more than 62 thousand new customers were contracted in the year under review, with the following contribution: 40% direct channel (Energy Point and Energy Corner), 16% Digital channel and 44% indirect channel (agents).

As far as the Corporate segment is concerned, in 2023 more than 28 thousand customers were contracted thanks mainly to the contribution of Resellers, public tenders won and acquisitions of Corporate customers and corporate groups.

Total volumes of electricity sold amounted to 4,783 GWh (6,854 GWh in 2022), divided respectively between 60 GWh on the protected market (in 2022: 111 GWh) and 4,723 GWh on the free market (in 2022: (6,743 GWh).

Gas volumes amounted to 346 million Sm3 (in 2022: 491 million), of which 7 million refer to the protected market (in 2022: 15 million) and 339 million to the free market (in 2022: 476 million).

The 2023 figures are down sharply compared to the previous year (-30%) due to a decrease in Corporate volumes, as envisaged in the company's strategic plan.

The average number of supply points as of 31 December 2023 was 309 thousand electric points (including Fintel Gas e Luce as a reseller) and 79 thousand gas points (excluding Fintel Gas e Luce).

The breakdown of electric PODs is divided between the protected market (38 thousand) and the free market (271 thousand); the same figures for 2022 were 57 thousand and 259 thousand, respectively.

With regard to the gas sector, the breakdown of PDPs is divided between the protected market (17 thousand) and the free market (62 thousand); the same figures for 2022 were 18 thousand and 57 thousand, respectively.

Finally, with regard to the heat sector, the volume sold to customers amounted to 244 GWht (in 2022: 228 GWht), while the average number of supply points in 2023 was 2,107 units (in 2022: 1,951 units).

At the end of March 2023, the first Alperia-brand Fintel Gas and Electricity store was presented in Macerata, in the Marche region. Over the next few months, all Fintel stores, mainly in central and northern Italy, got the new "Alperia look" and exclusively showcase 100% green offers, thus helping to strengthen the positioning of Alperia's sustainable brand outside South Tyrol.

The Alperia Group has confirmed its commitment to having an increasingly far-reaching commercial presence in Italy: on 1 June 2023, the new Energy Corner was opened in Verona inside the Adigeo shopping centre, one of the busiest centres in the entire Triveneto region; on 1 July 2023, the new Energy Corner opened in Padova inside the Le Brentelle shopping centre which, together with Ipercity, where Alperia already has a store, is one of the most important shopping centres in the province of Padova. On 3 July 2023, the new Energy Point opened at the Conè shopping centre in Conegliano, which is one of the most important in the province of Treviso. At the beginning of November 2023, Alperia's first Partner Energy Point opened in Livorno, which is not managed by external operators, but instead by selected partners: the latter are well-established companies with an existing working relationship with Alperia, that share the brand's values and corporate objectives. On 15 November 2023, the new Energy Point opened at the La Favorita shopping centre, one of the most important in the province of Mantova. On 18 January 2024, a new Energy Point was opened in the heart of Treviso; subsequently, two new Partner Energy Points were inaugurated, one – in December 2023 - in Castelfranco Veneto and the other - at the end of January 2024 – in Belluno.

Alperia received two important awards at the 2023 Promotion Awards: with the "*Alperia Family Day*" campaign it won first place in the *Field Marketing* category and with "*Drive To Green Energy*" it won in the *Shopper Marketing* & *Brand Activation* category.

The *Family Day* programme featuring hockey matches-events, organised at the Palaonda ice stadium in Bolzano together with HCB Alto Adige Alperia, confirmed the solidity of a value that has always set Alperia apart and namely: creating a service for the community, to be close to families and shorten the gap between the brand and people, going beyond the classic relationship between customer and energy provider. These moments, during the year, have in fact made it possible to get to know the company in a compelling and emotionally-charged context.

With the *Drive To Green Energy* campaign, organised with the Beready agency, the Group's guiding principles were once again at the forefront - with its aim of paying the utmost attention to sustainability. We need to promote and raise people's awareness of everyday behaviour. And that's what Alperia has done, through stores inside shopping centres. The project was created with the aim of guiding the customer to understand and be mindful in their choice of sustainable energy, bringing benefits to the environment and to the people who live there.

During 2023, negotiations started for the stipulation of new forms of long-term energy supply agreements (PPAs) with some important customers, and collaborations were launched with some high-level corporate customers and commercial partners, aimed at expanding the retail portfolio.

As of 1 March 2023, a new organisational structure has been implemented at Alperia Smart Services Srl, designed to achieve the challenging objectives set out in the Vision 2031 strategic document. Given that one of the cornerstones of this document is so-called Customer Centricity, it has been decided – as from 1 March 2023 – to make the Energy Stores in South Tyrol more accessible, with a daily time slot where customers do not need an appointment, and another appointment-only slot.

In June 2023, the project to renew the application map to support the *core* business processes (electricity, gas and district heating) and value-added products (photovoltaics and electric mobility) was launched, with the aim of putting in place a new CRM and billing system during 2024.

From a commercial point of view, it should be noted that Alperia Smart Services Srl – meeting the needs of South Tyrol domestic customers in the face of the extraordinary level of electricity prices in 2022 – proposed its "*Alperia Eco*" offer in June 2022: This offer, which customers could sign up for until 30 June 2023, was for South Tyrol customers for their own homes and envisaged the application of a significantly reduced fixed price for two years on an annual quantity of 1,500 kWh and a variable price anchored to the PUN on the excess amount.

Subsequently, on 7 December 2022, the Alperia Group – together with Südtiroler Wirtschaftsring – Economia Alto Adige (SWR-EA) and Rete Economia – Wirtschaftsnetz – presented the “Alperia Eco Business” offer, which gave companies based in Alto Adige, and members of one of the two aforementioned associations, the option of purchasing 1,000 kWh per month at a fixed price which was considerably lower than the market price, with the application of a variable price anchored to the PUN on the excess quantity.

The previous framework agreement with Südtiroler Wirtschaftsring – Economia Alto Adige and Economia Network – Wirtschaftsnetz, providing for the application of a discounted variable price, remained in force, so each company could choose the most advantageous product based on its consumption profile.

For domestic customers with a contract on the free market, with dependent children under the age of 24, Alperia Smart Services Srl instead offered a family bonus worth Euro 300, disbursed in three instalments directly in electricity bills; the bonus could be claimed up until 30 June 2023.

In the end, the "*Alperia Eco*" and "*Alperia Eco Business*" offers were taken up by around 71 thousand domestic customers and 5 thousand companies.

These important support measures taken by Alperia demonstrate the Group's closeness to South Tyrol and were intended to make a real contribution to strengthening the economy and supporting families.

During the summer of 2023, Alperia Smart Services Srl began to make unilateral changes to electricity and gas contracts in order to (i) stabilize margins, even in situations of high tension on the energy markets, (ii) simplify and rationalise the products in the portfolio and (iii) introduce the green component: these changes affected approximately 96 thousand customers, divided into 38 thousand domestic gas customers, 33 thousand domestic electricity customers, 5 thousand SME gas customers and 19 thousand SME electricity customers.

In September 2023, in view of the tender for non-vulnerable domestic electricity customers with enhanced protection, discussed below, new products were presented and a new marketing campaign was launched: these two actions led some 5 thousand customers to move to the free market.

In November 2023, the Reselling contract for the supply of electricity to the company Pubbliservizi Brunico was renewed for the years 2024, 2025 and 2026.

In January 2024, Alperia Smart Services again won the tender of the Autonomous Province of Bolzano for the supply of electricity to South Tyrol public bodies. The supply started in February 2024, for an estimated annual volume of approximately 270 GWh at an estimated 9 thousand POD approximately. The duration of the framework agreement is one year, and may be extended by a further 12 months + 12 months.

The protection services, which – as is known – are services for the supply of electricity and natural gas under economic and contractual conditions defined by the competent ARERA and intended for small end customers (such as households and micro-enterprises), have now ended, except for vulnerable customers; In fact, the price protection scheme:

- ended in January 2024 for non-vulnerable domestic natural gas customers (households and apartment buildings);
- will end as from July 2024 for non-vulnerable domestic electricity customers;
- ended in April 2023 for micro-enterprise electricity customers (for small enterprises it had already ended in 2021).

In particular, it should be noted that from 1 April 2023 and until 31 March 2027, the electricity sales service with gradual protection for micro-enterprises (customers with PODs up to 15 kW) and for most non-domestic customers (e.g. some apartment buildings) has been entrusted – for the Friuli-Venezia Giulia and Trentino-Alto Adige areas, as well as for the provinces of Belluno, Venice and Verona – to the company Hera Comm Spa, which was the winner of the special tender called by the Single Buyer, in which Alperia Smart Services Srl also participated – unfortunately without success. Some 9 thousand Alperia customers switched to the new supplier.

On the other hand, the service for the sale of electricity with gradual protection for non-vulnerable domestic customers was entrusted to the companies ENEL Energia Spa (North areas 10 and 9) and Hera Comm Spa (North 8 area) for the Group's areas of interest, i.e. the North 10 area (Bolzano, Trento and Vicenza), the North 9 area (Belluno, Gorizia, Pordenone, Treviso and Trieste) and the North 8 area (Bergamo, Sondrio and Udine). These companies were awarded the special tender launched by the Single Buyer held on 10 January 2024, in which Alperia Smart Services Srl, jointly with Dolomiti Energia Spa, also participated – again unsuccessfully; the assignment of the service, initially scheduled for 1 April 2024, was subsequently moved to 1 July 2024, while the deadline for its termination remains unchanged at 31 March 2027.

The company has around 19 thousand current customers in the Province of Bolzano affected by the change of supplier.

District heating

The Alperia Group operates various district heating systems in South Tyrol, namely those in Bolzano, Merano, Verano, Chiusa/Latsfons, Sesto and Silandro. The development of a network of more than 180 km guarantees the supply of a quarter of the thermal energy produced in South Tyrol. Alperia Ecoplus Srl is one of the largest national operators with approximately 248 GWht produced and distributed in 2023 (heat and steam).

Bolzano's district heating is in continuous development: during 2023, the network expanded further, with the construction of new connections for a total activated capacity of 20.4 MW. The connections for 2023 involved buildings in the entire municipality of Bolzano, thus the waste heat from the city's waste-to-energy plant could be used even more efficiently. In this way it was possible to further reduce the consumption of fossil energy sources and CO_2 emissions in the South Tyrol capital.

Merano's district heating system also saw a steady growth in new connections for a total activated capacity of 2.46 MW in 2023.

This trend will continue in the coming years, thanks above all to the commissioning of the new biomass plant located between Sinigo and Merano Sud, with its development continuing in 2023, also with plant engineering modifications. The plant is in operation and work is underway to optimise the operating parameters and technical improvements to reach the nominal power of 8 MW (result achieved in February 2024). The plant, with an expected output of 27 GWht, will cover about 30% of the thermal energy needs of Merano's district heating network, thus saving 3 million cubic metres of methane gas per year and avoiding carbon dioxide emissions of 5,800 tonnes.

It should be noted that in 2022, Alperia Ecoplus Srl acquired the district heating of the Municipality of Verano, with a correlated increase in activated capacity of 4.08 MW. The distribution network highlighted important critical issues such as leaks and ageing, and it was necessary to plan substantial upgrading to rehabilitate sections of the network, preferring – in agreement with the aforementioned Municipality – installation on a public road where this was possible and feasible. The work is planned for a 2-year period, and the design activities were completed at the end of 2023. In 2024 and 2025, a public tender will be held for work.

On 9 January 2023, Alperia Ecoplus Srl was awarded the tender called by the South Tyrol Health Authority and the Agency for Procedures and Supervision in the Field of Public Contracts for Works, Services and Supplies of the Autonomous Province of Bolzano concerning a Public-Private Partnership (PPP) for the supply of energy carriers (steam, hot water, electricity) at the S.

Maurizio Hospital in Bolzano. This PPP, proposed by the Alperia Group company, envisages the construction of a cogeneration plant within an area already owned by the same company.

The value of the tender, spread over 25 years, is approximately Euro 85.5 million.

After signing the contractual documents, the operational stage of this important and challenging project kicked off in early July 2023, and will involve many Alperia Group functions in the coming years.

With a decree of MASE dated 18 December 2023, Alperia Ecoplus Srl was re-admitted to funding for the Chiusa project (a NRRP grant of approximately Euro 0.8 million), while the Bolzano and Silandro projects – together with other projects presented by other players in the sector – were excluded as they did not comply with the EU Commission Implementing Decision of 29 September 2023 (basically, initiatives involving fossil fuels were excluded).

Finally, it should be noted that, with resolution no. 638/2023/R/TLR of 28 December 2023, the competent ARERA approved the tariff method for the district heating service referring to the transitional period 1 January 2024 – 31 December 2024, introducing a cap on revenues based on the avoided cost (the cost of alternative plants to district heating, represented by a gas boiler in methane-fuelled areas and a pellet-fuelled plant in non-methane-fuelled areas), and has started procedure for the definition of the tariff regulation to be applied from 1 January 2025.

Energy efficiency

The activity carried out during the year under review by Alperia Green Future Srl referred to different segments characteristic of the company's business model with some points of attention relating to all energy requalification activities for the 110% bonus (energy efficiency of buildings) which, by law, had to be completed by 31 December 2023; the energy requalification activities in question covered apartment blocks and detached houses, as well as the contract of the local public entity for residential building in the Verona area, ATER Verona.

Considerable attention was paid to the progress of the construction sites and their invoicing, as these are necessary conditions for the sale of receivables after the end of the work, certification and tax approval; invoices were duly issued and sent to the electronic invoicing platform by the end of the year. During 2024, presumably before the end of September, all receivables generated will be sold to various banks, with the collection of significant amounts.

In addition, the utmost attention has been paid to safety, supervising all the company's activities, especially in the construction sector where no noteworthy events, violations or accidents were registered, despite the high number of construction sites.

In addition to the residential activities mentioned above, the company continued to work in the industrial sector providing strategic advice related to decarbonisation, with analysis of scopes 1, 2 and 3 together with energy audits, Emission Trading Systems and Energy Efficiency Certificates.

Today, the industrial part is creating greater value than in 2019, thanks to a profound transformation, where Energy Efficiency Certificates are having a significantly lower impact, whereas performance contracts (EPCs), by exploiting cogeneration and photovoltaics with the company's direct investments, are paving the way for long-term contracts with customers, with a more than satisfactory return on invested capital.

In the industrial sector, the provision of services based on artificial intelligence (Sybil Industrial) continued, with an improvement in terms of volumes generated compared to the previous year.

In the tertiary sector, on the other hand, continuing on the theme of artificial intelligence (Sybil HVAC), an important partnership was established with a leading operator in the industrial sector, to expand the customer base target for the solutions developed by the company, thanks to the help of a solid partner who is very much present in the sphere of Italian production.

At a strategic level, the company had already started to work on the 2024 business model, in 2023. This model will no longer include the business relating to the 110% energy efficiency bonus, but will focus instead on growth in the residential photovoltaic sector thanks to the integration of the company Solar Total Italia Srl into Alperia Green Future Srl, continuing expansion in the industry and gaining a massive presence in the Public Administration sector, while maintaining high technological innovation thanks to intelligence artificial (transversal to all business areas) related to Blockchain for performance reporting and predictive logics for plant maintenance activities.

As is well known, Alperia Green Future Srl has a stake in the company Care4u, operating in the field of Smart Health, i.e. the digital transformation of healthcare. In this regard, it should be noted that on 27 June 2023, an important collaboration agreement was signed between the latter company and Croce Bianca (Emergency Service and Public Assistance Organisation).

On the basis of this agreement, Croce Bianca – which has been operating in the field of remote assistance since 1998 – will expand its remote home assistance service in collaboration with Care4u.

Sustainable mobility

Neogy Srl, a company which – as is known - has Alperia Spa and Dolomiti Energia Holding Spa as equal partners - participated in the two public notices of MASE of 10 May 2023 nos. 332 and 333, concerning the selection - within the NRRP – of project proposals aimed at the development of electric charging infrastructures on freeways and in urban centres respectively.

While all the projects presented for the freeways were judged ineligible because they did not guarantee the creation of the established minimum number of charging infrastructures, the project presented by Neogy referring to the urban centres of the Trentino - Alto Adige region was found to be suitable but unfortunately was not admitted, as it came second in the ranking (MASE decree no. 416 of 30 June 2023).

However, in November 2023, Neogy first submitted a request to the GSE to cancel, through an internal review, the first place ranking, claiming the absence of some requirements set out in the public notice, and – subsequently – filed an appeal with the Lazio TAR to have the aforementioned decree of 30 June 2023 annulled.

Following the filing of the appeal, the GSE – after having conducted the relevant review – revoked the subsidy in question of the first-ranked company (approximately Euro 1 million for the installation of over 80 charging stations), effectively anticipating the decision of the TAR, which – following the hearing on 17 January 2024 – declared Neogy's appeal as inapplicable due to an ensuing lack of legal standing.

The subsidy in question is therefore now due to Neogy.

Meanwhile, the company continued to build new stations. in this regard, in mid-October 2023, the largest charging hub for electric cars in Trentino-Alto Adige was inaugurated in the car park located on the roof of the Bolzano Exhibition Centre, featuring 32 charging points powered by green energy, including 5 Hypercharger stations with a capacity of 400 kW, the latest frontier of ultra-fast charging.

The hub is located in a key point of regional mobility, considering both its proximity to the motorway exit and immediate proximity to the Bolzano Sud train station which allows you to reach the city centre in a few minutes.

Finally, it should be noted that Neogy – after winning the relevant tender – installed 18 new charging stations in 11 different locations in the city of Merano during 2023: the areas concerned are the access points to the town, areas close to the Merano/Bolzano freeway junctions and exits, central parts of the town's districts and areas with a high population density that did not have charging facilities before.

Hydrogen

On 6 March 2023, the competent bodies of Alperia Spa approved the participation of the parent company in the public tender called by the Autonomous Province of Bolzano with a resolution dated 31 January 2023 for the presentation of project proposals for the construction of renewable hydrogen production plants in abandoned industrial areas.

The Province has been identified as the delegated body for the South Tyrol, for the implementation of the projects in question within the NRRP. In this regard, a specific agreement was signed between MASE and the aforementioned Province pursuant to the MITE decree of 21 October 2022, no. 463. The financial resources assigned to the Autonomous Province of

Bolzano amount to Euro 14 million; grants of up to 100% of the eligible costs have been allocated.

Alperia participated in this tender jointly with SASA Spa, the lead company; the project presented, called "*Hydrogen Adige Valley*", was declared first in the ranking by decree of 30 March 2023 of the Director of Mobility Distribution.

In light of this, Alperia and SASA – with a deed stipulated on 30 June 2023 – established a temporary joint venture (RTI) in order to carry out the project in question; with the same deed, Alperia granted SASA, as agent, a special collective mandate with representation so that the latter may represent the merged companies. The parties have nevertheless undertaken to evaluate the establishment of a new company to manage the project.

On the same date (30 June 2023), the Parties also signed an internal regulation of the RTI to govern its operations, outlining the scope of their respective responsibilities and commitments, both operational and economic in nature; the RTI participation fees are divided between the parties as follows: SASA (51%) and Alperia (49%).

With a decree of 31 July 2023 of the Director of the Mobility Division, the aforementioned grant of approximately Euro 14 million was awarded to the RTI.

It should also be noted that Alperia Greenpower Srl was awarded an NRRP grant of approximately Euro 4 million for the construction of a hydrogen refuelling station for light and heavy vehicles at Brunico. In addition to the hydrogen refuelling pumps, a series of ultra-fast charging stations will also allow for the charging of electric vehicles. In mid-February 2024, the Autonomous Province of Bolzano approved the related automatic modification of the municipality's urban plan. The filling station is a very important infrastructure for the Val

Pusteria, which in the coming years will be under the international spotlight thanks to the 2026 Winter Olympics, that will be held – as far as Alto Adige is concerned – in Anterselva.

Subsequent events

As is known, to support the "growth spurt" that Neogy Srl wants to drive forward at national level, the two, current shareholders of the company reached an understanding in 2023 to open up the capital to companies/funds, both international and Italian, dedicated to the energy transition and sustainable mobility: at the end of a lengthy process, an important Italian player operating in the infrastructure/energy sector presented a binding offer in February 2024, which envisages, in brief, the acquisition by the latter of a significant shareholding with the injection of significant financial resources into the company; a discussion is currently underway with the counterparty regarding the offer and related documents received.

In February 2024, the parent company granted special power of attorney to the receivers of the company Medison - Società a responsabilità limitata in liquidation, so that in the name and on behalf of the same they may sell, within a complex operation, the shareholding held by it in the company Medgas Italia Srl. The share capital of the latter company includes, in addition to Alperia with a 9.61% stake, also Medison - Società a responsabilità limitata with a 47.26% stake, and Italian Energy Srl with a 43.13% stake, the latter held in turn by Medison - Società a responsabilità limitata in liquidation with a 99.48% stake and by Falck Spa holding the residual 0.52%. The sale of the investment took place after the receivers had arranged for some judicial auctions to be held, with – in the end – a bid made by a London-based company prevailing. The latter company will become the owner – in part directly and in part through Italian Energy Srl – of 100% of the shares in Medgas Italia Srl.

The deed of sale was signed on 20 February 2024; the transaction was conditional precedent to the positive outcome of the procedure referred to in the so-called "Golden Power", which took place with the resolution of 7 March 2024 of the Coordination Group referred to in Article 3 of the Prime Minister's Decree of 1 August 2022 no. 133, with which the proposal of MASE not to exercise special powers was upheld.

In March 2024, Alperia Ecoplus Srl and Alperia Smart Services Srl signed agreements with the companies that are developing the well-known Waltherpark project in Bolzano, for the construction of an important real estate complex in front of the railway station; in brief, as far as the Group is concerned, the agreements provide for (i) the acquisition by Alperia Ecoplus Srl, as far as district heating is concerned, of the network of pipes laid within the area subject to urban redevelopment as well as the availability of the premises intended to house the technological systems serving the district heating system and, as regards district cooling, of the company that is building the related plant located in Piazza Verdi and (ii) the subsequent supply – by Alperia Smart Services Srl – of heat and cold to the buildings in Via Alto Adige and Via Garibaldi.

The cooling plant that uses the cold waters of the Isarco river is particularly innovative, technically speaking, with a "free cooling" technology, ensuring the operation of the air conditioning systems of the new building complex with the least possible waste of energy; the design and construction of the plant is taking place under the supervision of Alperia's Engineering & Consulting Department.

The acquisition of the aforementioned company, which will presumably take place during the first months of 2025, is subject to certain conditions precedent and the agreements provide for the issue of certain guarantees in favour of the Alperia Group.

Finally, it should be noted that towards mid-March 2024 – the subsidiary Fintel Gas e Luce Srl signed a preliminary agreement for the acquisition - from an Italian energy operator – of a business unit relating to a portfolio of end customers for the sale of electricity and natural gas. The closing of the transaction is subject to a number of conditions precedent being met.

The customers, amounting to approximately 22 thousand, of whom 70% in the electricity sector, are mainly concentrated in the domestic market and in small and medium-sized enterprises, principally located in Piedmont, Lombardy and Veneto, areas where the Alperia Group is already present; The transaction in question therefore allows for the expansion of the customer base in geographical areas and segments of strategic interest.

The acquisition of the unit also involves the transfer of related personnel (about 20 peoples) in order to ensure the unit's business continuity and development, as well as contracts with the sales network.

Litigation and contingent liabilities

With respect to the disputes and potential liabilities reported in the Consolidated Financial Statements at 31 December 2022, the following should be noted.

Contingent liabilities in relation to extraordinary transactions

With regard to the dispute between the Parent Company and Edison SpA (Edison), the latter – see comments in previous financial statements – filed claims with Alperia SpA at the end of 2016 for a contract signed on 25 January 2016 for the purchase and sale of shares in Cellina Energy Srl (as later amended and supplemented by the addendum dated 31 May 2016), in connection with alleged liabilities concerning plants owned by Cellina Energy Srl; Alperia promptly identified and challenged these requests.

Alperia Spa in turn filed claims for compensation against A2A SpA (A2A), alleging liabilities – almost entirely the same as those reported by Edison – incurred in connection with the same plants covered by the framework agreement entered into on 26 October 2015 between SEL SpA (now Alperia SpA) and A2A and, as far as their respective areas of responsibility are concerned, between Cellina Energy SpA and Edipower SpA. These claims were identified and disputed by A2A under the terms of the framework agreement.

As regards the payment by Edison of the residual price for the sale of Cellina Energy Srl (Euro 25 million – Deferred Price Guarantee), Alperia SpA collected the payment of approximately Euro 19.3 million from Edison in July 2017; the latter partially offset the aforesaid amount of Euro 25 million with Euro 5.7 million, equal in its opinion – to the amount due to it for the aforesaid alleged liabilities relative to the Cellina plants.

In the context of the dispute between Edison and Alperia, concerning a number of claims for compensation made by the former in relation to the hydroelectric plants owned by Cellina Energy, the National and International Arbitration Chamber of Milan, at the end of the consequent arbitration proceedings brought by Edison with arbitration request dated 27 July 2018, issued its award according to law, communicated to the parties on 31 January 2024.

The award reports a ruling against Alperia for a total sum of Euro 15.5 million from which the aforementioned Euro 5.7 million must be deducted, so that the sum owed by Alperia to Edison as capital is equal to Euro 9.8 million, in addition to revaluation and interest at the conventional rate of 3%.

As regards other items, Edison's right to be compensated in relation to some liabilities that are non-current at present (in particular the increase in new lease payments) was also asserted. In relation to these items, Edison will have to activate one, or in this case several new arbitration proceedings, in order to quantify the compensation, for each right already asserted in the year and which therefore, in this respect, may no longer be challenged.

Alperia's financial statements as at 31 December 2023 include a specific risk provision, which was prudently supplemented, following the publication of the award.

In light of the aforementioned award, Alperia requested A2A – within the established deadlines – to activate the compensation referred to in the framework agreement.

Tax Disputes

With regard to IMI, disputes were lodged before the Tax Court of the First and Second Instance concerning the refusal of the reimbursement of the tax paid, on a prudential basis, by Alperia Greenpower Srl in relation to the "freely transferable assets" of the concession GS/2400, which – from 21 April 2015 – is held by another new concession holder. More specifically, for the corresponding portion of IMI 2015 and IMI 2016, an appeal had already been filed against the first instance sentence, while the appeals against the refusals to reimburse the higher IMI paid for the years 2017 and 2018 are pending at first instance.

On the subject of regional business tax (IRAP), the Bolzano Revenue Agency started a tax audit with a request to attend questioning on 31 October 2019, in which Alperia Greenpower Srl was asked for clarifications regarding:

- the application of the ordinary IRAP rate instead of the increased rate provided for in Article 16, paragraph 1-bis, letter a) of Legislative Decree 446/1997, for "subjects who carry out activities of concession-holder companies";
- the deduction of personnel costs, allegedly violating Article 11, paragraph 1, letter a) of Legislative Decree 446/1997, which for IRAP (regional business tax) purposes was excluded until 2014 for "companies operating under concession and tariff schemes" in certain sectors.

The notice of assessment for the year 2014 of the higher tax due for Euro 1,183,584, in application of the increased rate of 4.20%, also excluding the application of the preferential rate of 2.40% provided for by Article 21-bis, paragraph 9, of the Provincial Law of Bolzano no. 9/1998, as well as the imposition of related administrative sanctions amounting to Euro 1,065,226, challenged by Alperia Greenpower Srl, subject to suspension, was annulled by the First Instance Tax Commission of Bolzano with ruling no. 118/2021, filed on 28 July 2021 specifically for the year 2014, in application of the clear provision of Article 21-bis, paragraph 9, Provincial Law 9/1998, since the conditions were met ("a stable increase in production revenues as well as personnel"), regardless of whether or not they hold a concession, as well as the confirmation in any case of the application of the ordinary rate since it is not a "concession-holder company". The appeal filed by the Revenue Agency was rejected by the Second Instance Tax Court with ruling no. 79/2022 filed on 18 November 2022, which thus confirmed the favourable, first instance decision.

The subsequent notice of assessment for the year 2015 of higher tax due for Euro 520,557 and the imposition of the related administrative penalties for Euro 468,501 was promptly challenged by Alperia Greenpower Srl. The First Instance Tax Court of Bolzano, after the suspension of the 2015 notice and after joining the appeals against the refusals to reimburse the higher

IRAP – equal to Euro 219,447 for 2011, Euro 109,950 for 2012 and Euro 134,106 for 2013 – in application of the increased rate paid by the then SEL Srl, replaced by Alperia Greenpower Srl with effect from 1 January 2017, annulled the 2015 notice and the denial measures, ordering the reimbursement of the IRAP overpaid, with ruling no. 2/2023 filed on 9 January 2023. Following the favourable ruling, the company has already been reimbursed the amounts requested for the reimbursement plus interest.

The appeal brought against the notice of assessment of the higher tax due for the year 2016 for Euro 205,570 and related administrative penalties of Euro 185,013 was upheld by the First Instance Tax Court with ruling no. 10/2023 filed on 9 January 2023.

The Second Instance Tax Court of Bolzano confirmed, within its rulings 39/2023 and 38/2023 respectively, the favourable first instance rulings in relation to the assessment notices relating to 2015 and 2016, rejecting the appeals lodged by the Revenue Agency.

In November 2023, the company received a summons regarding the 2017 tax year - containing the same reasons referred to in the assessment notices of the previous years already subject to litigation proceedings, as the company had applied the ordinary rate of 2.68% instead of the increased rate of 4.20% provided for "concession-holder companies" - to attend a hearing in order to ascertain, with confirmation of the above findings, an alleged higher assessable tax of €900,418, with a minimum penalty of €810,376 (in the event of settlement, reduced to one third equal to €270,125), plus interest for €170,611 calculated up until 29.11.2023.

During the hearing, the company reiterated that it did not carry out "concession-holder company activities" pursuant to Article 16, paragraph 1-bis), letter a) of Legislative Decree no. 446/1997, as fully confirmed, moreover, in the first instance and second instance favourable rulings, and therefore did not consider that it could accept the proposal of the Revenue Agency to proceed with agreeing to the assessment. In March 2024, the relevant assessment notice for the year 2017 was received, which will be promptly appealed against.

In the first few months of 2024, appeals to the Court of Cassation made by the State Attorney on behalf of the Revenue Agency were received, with reference to the second instance rulings confirming the first instance rulings mentioned above, in relation to the IRAP 2014 notice, the IRAP 2015 notice together with the denials of refunds for the years 2011-2012-2013 referring to the then SEL Srl, as well as the IRAP 2016 notice, respectively. The company had already filed a counter-appeal against the appeal to the Court of Cassation regarding the IRAP 2014 notice and will proceed to file a counter-appeal also with regard to the other two appeals indicated above, subsequently notified to the same.

Based on studies also carried out by a leading tax consulting firm and by highly reputable professionals acting for Alperia Greenpower Srl, considering that the arguments are based on solid assumptions, and that the application of the ordinary rate to the free market production of electricity (including hydropower production) practised by Alperia Greenpower Srl, rather than the increased rate, is shared by other leading sector operators, also encouraged by the favourable rulings, the risk of losing the case in question may be considered as possible. For this reason, it was not considered necessary at present to allocate specific provisions for risks. Alperia Greenpower Srl has allocated the best estimate of legal fees that it expects to pay in the proceedings to the provision for charges.

As regards taxation, an important issue which is still ongoing is the provincial surtax on excise duties for electricity (Provincial Surcharge). At national level, in fact, the various electricity sales companies have received numerous requests from their customers, since the end of 2019, for reimbursement of the Provincial surcharge applied and paid until its abolition on 1 April 2012.

The issue arises from the disruptive effects of some rulings of the Court of Cassation issued between the end of 2019 and the beginning of 2020, as a result of judgments between end customers and the Customs Agency, according to which the surcharge, repealed – belatedly – by the Italian legislator as of 1 April 2012, should actually have been "disapplied", from the perspective of the European Union, since the entry into force of the Excise Directive.

Possible claims for the return of the sums paid as the Provincial Surcharge by consumers for the years 2010 and 2011, for which the sales companies, including Alperia Smart Services Srl and the former Alperia Sum Srl, now incorporated into Alperia Smart Services Srl, simply charged their customers, fully paid to the competent Administration (Customs Agency or Provinces), do not see legislation aligned with the rights of the sales companies to claim a reimbursement in turn from the actual beneficiary of the Provincial Surcharge, i.e. the Customs Agency or Provinces. At present, the sales companies are forced, in fact, in order not to be affected themselves, to not give the reimbursements requested and to await the outcome of disputes, initiated or yet to be initiated in order to claim back this alleged undue payment, with negative rulings that are not in their favour. Only after rulings against the sales companies have become final will they be able to exercise their right of reimbursement with the tax authorities.

Given the unfavourable rulings against sales companies, it is still hoped that an interpretation/regulation will be identified, also through the trade associations, which have been active since 2020 to support sellers and interact with institutional authorities. This would make it possible to avoid the continuation of litigation, while protecting the rights of all interested parties and avoid consequent expenses, so as to also mitigate a possible strong, as well as unfair, financial imbalance incumbent on the sellers, who are affected by the time lag for the final reimbursement from the competent Administration of the amount reimbursed as the Provincial Surcharge, without the certainty of recovering of any ancillary expenses incurred in terms of legal fees and interest due on the basis of the rulings, in addition to the payment of the registration tax and the payment of the standard court fees.

Order no. 102/2021 of the Vicenza Arbitration Board and Order no. 20/2022 of the Court of Udine are still pending, referred to the Constitutional Court for the matter of the legitimacy of the regulation establishing the additional excise duty on electricity (Article 6, paragraphs 1, letters c, and 2 of Legislative Decree 511/1988) "in the text amended by Article 5, paragraph 1 of Legislative Decree no. 26/2007, for the period of its validity after 1 January 2010 and until its repeal, in contrast with Article 117, first paragraph of the Constitution. and Article 1(2) of Directive 2008/118/EC of the Council of the European Union". It should be noted that the trade associations intervened in both proceedings in the context of the so-called *amici curiae*, in order to present useful elements for the assessment of the important issue of the reimbursement of the Provincial Surcharges.

In view of the case law establishing the undue nature of the Provincial Taxes and the right of the final consumer to take action against the supplier under the ordinary law for the recovery of undue payments, the risk of losing the various civil actions may be considered possible. However, the risk of losing the case is mitigated by the low risk of Alperia Smart Services being definitively affected by the capital gain provided for in Article 14 of Legislative Decree 504/1995, which, in the event of a final conviction, provides for the return of sums unduly received by way of excise tax recovery and the related right to reimbursement.

After assessing the potential liabilities on a precautionary basis, a provision was allocated in the financial statements limited to incidental expenses, interest and litigation expenses, in relation to the various positions.

Still regarding tax, in December 2022, two rejection notices were received from the Revenue Agency - Pescara Operations Centre for two requests for refunds for the years 2019 and 2020 submitted by Alperia Smart Services Srl for a total of Euro 1,813,970 in relation to previous receivables pursuant to Article 8, paragraph 10, letter F) of Law no. 448 of 23 December 1998, and Article 29 of Law no. 388 of 23 December 2000 (the so-called "Carbon Tax" law) for not having submitted also to the territorial office, documentation deemed necessary to support the requests. A similar notice of refusal was also received by Alperia Ecoplus Srl for its request for a refund submitted with reference to the year 2019 for Euro 1,272,465 again in relation to previous "Carbon Tax" credits.

The companies promptly filed appeals, considering the receivable to be recoverable in full – also through offsetting. Moreover, the Revenue Agency does not dispute that Alperia Smart Services and Alperia Ecoplus meet the substantive requirements of the legislation to qualify for the credit, but rather alleges formal violations of the relevant provisions. However, the reasons given in the refusal decisions do not appear to be well-founded, either in the light of the literal wording of the legal provisions or in the light of their reasoning. Therefore, it is reasonable to assume that the risk of losing the case is only possible.

Other disputes

As regards the production sector:

with reference to Alperia Greenpower Srl, it should be mentioned that with judgment no. 7/2022 of the Superior Court of Public Waters ("TSAP") published on 18 January 2022, the TSAP upheld the appeal brought by another applicant against the rejection, ordered by the Autonomous Province of Bolzano, of the application for the diversion for hydroelectric purposes of a stretch of water already forming part of a concession for the large-scale diversion of hydroelectric power held by Alperia Greenpower. While acknowledging the indisputable final nature of the measures referred to the large-scale diversion in place, which cannot be appealed against, the TSAP asserted the non-application of those measures due to an alleged conflict with European Union law. Alperia Greenpower and the Autonomous Province of Bolzano promptly filed an appeal before the Combined Civil Sections of the Court of Cassation for the annulment of judgment no. 7/2022.

At the outcome of the proceedings of 7 February 2023, with an Order published on 31 May 2023, the Supreme Court of Cassation – Combined Civil Sections overturned the contested ruling of TSAP no. 7/2022, upholding the proposed appeals, with a statement of principles that fully confirm the company's reasons, referring the case, also for the court costs, to the same TSAP. None of the parties reopened the case before the TSAP within the time limit prescribed by law, with the result that the judgment and, consequently, the risk of losing the case, ceased to exist.

In another case pending before the TSAP, Alperia Greenpower Srl contested the rejection of the request to adjust the time validity of the license relating to the Prati di Vizze plant. In this regard, the company was forced, in order not to incur any forfeiture, to challenge in part the resolution of the Provincial Council of Bolzano no. 1074/2023, which also identified the Vizze concession among the concessions for large-scale hydroelectric diversions expiring on 31 December 2024, or at a later date established by the State, and that will be affected by the reassignment procedures pursuant to the Provincial Law of Bolzano no. 20/2023, as well as the request to send the end-of-concession report; confirmatory documents of the rejection order already appealed, with the consequent application of the discipline foreseen for “expired” and “extended” concessions, with the indication among those that will be subject to the next reassignment procedure. Given the nature of the proceedings, no specific potential liability arises, except in the event of a possible unfavourable outcome of the proceedings in question, for the application of the rules on "expired" and "extended" concessions, as a result of the failure to annul the contested measures rejecting Alperia Greenpower Srl's request to adjust the expiry date of the concession to 30 April 2031. Therefore, no risk of losing the case can be identified at this stage.

Alperia Greenpower Srl, as the holder of the concession for the diversion of water from the Rienza river, in the Municipality of Brunico for hydroelectric power purposes referred to the Stegona plant, expiring on 31 March 2029, received the news after many years regarding the outcome of the proceeding concerning applications for the diversion of water from the same Rienza river, which were found to be incompatible with the operation of the aforementioned diversion of Stegona, for which subvoltage was envisaged, appealed against the documents, considered harmful, before the TSAP, and against all assumed and consequent documents. A loss of the case would mean that the contested documents of Alperia Greenpower Srl would not be annulled. However, it does not appear that any other deed and/or measure has been adopted before the expiry of the peremptory deadline, which has already been unlawfully extended, as challenged in the proceedings in question, for the opinion on environmental matters, which leads to the conclusion that, at present, the risk of losing the case, understood in terms of potential liabilities for the company, is entirely remote, to the extent that it is necessary.

Alperia Greenpower Srl challenged before the TSAP the resolution of the Provincial Council of Bolzano no. 516/2021 and the Water Protection Plan which forms an integral part thereof, as well as – with additional reasons – the subsequent DGP (Provincial Council Ruling) no. 126/2022, by which the request for review proposed by the same company had been rejected. If the case is lost, the contested Water Protection Plan will not be annulled. In the circumstances just described, the risk of losing the case is considered to be possible, but without any economic burden on the company, other than possibly the reimbursement of legal costs.

On 3 November 2023, Alperia Greenpower Srl, as the other party, was notified of an appeal by Eisackwerk Srl against the Autonomous Province of Bolzano, concerning the decree rejecting the application for the diversion of water from the Isarco river for hydroelectric purposes, complaining that the Public Administration did not give effect to the res judicata contained in the TSAP ruling no. 53/2020 and in the ruling of the Court of Cassation, Combined Section, no. 28469/2022. At this stage, there is no specific risk that Alperia Greenpower will lose the case, since a loss in court would lead to the annulment of the measure contested by Eisackwerk, with the need for the Provincial Administration.

An appeal was promptly lodged before the Lombardy Regional Administrative Court by the Group companies, Alperia Greenpower Srl, Alperia Vipower Spa and Alperia Ecoplus Srl respectively, as far as relevant, as well as by the investee company SF Energy Srl, Against ARERA resolutions no. 266/2022 and no. 143/2022, concerning the implementation of the two-way offsetting mechanism referred to in Article 15-bis of Legislative Decree no. 4/2022 and paragraphs 30 to 38 of Law no. 197/2022 respectively for the period from 1 February 2022 to 31 December 2022 and from 1 January 2023 to 30 June 2023, as well as the related previous and consequential acts, including the GSE's communication of inclusion in the scope of application of Article 15-bis of the specific plants. The companies are now awaiting the date for the hearing on the merits.

As regards entirely similar proceedings brought by other operators, the TAR partially upheld the claims of the appellants, ordering the annulment of ARERA resolution no. 266/2022. ARERA appealed against the measures published on 1 December 2022, with an application for precautionary suspension that was upheld by the Council of State with orders of 18 January 2023.

It is clear from the reasons of the rulings published on 9 February 2023, that the Regional Administrative Court annulled Resolution no. 266/2022 for it failing to take into account all the factors leading to the definition of the economic items functional to the emergence of inframarginal profit actually realised by the operators subject to the measure in question.

ARERA appealed against the rulings before the Council of State, requesting their precautionary suspension. By orders published on 22 March 2023, the Council of State suspended the rulings of the Regional Administrative Court on the aforementioned resolution, setting the hearing on the merits first on 5 December 2023 and then adjourned to a date to be decided.

With additional pleas, the companies concerned of the Alperia Group, as well as SF Energy, further challenged the compatibility of Article 15-bis and related implementing acts with Council Regulation (EU) 2022/1854. Similarly, other operators in the pilot cases referred to above also took this approach, and at the end of the hearing on the merits of 20 June 2023 - the Milan Regional Administrative Court issued a collective order within which it referred the matter of compatibility regarding the regulations contained in Article 15-bis of Legislative Decree no. 4/2022 to the Court of Justice of the European Union.

Pending the outcome of the proceedings, the resolutions in question are fully effective and, therefore, with the obligation for producers to pay any sums due pursuant to the measure in question, if there are no conditions for exemption to be proven in the manner provided for by the above-mentioned ARERA resolutions and the related technical regulations.

Alperia Greenpower Srl also appealed against the GSE's communication concerning the inclusion in the scope of application of the two-way mechanism referred to in Article 15-bis of the Marlengo and Val Di Vizze plants, despite the fact that these are duly authorised plants, which went into operation in 2004 and 2009 respectively, and, therefore, were incentivised, as partial refurbishment interventions, until 31 July 2023 for the Marlengo plant, and until 30 April 2031 for the Vizze plant.

Still on the topic of extra profits, both Alperia Greenpower Srl and SF Energy Srl were forced to challenge the GSE's notes on the inclusion of some sections of their plants in the scope of application of the offsetting mechanism in question, with different effective dates or with the exclusion of a single section, instead of exclusion in full from the regime under Article 15-bis. Due to the complexity and unprecedented nature of the various issues in dispute and the prejudicial nature of the decision expected from the Court of Justice of the European Union, the risk of losing the case is considered possible.

With regard to the sales and trading ares, reference is made to the resolution of the competent Authority for Electricity, Gas and the Water System (now the Regulatory Authority for Energy, Networks and the Environment - ARERA for short) no. 265/2017/E/eel of 20 April 2017, by which the latter ordered Alperia Smart Services Srl (formerly Alperia Energy Srl, in turn formerly Azienda Energetica Trading Srl) – at the end of proceedings initiated against it, as well as against numerous other dispatching users – to return to Terna ".......... the amounts corresponding to the undue benefit achieved as a result of the non-diligent scheduling strategy adopted by the Company in the period between January 2015 and July 2016" as well as "...... any amounts corresponding to the undue benefit possibly achieved as a result of any non-diligent scheduling strategies adopted by the Company, with reference to its FRNP (non-programmable renewable sources) units, for the period starting from August 2016 until the entry into force of the new rules on the macro-zonal imbalance sign provided for by Resolution 800/2016/R/eel".

Alperia Smart Services Srl (formerly Alperia Energy Srl), having assessed the findings received by the Authority and examined the initiatives to be taken to protect its interests, filed a precautionary appeal before the Lombardy – Milan Regional Administrative Court (Tar Lombardy), Section II, Case no. 1531/2017 against the Authority and, as far as necessary, against Terna. Subsequently, it was necessary to lodge a precautionary appeal for additional reasons, including against ARERA resolution no. 85/2018/E/eel of 15 February 2018, by which the Authority (i) confirmed the prescriptive measure adopted by resolution no. 265/2017/E/eel, modifying the content of Annex B in view of the importance of some of the factual elements submitted by Alperia Smart Services Srl; and (ii) Terna shall determine the economic items underlying the above resolution, determined on the basis of the criteria set out in Annex B. Alperia Smart Services Srl, avoiding the start of compulsory recovery procedures and without submitting to the ruling or to the claim or waiving it, provisionally paid the relevant invoice issued by Terna without any acknowledgement.

At this stage, the counterparties have not yet filed an appearance. A hearing for discussion of the merits of the appeal has not yet been scheduled. Therefore, if the appeal is upheld and the contested measure is annulled, the sums paid by the company under reserve would be reimbursed, while if the appeal brought by Alperia Smart Services Srl is dismissed, there would be no further liability, with the exception of the payment of legal costs, which would not be offset precisely because of the particular complexity of the issues.

Alperia Smart Services Srl, as the company incorporating the then Alperia Sum Srl, filed an appeal before the Lombardy Regional Administrative Court for the annulment of ARERA Resolution no. 506/2023/E/eel of 7 November 2023. The dispute still concerns the valuation of actual imbalances in the context of the electricity dispatching service and, in detail, regards the additional prescriptive measure with which ARERA, in compliance with the judgment of the Lombardy Regional Administrative Court no. 1660/2021 which annulled the previous prescriptive measure for lack of investigation and motivation, revised and adopted a "new" methodology for the valuation of imbalances and then instructed Terna to quantify the charges arising from the aforementioned imbalances in accordance with this new methodology.

As a result of this activity, Terna quantified the costs to be paid by the company as the lower amount of Euro 19,184 (compared to the amount of ARERA's first prescriptive measure pursuant to Resolution no. 342/16 equal to Euro 26,674), an amount in any case still illegitimate and erroneously calculated, which Alperia Smart Services Srl paid with the express reservation of repayment, However, it should be noted that this does not in any way constitute its acceptance. An unfavourable outcome cannot be ruled out in the current litigation, both in view of the Lombardy Tar's previous negative attitude towards disputes over electricity imbalances and in view of the particular complexity of the issue. The objections raised against the contested measures concern profiles linked to technical regulations that are difficult and controversial to interpret, with the risk that the court will uphold the defence arguments of ARERA and TERNA. The final outcome of the future appeal is unpredictable at this stage, so the risk of losing the case is possible. In this case, any charge to the company would correspond to the amount invoiced by Terna and paid subject to ARERA's new prescriptive measure.

Following the positive involvement of Alperia Trading Srl in Italian capacity market auctions for 2022 and for 2023, some operators in the thermoelectric and photovoltaic production sector also made claims against the company, as an involved party, like other assignees, for additional grounds to cancel the outcomes of these auctions.

The same claimants had already appealed – before the Tar Lombardy against the Ministry of Economic Development, Terna – Rete Elettrica Nazionale Spa and ARERA – against the Decree of the Ministry of Economic Development of 28 June 2019 (which approved the regulations of the system to remunerate electricity production capacity availability), the opinion

281/2019/R/eel of 27.06.2019 provided by ARERA to MISE and the rulings ARERA 363/2019/R/eel of 3.09.2019 and 364/2019/R/eel of 3.09.2019, as well as the notice of TERNA published on 5 September 2019 and the "FAQs" of TERNA, requesting their cancellation, subject to suspension which was then adjourned, with the first hearing on 26 February 2020, then adjourned to a new hearing.

At the hearing of 24 March 2021, the Lombardy TAR, recognising a previous judicial relationship between the proceedings brought by two claimants before the European Union Court to challenge the European Commission's measures concerning the management of the Capacity Market in Italy and the administrative proceedings, ordered the suspension of the administrative proceedings until the outcome of the litigation pending in the European Court.

Considering the major impact on the stability of the national energy system, the trade associations Elettricità Futura and Utilitalia proposed *ad opponendum* action in proceedings before the Tar Lombardy and applied to take action in cases pending before the General Court of the European Union.

Alperia Trading Srl appeared on its own behalf in the proceedings before the Lombardy Regional Administrative Court and filed an application to intervene in support of the conclusions of the European Commission in the proceedings pending before the General Court of the European Union. By order dated 2 June 2020, Alperia Trading Srl was admitted to intervene in proceedings before the General Court of the European Union. Other operators concerned, as well as Terna, also intervened in the proceedings.

With a ruling dated 7 September 2022, the General Court of the European Union rejected the appeals, confirming the validity of the Commission's decision which declared the regime which established the Italian capacity market compatible with the domestic market, in view of European regulations on State aid. Since the rulings were not appealed against within the prescribed period, the Commission's decisions became final.

Following the final judgments of the EU General Court, the Milan Regional Administrative Court set a hearing to continue the suspended proceedings on 6 March 2024.

In the run-up to the hearing, two of the four applicants in the Capacity Market proceedings filed a waiver of the related appeals due to a supervening lack of interest, while there was only a declaration of partial lack of interest from another applicant, who had already brought proceedings before the EU General Court. At the end of the hearing held on 6 March 2024, all four cases were adjourned for decision. At the end of the hearing regarding the four rulings on the Capacity Market, considering the supervening lack of interest declared by the respective applicants, two proceedings were declared inadmissible, the outcome of the remaining two is pending.

As regards the heat and services sector, with a notice dated 7 August 2017, GSE requested Alperia Ecoplus Srl – for the cogeneration plant combined with district heating in Merano - to return part of the green certificates allocated for the years 2008 to 2014 and - according to the GSE – not due. Alperia Ecoplus Srl appealed against this final measure of the potentially damaging verification procedure, as well as against the separate measure for the recovery of the incentive, before the Lazio Regional Administrative Court, under Case 10189/2017, claiming, in addition to the illegality of the contested measures, that Alperia Ecoplus Srl cannot be held liable for GSE's request. Following GSE's self-protection cancellation, the Lazio Regional Administrative Court declared that the matter at issue had ceased to be in dispute with sentence no. 11738/2017 of 24 November 2017. To protect its rights and interests, Alperia SpA also deemed it necessary to appeal for the annulment of the GSE note dated 7 August 2017 before the Lazio Regional

Administrative Court (Tar) under GDR no. 11460/2017; we are currently waiting for the date of the public hearing to be set. The risk of losing is possible.

Considering that the audit by GSE refers to years prior to the transfer of the related business unit to Alperia Ecoplus Srl, the latter has already prudently allocated a specific risk provision in its financial statements in the event of a possible loss of restitution claims for past years.

Following the annulment under the self-protection system, with a notice of outcome dated 15 December 2017 and a subsequent note dated 31 January 2018, GSE requested that Alperia SpA return a portion of the green certificates – in its opinion – not due for the same Merano plant, and Alperia SpA therefore had to appeal to the Lazio Regional Administrative Court under Case no. 2060/2018 for the annulment of the contested deeds and measures. A hearing on this has not yet been scheduled.

Still in the heat and services area, Alperia Ecoplus Srl appealed to the Lazio Regional Administrative Court for the annulment of the GSE note of 29 November 2018 with notification of the outcome of the control activity through verification and inspection of the cogeneration plant combined with the "Bolzano Sud" district heating network and relative recalculation in peius of the amount of incentives due for the years 2010-2016. Subsequently, it was necessary to appeal on additional grounds, also against the restitutory claim in GSE's note of 20 February 2019, referring to the same items appealed against regarding GSE's communication of 29 November 2018. We are currently awaiting the date of the public hearing. The risk of losing is possible.

The company has already prudently allocated a specific risk provision in its financial statements in the event of a possible loss of restitution claims for past years.

Other contingent liabilities

As far as SF Energy Srl is concerned, updates are provided below on the litigation initiated by the Separate Administration for Civil Uses - Frazione Rover-Carbonare (ASUC).

The dispute concerns the alleged presence of parts of the San Floriano d'Egna hydroelectric plant on plots of land owned by ASUC in the municipality of Anterivo that are subject to a civic use restriction. ASUC requested the company, which has held the concession for the large-sale water diversion as from 1 January 2011 and has use of the wet works at the above-mentioned plant as per specifications, to restore pristine conditions or, alternatively, provide compensation for damages or indemnify ASUC for the costs of providing for the above, on its own behalf, in addition to compensation in its favour for the damages arising from the alleged past unlawful occupation of the property in question and the cancellation of an easement to deposit landfill material.

At the end of the proceedings originally brought by ASUC before the Ordinary Court, the Judge issued an order of incompetence, referring the case to the Regional Court of Public Waters, Venice Court of Appeal ("TRAP").

Following the application for reinstatement by ASUC, the TRAP of Venice, by order of 3 April 2020, ordered the Autonomous Provinces of Trento and Bolzano to be summoned, then suspended the proceedings in order to allow for the mandatory mediation procedure to take place, previously objected to by the Autonomous Province of Bolzano. The attempt at mediation had no effect.

By ruling no. 36/2023 filed on 5 January 2023, the TRAP declared a lack of jurisdiction over the application for a declaration of nullity of the concession measures issued by the Autonomous

Province of Bolzano; rejecting the rest of the appellant's claims, with an order to reimburse costs to the counterparties.

On 3 February 2023, ASUC filed an appeal before the TSAP, re-proposing all the claims and issues already raised in the first instance.

SF Energy duly filed an appearance and requested that the opposing appeal be dismissed and lodged a cross-appeal, in order to have a declaration on the plea of lack of locus standi of SF Energy already formulated before the TRAP.

At the first hearing on 21 June 2023, the Judge, noting that ASUC had not appeared, ordered the case to be removed from the register. Subsequently, on 24 July 2023, ASUC requested for the proceedings to be reinstated and, therefore, SF Energy again appeared in the summary proceedings, re-proposing all the objections already made and the cross-appeal.

At the first preliminary hearing held on 11 October 2023, the judge rejected the requests proposed by ASUC, adjourning to the hearing on 17 April 2024 for the admission of the facts.

On the basis of investigations carried out through the primary law firm that is assisting the company in the dispute, and considering the intervention of the Provinces in the case, at present there are no elements that would make it necessary for SF Energy to allocate provisions, since the risk of losing the case was deemed possible but not probable, considering also the intervention of the Provinces. Moreover, the amount of the company's liabilities cannot be reliably estimated.

With reference to the business branch transferred to Alperia Green Future Srl by the then Alperia Bartucci Srl, which Alperia Spa took over from 1 January 2022, various proceedings are pending against GSE concerning its provisions that officially cancelled and/or disputed the assignment of Energy Efficiency Certificates (TEE). The company, supported by the written opinion of its lawyers, believes that there are valid legal reasons to consider GSE's arguments to be unjustified and that, therefore, at present, it is not likely that any liability will arise for the company. With reference to two ex officio annulment measures pursuant to Law 241/1990 of the respective measure of acceptance of the Project Proposal and Measurement Programme, as well as the Requests for Verification and Certification with a claim for the return of Euro 5,354,151 and Euro 1,846,1641 respectively, already challenged, the GSE – while not accepting the request for review reiterated again by the company – expressly reserved the reports already approved. With regard to the other disputes concerning the claims for annulment of the actions of the GSE, if the claims are upheld, this would lead to the issuance of TEs by and in favour of Alperia Green Future Srl as the project owner, while if the claims are rejected, the current situation would remain unchanged, since in the absence of claims for restitution by the GSE, even if there is a risk of losing the dispute, there is no risk of recognising a liability in the event of a loss.

An out-of-court request has also been made by a previous customer who, following an audit by the GSE, which resulted in a procedure to ascertain the existence of the CAR requirements, reserves the right to request the return of fees paid for an amount of approximately Euro 1.02 million with reference to the Energy Efficiency Certificates recognised for the years 2016-2017-2018, which is believed to be unfounded. At present, the action brought by the previous customer before the TAR against the measures taken by the GSE to revoke the TEE measure for the return is still pending, and it is therefore not possible at present to assess the specific risk to which the company is exposed in relation to the causation of the event that gave rise to the GSE measure.

Related party transactions

Related parties are those that share the same controlling entity with the Company, the companies that directly or indirectly control it, are controlled, or are jointly controlled by the Parent Company and those in which the Parent Company holds a stake enabling it to exercise a significant influence.

In accordance with paragraph 25 of IAS 24 "*Related Party Disclosures*", the company is exempted from the disclosure requirements in paragraph 18 (which requires the company to disclose the nature of the relationship with the related party, in addition to providing information about the outstanding balances of those transactions, including commitments, necessary for users of the financial statements to understand the potential effects of that relationship on the financial statements) in the case of relationships with another entity that is a related party because the same local authority has control, joint control or significant influence over both the entity that prepares the financial statements and the other entity.

We note, however, that during the year under review, (i) related party transactions were carried out at arm's length (or determined on the basis of similar methodologies), (ii) the main details of transactions with group companies are highlighted in the individual sections of the notes (iii) the main transactions with the shareholders concerned dividends to shareholders for Euro 32 million.

Number and nominal value of treasury shares and of shares of parent companies held by the company

With reference to the provisions of the aforementioned Article 2428, paragraph 2, nos. 3 and 4 of the Italian Civil Code, at 31 December 2023, the Company did not own treasury shares nor did it made acquisitions or disposals of such shares during the year, either directly or through trust companies or third parties.

Group situation and operating performance

Operating data

The main operating data of the group in the electricity segment are presented below.

(in GWh)	**2023**	**%**	**2022**	**%**	**% change**
Hydropower and photovoltaic production	4,095	42%	2,861	26%	+ 43%
Production from cogeneration and biomass (with SEU customers)	291	3%	322	3%	- 10%
Wholesale	471	5%	978	9%	- 52%
Sales to final customers	4,783	50%	6,854	62%	- 30%
Total	**9,640**	**100%**	**11,015**	**100%**	- **12%**

N.B. Hydroelectric and photovoltaic production means the energy produced by subsidiaries and associates on the basis of the Alperia Group's share, which is subsequently sold to the market and to third parties.

The Group's hydroelectric power production amounted to 4,094 GWh (a considerable increase compared to the previous period, equal to +43%).

With regard to rainfall/snowfall in South Tyrol during 2023, the meteorology and avalanche prevention office of the Bolzano Provincial Agency for Civil Protection recorded two different trends: the year started relatively dry, but thanks to the steady increase in rainfall from the spring onwards, the final balance was positive: the quantities that fell throughout South Tyrol were mostly between 20 and 30% higher than the long-term average.

The 2022/2023 meteorological winter, which ended on 28 February, was excessively mild and dry; in general, rainfall or snowfall was only half throughout the entire provincial territory compared to the reference period 1991/2020.

In light of this situation, with an order dated 22 March 2023, the President of the Autonomous Province of Bolzano appealed for water saving, noting "*that the extraordinarily low rainfall in the first months of 2023, the entire year of 2022 and autumn 2021, as well as the lack of a significant snow reserve also in the high mountains have brought the outflow of surface watercourses of the entire Province close to the historic minimum and that for the moment no precipitation is forecast*"; the order strongly recommended all water users, and in particular agricultural users as well as operators and owners of gardens and parks, to use water resources in a particularly sparing, sustainable and effective way and to limit consumption to the bare minimum.

In April 2023, rainfall increased approaching the historical average and in the following month of May, for the first time in 2023, above-average precipitation, including snowfall was recorded: in some places, twice as much rain fell as the predicted historical average.

In view of the improvement in the water situation and the additional snow reserves created at high altitudes, the President of the Autonomous Province of Bolzano – by order of 15 May 2023 – ordered the cessation of the special measures imposed by the aforementioned order of 22 March 2023, requesting in any case a sparing use of water, also in the future, and to wisely limit consumption to the minimum necessary.

June 2023 was drier than usual: in most of South Tyrol there was only half as much precipitation as the long-term average.

July was characterised by harsh weather, with numerous thunderstorms that caused widespread damage due to hail, storms, and heavy rain. In particular, on 11 July, a so-called supercell passed over the Sarentino and Isarco Valleys, causing the largest hailstorm ever recorded in South Tyrol.

In August, rainfall was above the long-term average. This was caused by two events: a prolonged heat wave, which ended in flooding.

September was characterised by two weather events: a hailstorm in the Adige valley and a flooding event in the north of the province of Bolzano.

Towards the end of October, another significant flooding event occurred.

November was characterised as a "wet" month, thanks to heavy rainfall at the beginning of the month.

Finally, the amount of rainfall was also above average in December.

Looking at the Group’s operating figures, it should be noted that photovoltaic production stood at 0.3 GWh (slightly down on 2022).

The production of electricity from cogeneration stood at 65 GWh, and that from biomass at 225 GWh. Overall, the value produced is slightly down on the previous year’s figure.

Compared to 2022, there was a significant decrease in the sale of electricity both wholesale (-52%) and to end customers (-30%), the latter characterised by a rationalisation of the customer portfolio that began from as early on as 2022.

As far as heat is concerned, production amounted to 248 GWht, higher than the 234 GWht recorded in 2022.

The sale of natural gas (including resellers) amounted to 358 million cubic metres, while in 2022 it came to 510 million cubic metres. This decline was also partly the result of a rationalisation of the portfolio.

The data for the six areas in which the Group is organised are presented below:

1. Production (hydropower and photovoltaics);

2. Sale (electricity, natural gas, heat and various services);

3. Trading (electricity, natural gas, energy certificates);

4. Networks (distribution of electricity and natural gas);

5. Heat and services (cogeneration, district heating and biomass plants);

6. Smart Region (Smart Land areas, photovoltaics and energy efficiency).

The costs incurred by the Parent Company were allocated to the six business areas on the basis of their EBITDA. The latter are reported according to the so-called "view by responsibility" of the different BUs.

EBITDA is a performance indicator that is calculated by adding amortisation/depreciation, provisions and write-downs to the operating income, which is taken from the income statement.

Energy production

EBITDA amounted to Euro 44.8 million compared to Euro 57.7 million in 2022.

Sales and Trading

EBITDA amounted to Euro 201.3 million, divided between Euro 29.5 million for the Sales BU and Euro 171.8 million for the Trading BU; in the previous year, the EBITDA of the two BUs totalled Euro 150.8 million.

Networks

EBITDA referred to this area, equal to Euro 41.7 million, increased compared to Euro 39.0 million in 2022.

Heat and Services

Total EBITDA for the area amounted to Euro 16 million, slightly up on the figure of Euro 14.4 million in the previous year.

Smart Regions

EBITDA referred to this area, amounting to Euro 23.8 million, increased considerably compared to Euro 10.2 million registered in 2022.

Performance indicators (in thousands of Euros)

Performance indicators	Formula	2023	2022

EBITDA **(*)**	Operating income net of amortisation, depreciation, provisions and write-downs	**327,632**	**271,967**
EBITDA MARGIN **(*)**	EBITDA/Total revenues and other income	**12.02%**	**7.48%**
EBIT **(*)**	Operating income	**199,283**	**129,554**
Financial Debt	Cash and cash equivalents + Short-term financial receivables – Short-term and Long-term financial payables	**(1,006,768)**	**(1,162,686)**
ROE	Consolidated net profit / total equity	**7.17%**	**6.61%**
ROS **(*)**	EBIT / Total Revenues	**7.31%**	**3.56%**

(*) The figure for 2023 has been normalised, including the effects related to recognising the balances of Biopower Sardegna Srl under Discontinuing operations.

Outlook

In Italy, in the first two months of 2024, the cumulative value of electricity demand, equal to 52 TWh, was up on the same period of 2023 (+1.8%); see, in this regard, the following table.

Energy balance in Italy (GWh)	**Jan/Feb 2024**	**Jan/Feb 2023**	**Change %**
Hydroelectric (including pumping)	5,809	3,817	+ 52.2%
Thermal	25,674	30,374	- 15.5%
Geothermal	890	872	+ 2.1%
Wind	5,097	4,097	+ 24.4%
Photovoltaic	3,085	2,813	+ 9.7%
Total net production	**40,555**	**41,973**	**- 3.2%**
Imports	12,126	10,023	+ 21.0%
Exports	424	585	- 27.5%
Foreign balance	*11,702*	*9,438*	*+ 24.0%*
Pumping consumption	(243)	(335)	- 27.5%
Electricity demand (GWh)	**52,014**	**51,076**	**+ 1.8%**

(Source Terna Spa, Monthly Report on the Electricity System, February 2024)

As can be seen, production from hydroelectric sources (including pumping), was up considerably compared to the figure recorded in the same two months of the previous year (+52.2%).

During the period considered, demand for electricity was met for 44.3% by production from non-renewable energy sources, for 33.2% from renewable energy sources and the remainder from the foreign balance.

As regards the foreseeable hydropower production of the Group, it should be noted that at the end of February 2024 the equivalent energy stored by the snowpack present at high altitudes in the geographical area pertaining to Alperia Greenpower Srl plants was significantly above the figure of the previous year.

The meteorology and avalanche prevention office of the Bolzano Provincial Agency for Civil Protection recorded the 2023/2024 meteorological winter, which ended on 28 February, as the warmest winter – in most of South Tyrol – since the beginning of the surveys. In general, rainfall was above average, especially during the month of February 2024, when it rained or snowed throughout the Province about twice the 1991 - 2020 long-term average.

As regards the price of electricity sold on the market, there was a significant drop in the first two months of 2024 compared to the last month of 2023: the PUN went from 115.46 euro/MWh (December 2023) to 99.16 euro/MWh (January 2024) and 87.63 euro/MWh (February 2024) respectively.

Futures seem to have stabilised – in the second half of the current year – to just above 90 Euros/MWh, the same value expected for 2025; although reduced, expected prices will not lead to a return to conditions prior to the two crises experienced in the last three years, regarding firstly the COVID-19 pandemic, with a considerable drop in demand and prices, and then the Russia-Ukraine war and subsequently the war in the Middle East.

In addition, at the beginning of January 2024, maritime attacks by Yemeni Houthi rebels (supported by Iran) were launched in the Red Sea area, which is a zone of crucial importance both in commercial and geostrategic terms. As a natural bridge between East and West, the Red Sea's position has become increasingly crucial and, for this reason, the military forces of the United States and the British and then also European forces intervened to defend the area.

The geopolitical framework and the market environment therefore remain highly unstable.

With regard to its performance, given the above and considering that its margins largely depend on the performance of hydroelectric production and related selling prices, it is the Group's policy to hedge in advance against the volatility of electricity prices through the forward sale of most of its production.

Moreover, the measures introduced by the Government for companies operating in the electricity sector ended in 2023 and – at present – no further measures are planned during this year.

From a financial point of view, the Group will continue in 2024 with gradual debt reduction, which it began in the first half of 2023.

Report pursuant to Article 123-bis, paragraph 2, letter b), of Legislative Decree 58/1998, on the risk management and internal control system

During 2023, Alperia SpA continued to develop the activities to establish an internal control and risk management system (the "Internal control system") capable of managing the risks inherent in the activities of the company and the group; this effort is still being implemented.

The internal control system is a set of rules, procedures and organisational structures aimed at monitoring compliance with the strategies and the achievement of the following goals:

(i) effectiveness and efficiency of processes and business operations;

(ii) quality and reliability of economic and financial information;

(iii) compliance with laws and regulations, as well as with the company's articles of association and corporate rules and procedures;

(iv) safeguarding the value of corporate activities and assets and preventing losses.

The following bodies are currently involved in control, monitoring and surveillance processes:

- the Supervisory Board;
- the Control, Risk and Sustainability Committee;
- the Management Board;
- the Internal Audit function;
- the Risk Management function;
- the Compliance area;
- the Supervisory Body.

Given the dual management and control model adopted by the company, both the Supervisory Board and the Management Board of the Parent Company are actively involved in risk control activities and specifically:

- pursuant to Article 16, paragraph 1, letter (xii) of Alperia SpA's Articles of Association, the Supervisory Board "*assesses the degree of efficiency and adequacy of the internal control system, with specific* *regard to the monitoring of risks, the functioning of internal audit and the accounting information system*". Pursuant to Article 17, paragraph 1, letter (v) of the Articles of Association, the Chair of the Supervisory Board, "*supervises and activates the procedures and systems in place for the control of the Company's and Group's activities......... "*. Pursuant to Article 17, paragraph 1, letter (vi) of the Articles of Association, the Chair of the Supervisory Board "in accordance with the budget established by the Management Board and approved by the Supervisory Board, also activates the information tools necessary to monitor the correctness and adequacy of the organisational structure and of the accounting and administration system adopted by the Company and the Group";

- pursuant to Article 28, paragraph 1 of the Articles of Association, the Management Board "*is vested, on an exclusive basis, with the broadest powers for the management and administration of the Company*.........". In addition, pursuant to Article 29, paragraph 1 of the Articles of Association, the Management Board "submits a special report to the Supervisory Board on the overall performance of the company's operations and on major transactions in terms of size and characteristics performed by the Company or its subsidiaries and, in any case, it reports on transactions in which members of the Management Board have an interest on their own or on behalf of third parties".

Within the Supervisory Board, the Control, Risk and Sustainability Committee was set up, which has the task of assisting the Committee in its responsibilities with regard to the internal control system with non-binding recommendation, investigation and advisory functions.

The task of verifying the adequacy and the effective functioning of the internal control systems, which is assigned to the Supervisory Board, involves conducting meetings and analyses with the main stakeholders, including – in particular – the Supervisory Body, the Head of Internal Audit, the Head of the Risk Management function and the controlling bodies of the subsidiaries; it also involves the activation of periodic reporting and monitoring systems.

The Head of Internal Audit has no operating responsibility; he/she reports to the Chair of the Management Board and, functionally, to the Chair of the Supervisory Board.

This Head has direct access to all information useful for carrying out duties and operates in accordance with the provisions of a specific Internal Audit Mandate approved by the Management Board, and according to a process that increasingly complies with internal audit sector standards.

The Head of Internal Audit reports the results of his/her activity, which is defined in a specific Audit Plan, including any identified deficiencies and the related commendations/corrective actions proposed, through appropriate Audit Reports that are submitted to the Supervisory Board, the Management Board, the General Manager and Deputy General Manager of the Parent Company and the head of the function that is being audited; if the audit concerns the group companies, the Audit Reports are also sent to the relevant bodies of the company concerned. The management of the recommendations is monitored according to deadlines and in any case with a quarterly progress.

In addition, annual summary reports of the activities carried out during the reference period are drawn up, which are sent to the Supervisory Board and to the Management Board.

The Head participates, by invitation, in the meetings of the Supervisory Board and the Management Board and is also a permanent participant in the meetings of the Control, Risk and Sustainability Committee.

The Internal Audit function assists the Supervisory Board of Alperia Spa, of which the Head is an internal member, and othe Supervisory Board of various Group companies. For the sake of continuity, other staff of the Internal Audit Function are also internal members in other Group companies.

During 2023, the Head first defined a specific Audit Plan, which was approved by the Management Board at the meeting of 30 March 2023, after consulting with the Chair of the Supervisory Board.

In his annual report for 2023, containing a summary of the activities carried out in the period under review, the Head of the Function pointed out that "Based on the audits carried out in 2023, there was no "evidence that might lead to a negative assessment of the adequacy and effectiveness of the internal control system".

With regard to the Risk Management implementation process, this is constantly evolving in order to develop tools that meet the ever-increasing risk control and management requirements imposed by the organisational complexity of the Parent Company and the entire group, the status as issuer of listed bonds and the developments that are typical of a multi-business group. Alperia SpA has put in place a risk assessment and reporting process, based on best practices in Risk Management, which aims to make risk management an integral and systematic part of management processes. The main assumptions considered in the model specifically refer to the Group business plan.

The risk assessment is based on the introduction of two essential variables: The impact on company performance if the risk event occurs and the probability of occurrence of the uncertain event.

The methodology adopted is modular and allows for a gradual approach that leverages on the refinement of experience and of the methods of analysis used by the group.

The existing model is based on COSO and ISO 31000 international standards; thanks to a well-established governance structure based on the presence of Risk Owners and Risk Experts, qualitative/non-financial risks have also been identified and assessed, incorporating them – in a single management system – with quantitative/financial risks.

At the Management Board meeting of 21 December 2022, the Trading & Commodity Risk Rulebook was approved. This document, drawn up with the assistance of a specialist consulting company, defines – in the interest of the Alperia Group's stability – the governance of the risk management process and the risk limits granted by the parent company Alperia Spa in its management and coordination of the subsidiary Alperia Trading Srl in relation to the trading and management of energy raw materials. These risk limits were reconfirmed for 2024 and for the following two years with a resolution of the Management Board of 1 February 2024.

At the beginning of June 2023, the results of the "*Climate Change*" project were presented, launched in 2022, which aims to identify and evaluate the risk factors in relation to the ongoing structural change in the climate which will have a long-term impact on the assets and activities of the Group; (i) an Austrian company specialising in sustainable finance, ESG management and decarbonisation and (ii) the European Academy of Bolzano - EURAC were appointed for the assessment.

Based on the results of the project in question, in the meeting of 1 February 2024 the "*Climate Risk Handbook*" was presented to the Management Board, with which Alperia has decided to design and formalise a process in line with the prerequisites of best practices and consistent with the company risk management policy.

Several regulations at EU level require a proactive management of the risk category related to "Climate Change"; the EU Taxonomy for physical risks, the Corporate Sustainability Reporting Directive (CSRD) for temporary risks and opportunities (mandatory from 2024) and the Task Force on Climate-Related Financial Disclosures (TCFD) which aims to inform investors about climate risks. Furthermore, the activity carried out will contribute to the Corporate Sustainability Due Diligence Directive (CSDDD) on sustainability which aims to monitor the supplier chain, the sustainability rating and the requests of external stakeholders.

The macro-process introduced, which is annual and involves both the Risk Management function and the operational areas, has been divided into the following six phases: preparedness, exposure analysis, risk inventory, vulnerability assessment, adaptation and monitoring.

During the year under review, meetings of the liquidity committee, set up in late 2022, were held at regular intervals. This committee is tasked, among others, with (i) evaluating the main loan proposals of the Group and the consequent debt structure, as well as the issue of new financial instruments, including ESG-related instruments (ii) supporting the Control, Risk and Sustainability Committee, the Management Board and the Supervisory Board in the Group’s financial policy and (iii) periodically monitoring the Group’s exposure to liquidity risk through final and forecast reporting.

During 2023, the implementation of the "Cyber Risk Action Plan" began and will last until 2025. This plan covers a set of measures aimed at reducing cyber risks, increasing the IT security posture and raising the Group's maturity in these areas, from both a technological and organisational perspective. The security plan, aligned with the sustainability policy of the Alperia Group, was developed by applying the "Risk Based Thinking" approach to the continual improvement process. For its implementation, different approaches were considered based on the scope of intervention, following internationally recognised standards, guidelines and best practices, as well as the state of the art in the sector.

The overall process of detecting and analysing risk areas also includes the financial reporting process.

In this respect, it is noted, for example, that the annual financial reporting process, and, especially, the description of the main risks and uncertainties to which Alperia and the group are exposed, is linked to the flow of information coming from the Risk Management processes of the companies and the Group.

For a description of the main risks affecting the Company and the Group, please see the respective notes to the separate and consolidated financial statements.

As is well known, Alperia has adopted the Organisation, Management and Control Model (Compliance Programme) pursuant to Legislative Decree 231/2001 (hereinafter Model 231), as well as a Code of Ethics and a Disciplinary Code, and has appointed a Supervisory Board.

The purpose of the Model is to define the strategies, rules and principles of conduct governing the Company's activities, which all recipients of the Model must follow in order to prevent, within the specific "sensitive" activities carried out at Alperia, the commission of the offences provided for by Legislative Decree 231/2001 and to ensure conditions of fairness and transparency in the conduct of business activities.

The implementation of the Model requires activities considered "sensitive" to be carried out in accordance with the provisions of the Model; any behaviour which is not in line may, in fact, lead to sanctions imposed by the Company, according to the provisions of its Disciplinary Code, which forms an integral part thereof.

In the meeting of 26 January 2023, the Management Board of Alperia Spa appointed the new members of the Supervisory Body, in office with effect from 1 March 2023, and started the process to review its Compliance Programme according to Confindustria Guidelines and recommendations received from the Supervisory Body. With the renewal of the Supervisory Bodies of the other companies, in the second half of 2023, the Internal Audit Function carried out a process to standardise activities common to all these Bodies, in an approach to make the processes effective and efficient, and to implement the contents of the Compliance Programme to a better extent, without prejudice to the autonomy and independence of each Body.

In the meeting of 26 October 2023, the Management Board approved the update of the risk analysis pursuant to Legislative Decree no. 231/2001; the work was carried out by the Compliance area of Alperia, with the help of a consultancy company specialised in this subject area, and also involving the Supervisory Body of the parent company. The new mapping was necessary to update the risks traced based on the new types of crimes introduced to the category of predicate crimes, since the date of approval of the last revision of the Compliance Programme (2021).

It was decided to focus attention only on the following six groups of crimes with a medium or high intrinsic risk, considering that low risks are already managed through the Code of Ethics and/or existing procedures:

- relations with the public administration;
- embezzlement, extortion, undue inducement to give or promise benefits, corruption and abuse of office;
- corporate crimes;
- private-to-private corruption;

- market abuse crimes;
- tax crimes.

During 2023, the Alperia Group promptly implemented the provisions of Legislative Decree no. 24 of 10 March 2023 on the "*Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting breaches of Union law and laying down provisions on the protection of persons reporting breaches of national law*"; the specific procedure on "Whistleblowing" was therefore updated, which is an attachment to the Compliance Programme, and is intended to reflect the Group's specific will and commitment to promoting a culture of transparency, with a view to fostering the importance of reporting. This takes place while ensuring the protection of people who report violations of national or European Union law detrimental to the public interest or the integrity of the public administration or Group companies, of which they have become aware in their work-related context.

The Supervisory Body of the Parent Company comprises the Head of Internal Audit and two external professionals.

The composition and functions of the Supervisory Board comply with the characteristics identified by Legislative Decree 231/2001 and relevant Confindustria guidelines.

Specifically, the Supervisory Body has independent powers of initiative and control and the independent exercise of such powers is ensured (i) by the fact that the members of the Body are not subject to hierarchical constraints in the performance of their function, as they report directly to the highest operating level, namely the Management Board and (ii) by the presence of an external member as Chair of the Body.

The members of the Supervisory Body are adequately trained and have a consolidated and qualified experience in accounting, auditing, organisational activities and in criminal law; in addition, they can rely on internal staff within Alperia and on external consultants to carry out any technical activities as may be necessary to ensure the control function is properly performed. For this purpose, the Body has an annual budget, assigned by the Management Board at the time of appointment.

The Body is entrusted with the task of monitoring the operation and observance of the Model and of keeping it up to date. The Supervisory Body reports on the implementation of the Model, the detection of any critical aspects and the need for modifications.

The Supervisory Body reports to the Management Board of the Parent Company, informing it, whenever it deems appropriate, about significant matters or events related to the conduct of its activities.

The Group Code of Ethics is a key element of the Model, as well as a component of the preventive control system. This Code sets out Alperia's ethical and professional principles and the guidelines and principles of conduct designed to prevent the offences referred to in Legislative Decree 231/2001. The Code is an essential and integral element of the Model as it constitutes a systematic corpus of internal rules designed to disseminate a culture of ethics and corporate transparency. The Code calls for the observance of the principles and rules contained therein, by the corporate bodies, by all the employees of the group and by anyone who, permanently or temporarily, interacts with the group.

Each group company is required to endorse the principles of the Code of Ethics adopted by Alperia and to put in place the most appropriate measures to ensure their respect.

The Code of Ethics is available on the website of the Parent Company and companies (where adopted).

PricewaterhouseCoopers Spa is the independent auditor of the company Alperia SpA and the Alperia Group.

Bolzano, 28 March 2024

The Chair of the Management Board

Flora Emma Kröss

CONSOLIDATED FINANCIAL STATEMENTS OF THE ALPERIA GROUP AT 31 DECEMBER 2023

Consolidated statement of financial position

(in thousands of Euros)	**Notes**	**At 31 December 2023**	**At 31 December 2022**
ASSETS			
Non-current assets			
Concessions	9.1	402,866	455,208
Goodwill	9.1	105,327	106,576
Other intangible assets	9.1	13,011	5,588
Tangible assets	9.2	1,171,428	1,067,262
Investments	9.3	35,868	36,575
Deferred tax assets	9.4	74,234	153,319
Other non-current receivables and financial assets	9.5	32,357	45,577
Total non-current assets		**1,835,092**	**1,870,105**
Current assets			
Trade receivables	9.6	910,233	873,773

Inventories	9.7	71,065	183,591
Cash and cash equivalents	9.8	52,809	251,097
Other current receivables and financial assets	9.9	198,649	278,307
Total current assets		**1,232,756**	**1,586,768**
Assets held for sale and Discontinued Operations	9.10	**17,221**	**14,455**
TOTAL ASSETS		**3,085,069**	**3,471,328**

Share capital	9.11	750,000	750,000
Other reserves	9.11	199,543	(2,270)
Retained profits (accumulated losses)	9.11	125,621	98,511
Group result for the year	9.11	84,223	60,819
Total equity attributable to owners of the parent		**1,159,387**	**907,059**
Non-controlling interests	9.11	26,528	26,181
Total consolidated equity		**1,185,915**	**933,240**
LIABILITIES			
Non-current liabilities			
Provisions for risks and charges	9.12	49,331	70,923
Employee benefits	9.13	11,570	11,887
Deferred tax liabilities	9.4	111,343	119,062
Non-current borrowings from banks and other lenders	9.14	916,465	919,440
Other non-current payables	9.15	69,870	67,457
Total non-current liabilities		**1,158,579**	**1,188,769**
Current liabilities			
Trade payables	9.16	454,249	474,078
Current borrowings from banks and other lenders	9.14	199,264	808,256
Current tax liabilities	9.17	0	14,083
Other current payables	9.15	83,701	50,417
Total current liabilities		**737,214**	**1,346,833**
Liabilities held for sale and Discontinued Operations	9.10	**3,362**	**2,485**
TOTAL EQUITY AND LIABILITIES		**3,085,069**	**3,471,328**

Consolidated income statement

(in thousands of Euros)	**Notes**	**2023**	**2022**
Revenues	10.1	2,650,032	3,602,277
Other revenues and income	10.2	74,960	35,620
Total revenues and other income		**2,724,992**	**3,637,898**
Costs for raw materials, consumables and goods	10.3	(1,226,682)	(2,752,453)
Cost of services	10.4	(1,007,541)	(511,436)
Personnel costs	10.5	(80,547)	(78,636)
Amortisation/depreciation, provisions and write-downs	10.6	(124,079)	(142,413)
(of which value adjustments of trade receivables)		*(4,171)*	*(6,764)*
Other operating costs	10.8	(14,252)	(11,665)
Net income/(expenses) from commodity derivatives	10.9	(8,397)	(11,741)

Total costs		**(2,461,498)**	**(3,508,344)**
Operating income		**263,493**	**129,554**
Gains (losses) on valuation of investments	10.10	(1,744)	(2,172)
Financial income	10.11	14,232	7,530
Financial charges	10.11	(65,973)	(31,174)
Net financial income		**(53,485)**	**(25,816)**
Profit before taxes		**210,008**	**103,738**
Taxes	10.12	(61,915)	(41,699)
Net profit/(loss) (A) from continuing operations		**148,093**	**62,039**
Discontinuing operations	10.13	***(63,031)***	***(325)***
Net profit/(loss) (B) from Discontinuing Operations		**(63,031)**	**(325)**
Consolidated result for the year		**85,062**	**61,714**
owners of the parent		***84,223***	***60,819***
non-controlling interests		*838*	*896*

Consolidated comprehensive income statement

(in thousands of Euros)	**2023**	**2022**
Consolidated result for the year (A)	**85,062**	**61,714**
Income Statement items that may subsequently be reclassified to the income statement (net of taxes)		
Gains / (losses) on cash flow hedges	200,460	(102,673)
Total Income Statement items that may subsequently be reclassified to the income statement (B)	**200,460**	**(102,673)**
Income Statement items that cannot subsequently be reclassified to the income statement (net of taxes)		
Actuarial gains / losses on employee defined benefit plans	(384)	1,267
Total Income Statement items that cannot subsequently be reclassified to the income statement (C)	**(384)**	**1,267**

Total other gains (losses) not recognised in profit or loss net of tax effect (B) + (C)	**200,075**	**(101,406)**
Total comprehensive income (A)+(B)+(C)	**285,137**	**(39,691)**
Overall result:		
of which attributable to owners of the parent	*284,332*	*(40,642)*
of which attributable to non-controlling interests	*805*	*951*

Statement of changes in consolidated equity at 31 December 2022

(in thousands of Euros)	Notes	Share capital	Statutory reserve	Reserve pursuant to Article 5.4.2 Framework Agreement	*First-time adoption* reserve	*Cash flow hedge* reserve	IAS 19 reserve	Other consolidated reserves	Retained profits (accumulated losses)	Year's result	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Consolidated equity
At 31 December 2021		**750,000**	**77,757**	**32,151**	**(9,972)**	**(126,201)**	**(4,060)**	**126,269**	**50,530**	**79,549**	**976,024**	**26,720**	**1,002,744**
Dividend allocation of 2021 profit		0	1,569	0	0	0	0	0	47,981	(79,549)	(30,000)	(101)	(30,101)
Equity after resolution to allocate the net result for the year		**750,000**	**79,326**	**32,151**	**(9,972)**	**(126,201)**	**(4,060)**	**126,269**	**98,511**	**0**	**946,024**	**26,619**	**972,643**
Changes in the scope of consolidation	2.3	0	0	0	0	0	0	1,685	0	0	1,685	(1,388)	297
Other changes		0	0	0	0	0	0	(9)	0	0	(9)	0	(9)
Consolidated profit (loss) and profit (loss) attributable to owners of the parent		0	0	0	0	0	0	0	0	60,819	60,819	896	61,714
Gains (losses) not recognised in profit or loss net of tax effect	9.13	0	0	0	0	(102,673)	1,214	0	0	0	(101,459)	54	(101,406)
Group and consolidated comprehensive income		**0**	**0**	**0**	**0**	**(102,673)**	**1,214**	**0**	**0**	**60,819**	**(40,641)**	**949**	**(39,691)**
At 31 December 2022		**750,000**	**79,326**	**32,151**	**(9,972)**	**(228,874)**	**(2,847)**	**127,945**	**98,511**	**60,819**	**907,059**	**26,181**	**933,240**

The dividend per share approved in FY 2022 amounted to Euro 0.04000.

Statement of changes in consolidated equity at 31 December 2023

(in thousands of Euros)	Notes	Share capital	Statutory reserve	Reserve pursuant to Article 5.4.2 Framework Agreement	*First-time adoption* reserve	*Cash flow hedge* reserve	IAS 19 reserve	Other consolidated reserves	Retained profits (accumulated losses)	Year's result	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Consolidated equity
At 31 December 2022		**750,000**	**79,326**	**32,151**	**(9,972)**	**(228,874)**	**(2,847)**	**127,945**	**98,511**	**60,819**	**907,059**	**26,181**	**933,240**
Dividend allocation of 2022 profit		0	1,708	0	0	0	0	0	27,110	(60,819)	(32,000)	(458)	(32,458)
Equity after resolution to allocate the net result for the year		**750,000**	**81,034**	**32,151**	**(9,972)**	**(228,874)**	**(2,847)**	**127,945**	**125,621**	**0**	**875,059**	**25,723**	**900,782**
Changes in the scope of consolidation	2.3	0	0	0	0	0	0	0	0	0	0	0	0
Other changes		0	0	0	0	0	0	(4)	0	0	(4)	0	(4)
Consolidated profit (loss) and profit (loss) attributable to owners of the parent		0	0	0	0	0	0	0	0	84,223	84,223	838	85,062
Gains (losses) not recognised in profit or loss net of tax effect	9.13	0	0	0	0	200,460	(351)	0	0	0	200,109	(33)	200,075
Group and consolidated comprehensive income		**0**	**0**	**0**	**0**	**200,460**	**(351)**	**0**	**0**	**84,223**	**284,332**	**805**	**285,137**
At 31 December 2023		**750,000**	**81,034**	**32,151**	**(9,972)**	**(28,414)**	**(3,198)**	**127,941**	**125,621**	**84,223**	**1,159,387**	**26,528**	**1,185,915**

The dividend per share approved in FY 2023 amounted to Euro 0.04267.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the Group result for the period by the number of ordinary shares in circulation at 31 December 2023.

Group net profit (in thousands of Euros): 84,223

Number of ordinary shares (in thousands): 750,000

Basic and diluted earnings per share: 0.1123

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euros)	Notes	2023	2022
Cash flow from operating activities			
Profit before taxes		**146,977**	**103,413**
Continuing operations		210,008	103,738
Discontinuing operations		(63,031)	(325)
Adjustments to earnings before taxes to obtain the cash flow from operating activities:			
Amortisation and depreciation	10.6	109,453	106,678
Net provisions and net write-downs/writebacks of tangible and intangible assets	10.6	25,357	36,229
Net (Capital gains) Capital losses from disposals of tangible and financial assets		1,407	1,749
Write-down of trade receivables	10.6	4,171	6,764
Gains (losses) on valuation of investments through profit and loss	10.9	1,744	0
Exchange rate effect	10.10	4	(10)
Net financial charges /(income)	10.10	51,738	23,654
Cash flow from operating activities before changes in working capital		**193,873**	**175,064**
Changes in working capital			
Inventories	9.7	112,525	(104,705)
Trade and other receivables	9.4, 9.5, 9.6, 9.9, 9.10	(38,223)	(389,473)
Trade and other payables	9.15, 9.16, 9.17	9,459	(28,858)
Cash flow from changes in working capital		**83,762**	**(523,036)**
Use of provisions for risks and charges	9.12	(27,342)	(14,138)
Use of provisions for employee benefits	9.13	(1,907)	(1,530)
Net financial charges paid		(35,710)	(20,102)
Cash flow generated / (absorbed) by operating activities (A)		**359,653**	**(280,329)**
discontinuing operations		*(59,940)*	*817*
Cash flow from investing activities			
Tangible, intangible and financial assets (includes margin on derivatives and deposits for derivative transactions)	9.1, 9.2	(179,357)	(143,467)
Net investments in companies (or business units) net of cash and cash equivalents acquired		0	(22,704)
Cash flow from disinvestment activities			
Tangible, intangible and financial assets (includes margin on derivatives and deposits for derivative transactions)	9.1, 9.2, 9.3	90,191	4,068
Cash flow generated / (absorbed) by investing activities (B)		**(89,166)**	**(162,103)**
discontinuing operations		*14,609*	*0*
Cash flow from financing activities			
Change in net financial payables	9.14	(436,316)	642,831
Payment of dividends		(32,458)	(30,101)
Cash flow generated / (absorbed) by financing activities (C)		**(468,774)**	**612,729**
discontinuing operations		0	0
Net cash flow for the year (A + B + C)		**(198,288)**	**170,297**
discontinuing operations		**(45,331)**	**817**
Cash and cash equivalents at the beginning of the year		**251,097**	**79,385**
Cash and cash equivalents arising from acquisitions described in paragraph "2.4 Disclosures required by International Accounting Standard IFRS 3" of the Notes.		**0**	**1,415**
Cash and cash equivalents at the end of the year		**52,809**	**251,097**

NOTES

1. General information

The Parent Company Alperia SpA (the "**Company**" or "**Alperia**") or "**Parent Company"** is a company incorporated under Italian law and domiciled and organised in Italy, with registered office in Bolzano, Via Dodiciville no. 8.

At 31 December 2023, the Company's share capital was broken down as follows:

Description	Number of shares	Nominal value (Euro thousands)	% of share capital
Autonomous Province of Bolzano	347,852,466	347,852	46.38%
Municipality of Bolzano	157,500,000	157,500	21.00%
Municipality of Merano	157,500,000	157,500	21.00%
Selfin Srl	87,147,534	87,148	11.62%
Total	**750,000,000**	**750,000**	**100.00%**

Alperia and its subsidiaries (the "**Alperia Group**" or the "**Group**") were engaged in six different operating segments in 2023, summarised below:

- Production (hydropower and photovoltaics);
- Sale (electricity, natural gas, heat and various services);
- Trading (electricity, natural gas and related certificates/securities of various kinds);
- Networks (distribution and transmission of electricity, natural gas distribution);
- Heat and services (cogeneration, district heating and biomass plants);
- Smart Regions (Smart Land areas, photovoltaics and energy efficiency).

2. Summary of the accounting principles adopted

The accounting policies and principles applied in the preparation and drafting of the Group's Consolidated Financial Statements (the "**Consolidated Financial Statements**") are presented below. These accounting standards have been applied consistently in the periods presented in this document.

2.1 Basis of preparation

Regulation (EC) No 1606/2002 of 19 July 2002 introduced the obligation for companies with equity and/or debt securities listed in one of the regulated markets of the European Community to apply the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU IFRS" or "International Accounting Standards") in the preparation of their financial statements as of the 2005 financial year. On 27 June 2016, the Parent Company issued the first two tranches of Notes, for a nominal value of Euro 100 million and Euro 125 million respectively, which were admitted to trading on 30 June 2016 (the first tranche was redeemed during 2023); on 23 December 2016, the Parent Company issued a third tranche of Notes for a nominal value of Euro 150 million. In 2017, the Parent Company issued a further tranche of notes for a value of NOK 935 million and, finally, in July 2023, another tranche of Euro 500 million.

Since 2016, Alperia Spa has qualified as a Public Interest Entity ("EIP") and is therefore required to prepare the separate and consolidated financial statements in accordance with EU IFRS.

However, the Company does not fall within the scope of Directive 2013/50/EU and is therefore not required to prepare its consolidated financial statements in an ESEF *(European Single Electronic* Format), as it is the issuer of bonds with a denomination per unit of at least Euro 100 thousand in accordance with Directive 2004/109/EC, as implemented by Ireland as the home Member State chosen by the Company.

These Consolidated Financial Statements have been prepared in accordance with the international accounting standards and on a going concern basis.

The EU IFRS are all the "International Financial Reporting Standards", all the "International Accounting Standards" (IAS), all the interpretations of the "International Reporting Interpretations Committee" (IFRIC), previously referred to as "Standing Interpretations Committee" (SIC) which, on the date of approval of the Consolidated Financial Statements, have been approved by the European Union in accordance with the procedure laid down in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

These Consolidated Financial Statements have been drawn up on the basis of the best knowledge of international accounting standards and in the light of the best academic writings on this matter; any future guidelines and updated interpretations will be reflected in subsequent years, in the manner as set out in the relevant accounting standards.

These Consolidated Financial Statements were approved by the Company's Management Board on 28 March 2024 and will be submitted to the Supervisory Board of Alperia SpA for approval on 29 April 2024.

2.2 Statements

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

i) the statement of financial position separately shows current and non-current assets and, likewise, represents current and non-current liabilities;

ii) the consolidated income statement shows a classification of costs and revenues by nature;

iii) the consolidated statement of comprehensive income includes, in addition to the result for the period, the changes in equity related to income or cost items, which, by explicit provision of the International Accounting Standards, are recognised in equity; this statement is called Other Comprehensive Income or OCI;

iv) the consolidated cash flow statement is presented according to the indirect method;

v) the statement of changes in consolidated equity and in equity attributable to owners of the parent.

The formats used, as specified above, are those that best represent the Group's financial position and operating performance.

These financial statement have been drawn up in Euro, which is the functional currency of the Group. The amounts shown in the financial statements and in the detail tables included in the Notes are in thousands of Euro, unless otherwise stated.

The Consolidated Financial Statements are audited by the auditing firm PricewaterhouseCoopers Spa, which is the independent auditor of the Company and of the Group.

2.2.1 Method for presenting financial information

These Consolidated Financial Statements do not allow for a full comparison of the statement of financial position and income statement balances as at 31 December 2023 with those of the previous year due to changes to the Group's scope of consolidation, illustrated in section "2.3 Scope of consolidation and changes" and in section 4 "Changes in estimates" of these Notes.

2.3 Scope of consolidation and changes

The Consolidated Financial Statements include the statement of financial position and income statement of the Parent Company Alperia Spa for the year 2023 and its subsidiaries. These financial statements have been appropriately adjusted, where necessary, to align them to the Parent Company's accounting principles.

The corporate structure of the Alperia Group as at 31 December 2023 is shown in **Annex A** to this document.

As also illustrated in the Report on Operations, the following transactions involving the scope of consolidation took place in 2023:

- the sale, by deed dated 22 June 2023, of the company Edyna Transmission Srl (subsequently renamed Rete Nord Srl) to Terna Spa;
- the establishment, by deed dated 27 June 2023, of the company ALPSGO Srl, intended to operate in the sector of mobility services complementary to local public transport. The company is 24.9% owned by the Alperia Group and, for the remaining part, by Car Sharing Südtirol – Alto Adige Cooperativa Consortile;
- the liquidation of the company Bluepower Connection Srl, completed in September 2023.

The complete list of companies included in the scope of consolidation as at 31 December 2023 with information on the consolidation method used to prepare the Consolidated Financial Statements is set out in **Annex A** to this document.

Annex C instead has information on significant investees measured with the equity method, which are required by paragraphs B12 and following of IFRS 12 (the data are inferred from the financial statements of investees at 31 December 2023).

2.4 Basis of consolidation

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

Subsidiaries

Subsidiaries are those companies over which the Group has control. The Group controls a company when it is exposed to the variability of that company's profits and can influence such profits through its power over the company. Usually, control is presumed when the Company holds, directly or indirectly, more than half of the voting rights, taking also into account the potentially exercisable or convertible voting rights.

All subsidiaries are consolidated using the line-by-line method as of the date on which control was transferred to the Group. They are excluded from consolidation as of the date on which such control ceases.

Business combinations are accounted for using the acquisition method. According to this method:

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

ii) At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at fair value at the acquisition date; as an exception, deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments related to share-based payments of the acquiree or share-based payments of the group issued in lieu of contracts of the acquired company, and assets (or groups of assets and liabilities) held for sale are instead valued according to their reference standard;

iii) Goodwill is determined as the excess of the sum of the consideration transferred to the business combination, the value of equity attributable to non-controlling interests and the fair value of any investment previously held in the acquired company over the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the value of the equity attributable to non-controlling interests and the fair value of any previously equity interests held in the acquired entity, that surplus is immediately recognised in the income statement as income from the completed transaction;

iv) Any conditional consideration provided under the terms of the business combination is measured at fair value on the acquisition date and included in the value of the consideration transferred to the business combination in order to determine goodwill.

In business combinations achieved in stages, the previously held equity interest in the acquiree is revalued at fair value at the date of acquisition of control and the resulting profit or loss is recognised in the income statement.
If the initial values of a business combination are provisional as at the reporting date of the period in which the business combination has occurred, the Group shall report the provisional amounts of the items for which the final accounting cannot be determined. These provisional amounts are adjusted during the measurement period to take account of new information obtained on facts and circumstances that existed at the acquisition date which, if known, would have had an impact on the value of the assets and liabilities recognised at that date.

Joint arrangements

Joint arrangements are accounted for in accordance with IFRS 11. In accordance with the provisions of IFRS 11, a joint arrangement can be classified as a joint operation or joint venture on the basis of a substantial analysis of the rights and obligations of the parties. Joint ventures are joint arrangements in which the joint venture partners hold, inter alia, rights to the net assets of the arrangement. Joint operations are joint arrangements whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint ventures are accounted for using the equity method, whereas equity investments in a joint operation involve the recognition of assets / liabilities and costs / revenues related to the arrangement on the basis of contractual rights/obligations regardless of the interest held.

Transactions in foreign currency

Transactions in currencies other than the functional currency are recognised at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in currencies other than the Euro are subsequently adjusted according to the exchange rate prevailing at the reporting date. Any exchange differences arising from commercial and financial transactions are recorded in the income statement as "Financial charges" and "Financial income".

Non-monetary assets and liabilities denominated in currencies other than the Euro are recorded at historical cost using the exchange rate prevailing at the date of initial recognition of the transaction.

2.6 Measurement criteria

Concessions, Goodwill and Other Intangible Assets

Concessions and other intangible assets consist of non-monetary, identifiable and non-physical elements that are controllable and capable of generating future economic benefits, as well as goodwill when acquired for valuable consideration.

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

In the Consolidated Financial Statements, concessions were mainly recognised in relation to business combinations in the fair value measurement of transferred assets. The value is amortised according to the useful life of the asset. At year-end, or more frequently, the value of the asset is tested for impairment.

This test is performed by comparing the carrying amount of the asset or group of assets making up the cash-generating unit (CGU) with the recoverable amount of the asset, which is the higher of the fair value (net of any selling costs) and the value of the discounted net cash flows that are expected to be generated by the asset or group of assets making up the CGU (value of use), which have been identified in each individual power plant under concession.

For the impairment test, the cash flows for the term of the concession have been used, as extrapolated from the Group business plan, and the expected residual value of the works and assets constructed during the concession period, which the Group expects to obtain at the end of the concession.

The discount rate used to discount the cash flows (WACC), which reflects the market valuation of the cost of money and the specific business risks net of taxes, is 9.1% for the hydroelectric sector, which is the Group's main market.

The goodwill on business combinations is initially recognised at cost at the acquisition date. Goodwill is not amortised but is tested for impairment annually or more frequently if specific events or changed circumstances suggest the asset may have suffered an impairment. After initial recognition, goodwill is recognised at cost net of any accumulated impairment losses.

The WACCs used for impairment testing referring to the main goodwill recorded in the consolidated financial statements are 11.3% (subsidised building and energy efficiency activities) and 9.3% (commodity reselling activities).

With particular reference to "Software as a service" and applications managed through solutions that envisage the use of "Infrastructure as a service", the Group takes steps to:

- capitalise the costs of licences together with the internal and external costs incurred for their configuration and customisation, if they meet the requirements of IAS 38;
- charges, on an accrual basis, the periodic costs associated with the "Software as a service" and "Infrastructure as a service" services to the income statement, using the deferral technique.

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

The useful life of concessions and other intangible assets has been estimated by the Group as follows:

Type of asset	**% rate**
Concessions	Term of the concession
Industrial patents and software *	20%
Contract costs (commissions to agents and contract acquisition fees)	25% - 33.33%

* Please also refer to section "4 Changes in estimates" of these Notes.

Tangible assets

Tangible assets are measured at purchase or production cost, net of accumulated depreciation and any impairment losses. The cost includes the expenses directly incurred to make the asset ready for use, as well as any dismantling and removal charges that will be incurred as a result of contractual obligations that require the asset to be returned in its original conditions.

Financial charges directly attributable to the acquisition, construction or production of an asset to be capitalised pursuant to IAS 23, are capitalised on the asset as part of its cost.

The costs incurred for ordinary and/or cyclical maintenance and repairs are directly charged to the income statement when incurred. The capitalisation of costs associated with the expansion, modernisation or improvement of structural elements owned by the entity or of third parties is carried out to the extent they meet the requirements for being separately classified as an asset or part of an asset.

Improvements on third party assets include the costs incurred for fitting and upgrading property held other than based on ownership.

Depreciation is charged on a straight-line basis using rates that enable the asset to be depreciated according to its useful life.

The useful life of each category of tangible assets has been estimated by the Group as follows:

Type of asset	% rate
Commercial and industrial equipment	5%-15%
Office furniture	6%-12%
Buildings used in operations	1.5% - 4%
Electronic machines	10% - 20%
Distribution network	2.86%
Gas meters	5% - 6.66%

District heating building	3.5% - 4%
District heating system	5% - 25%
District heating substations	7%-8%
Heat transmission network	3.33%
Measurement and control devices	5% - 6.66%
Hydroelectric production plants	2.5%

Tangible assets used for large and medium-sized hydroelectric diversion concessions

During 2023, Provincial Law no. 20 of 16 August 2023 was published – promulgated by the President of the Autonomous Province of Bolzano – containing "Regulations on the assignment of concessions for large-scale water diversions for hydroelectric purposes".

In particular, Article 47 of the aforementioned Provincial Law introduced a specific regulation dedicated to the enhancement of assets used for large-scale concessions upon their expiry.

Under the new law, for the purposes of determining the compensation for investments made during the concession by the outgoing concession-holder for so-called "wet works" and the price of the so-called "dry works" transferred respectively to the granting body and to the incoming concession-holder, reference should be made to the "Value not yet depreciated, determined on the basis of the data available from the accounting documents or, failing that, by means of a sworn appraisal".

The Group, also on the basis of in-depth studies carried out together with its legal advisors, reached the conclusion that, at present, the value in use at the end of the concession may constitute – even considering the inevitable uncertainty linked to the complexity of the matter – a reasonable parameter for determining the indemnities/consideration that will actually be paid in relation to investments and assets falling within the scope of the new regulatory provisions and, therefore, also of the related presumed residual value and the remaining useful life (to be understood as the period in which the assets are expected to be useful, in economic terms, to the Group), as defined by IAS 16.

The Group – having completed in 2023 the process of estimating the value in use at the end of the concession of the *assets* (both investments in wet and dry works) used for its large-scale diversion concessions due to expire, pending the reassignment procedures to be completed within the deadlines set by paragraph 6 of Article 13 of the Statute of Autonomy of the Trentino-Alto Adige Region – consequently proceeded to compare the results of the aforementioned assessments with the corresponding residual net book values recognised in the financial statements. A generalised situation emerged from this activity, showing the above-mentioned concessions with financial statement values significantly lower than the presumed residual values, quantified in the manner described above.

Under the framework described in this regard, the Group decided – in compliance with IAS 16 – to suspend, with effect from 1 January 2023, the depreciation process of assets (both investments in wet and dry works) used for the large-scale diversion concessions due to expire pending the reassignment procedures to be completed within the deadlines set by paragraph 6 of Article 13 of the Statute of Autonomy of the Trentino-Alto Adige Region.

From 2023, new investments, both for the so-called "wet works" pending concession, and for the so-called "dry works" – used for large and medium-sized concessions are amortised for the difference between the relative historical cost and the estimated residual value at the end of the concession, where the same is reasonably quantifiable, with the aim of reaching, at the end of the concession, a net book value equal to that of the presumed realisation.

So-called original "wet works" that have not been the subject of investments – not being the subject of compensation at the end of the concession – are, where specifically identifiable, fully depreciated using the financial method, i.e., also in accordance with Article 104 of the TUIR (Consolidated Law on Income Tax), for the period of time within which it is considered to benefit from the related economic benefits, that coincides with the duration of the concession for large-scale water diversion for hydroelectric purposes.

In the future, the Group will continue to monitor changes in the regulatory framework, as well as any additional useful information that can be inferred from the results of the procedures for the reassignment of hydroelectric concessions at national level (including procedures launched at the end of 2023, which were also the subject of several appeals and, in one case – referring to the Abruzzo Region – also of a suspension) and will consider possible new and different approaches that may be taken in this regard that come to light, making it appropriate to revise the estimate of amortisation.

Leased assets (IFRS 16)

The rules introduced by IFRS 16 were applied on a forward-looking basis during First Time Adoption, starting from 1 January 2019, adopting some simplifications allowed by the standard, whereby contracts with a duration of less than twelve months and some low-value contracts were excluded from measurement.

The Standard defines "Leases" as contracts under which, for a fee, the lessee has the right to control the use of a specific asset for a specified period of time. The application of the standard to contracts identified as such results in the recognition of an asset, representing the right of use. This asset is depreciated over the shorter of the asset's economic/technical life and the remaining life of the contracts. The corresponding liability, recognised under financial liabilities, is equal to the present value of the minimum future obligatory payments to be made by the lessor and decreases as these payments are made. It should also be noted that, at the time of initial recognition of the contracts, the right of use and the liability are measured by discounting future lease payments, throughout the duration of the contracts, taking into account the possibility of renewal or early termination, only in cases where the exercise of these options is reasonably certain. For discounting purposes, the explicit rate specified in the contract is generally used, where available. In its absence, the rate on the most recent bond debt is used.

Impairment of non-financial assets

At each reporting date, non-financial assets are analysed to assess whether there is any indication of impairment. When events occur that indicate a likely impairment of non-financial assets, the recoverability of those assets is verified by comparing the carrying amount with the recoverable amount which is the higher of fair value, net of selling costs, and the value in use. The value in use is determined by discounting the expected cash flows arising from use of the asset and, if significant and reasonably determinable, as of its disposal until the end of its useful life, net of disposal costs. Expected cash flows are determined on the basis of reasonable and demonstrable assumptions representative of the best estimate of future economic conditions that will occur during the residual useful life of the asset, giving greater importance to external indications. The expected future cash flows used to determine the value in use are based on the most recent business plan approved by management and containing revenue, operating cost and capital expenditure projections. For assets that do not generate highly independent cash flows, the recoverable amount is determined in relation to the cash-generating unit of which they are part (that is, the smallest identifiable set of assets that generates autonomous revenue streams arising from continued use). Discounting is carried out at a rate that reflects current market valuations of the time value of money and the specific business risks that are not reflected in cash flow estimates. More specifically, the discount rate used is the Weighted Average Cost of Capital (WACC). The value in use is determined net of the tax effect as this method produces substantially equivalent amounts to those obtainable by discounting the cash flows before tax at a pre-tax discount rate obtained, iteratively, from the result of the after-tax evaluation. The evaluation is carried out for each asset or cash generating unit. When the reasons for the write-downs no longer apply, the asset value is restored and the adjustment is recognised in the income statement as value reversal. The value is reinstated at the lower of the recoverable amount and the carrying amount before the write-downs previously made, less the depreciation charges that would have been recognised if the write-down had not been made.

Trade receivables and other current and non-current receivables

Trade receivables and other current and non-current receivables are non-derivative financial instruments, mainly related to receivables from customers, not listed in an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are recognised as current assets, except for those with a contractual maturity of more than twelve months from the reporting date, which are recognised as non-current assets.

These financial assets are recognised as assets when the Company becomes a party to the related contracts and are derecognised when the right to receive cash flows is transferred together with all the risks and rewards associated with the transferred asset.

Trade receivables and other current and non-current receivables are initially recognised at their fair value and subsequently at amortised cost, using the effective interest rate, reduced for impairment.

Impairment losses on receivables are determined as explained in the next section "Financial assets" of these Notes. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the expected future cash flows. Receivables are stated in the financial statements net of the bad debts provision.

Current and non-current trade and other receivables are derecognised when the right to receive cash flows is extinguished and substantially all the risks and rewards of ownership of the asset are transferred ("derecognition") or if the item is deemed to be definitively irrecoverable after all necessary recovery procedures have been completed.

Financial assets

Financial assets are initially recognised at fair value; they are subsequently classified under the following three categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value recognised in other comprehensive income; and
- financial assets measured at fair value through profit or loss.

The classification within the three categories is based on the Group's business model and in relation to the characteristics of the cash flows generated by the assets themselves. In particular, a financial asset is measured:

- at amortised cost, if the Group's business model holds the asset to collect the relative cash flows and not to realise profit even from the sale and the characteristics of the asset's cash flows only correspond to the payment of principal and interest;

- at fair value with a balancing entry in the other components of the comprehensive income statement if it is held with the aim of both collecting contractual cash flows and being disposed of; and
- at fair value, with changes in value recognised in profit or loss, if the financial asset is held for trading and does not come under the previous two categories.

In the case of changes at a business model level, the Group reclassifies the financial assets under different categories, applying the effects of the reclassifications on a forward-looking basis.

The recoverability of financial assets not measured at fair value with effects in profit or loss is measured taking account of expected losses, where "Loss" means the present value of all future cash failures, suitably integrated to take account of future expectations. *'Forward looking information"*). The estimate, initially made on the expected losses in the following twelve months, in consideration of any progressive deterioration of the receivable, must be adjusted to cover the expected losses over its entire life.

Financial assets are derecognised from the balance sheet when the right to receive the related cash flows is extinguished and all risks and rewards of ownership are substantially transferred ("derecognition") or if the item is deemed to be definitively irrecoverable after all necessary recovery procedures have been completed.

Tax receivables for tax benefits received from customers

Remuneration for services rendered by Group entities operating in the subsidised building and energy efficiency sector may consist, in part or in full, of the allocation to such entities – through the sale or discounts in invoices – of tax receivables for future tax deductions, by customers, who are the original beneficiaries.

From 2021 onwards, revenues corresponding to payments settled in this way (and consequently the corresponding tax receivables) are recognised directly at their inferred market value, which is lower than the nominal value of the tax benefits. In the case of items that the Group does not expect to dispose of within twelve months after the reporting date, the amortised cost method is also applied.

Any adjustment to the value that may be inferred from the market of the carrying amount of items arising prior to 2023 was instead recognised under financial items of the consolidated income statement.

Inventories

Inventories of raw materials, semi-finished goods and finished products are measured at the lower of weighted average cost and market value at the date of the closing of the accounts. The weighted average cost is determined for the reference period for each inventory code. The weighted average cost includes the direct costs of materials and labour and the indirect costs (variable and fixed). Inventories are constantly monitored and, if necessary, obsolete inventories are written-down with contra-entry to the Income Statement.

If the conditions set out in paragraph 35 of IFRS 15 are met, contract work in progress is measured using the cost to cost method (input method). If it is probable that the estimated total costs of an individual contract exceed the estimated total revenues, the contract is measured at cost (so as to eliminate any profit margin recognised in prior periods) and the probable loss on completion of the contract is recognised as a decrease in contract work in progress. If that loss exceeds the value of the work in progress, the contractor shall recognise a provision for risks and charges equal to the excess. A probable loss is recognised in the period in which it is expected based on an objective and reasonable assessment of existing circumstances. The loss is recognised regardless of the contract's progress. The loss on one contract is not offset by expected positive margins on other contracts. For the purpose of loss recognition, orders are therefore considered individually.

Inventories of contract work in progress that will be settled by allocating to the Group tax receivables for future tax deductions from customers (see, in this respect, the section on tax receivables from customers, in these Notes) are adjusted through a provision aimed at aligning their carrying amount to the realisable value, inferable from the market, of the corresponding tax receivables.

Financial derivatives

All derivative financial instruments (including any embedded derivatives subject to separation) are measured at fair value.

Derivative financial instruments may be recognised according to procedures established for hedge accounting only when:

- the hedging relationship is documented and the hedge has been designated since its inception;
- the hedge is expected to be highly effective;
- the effectiveness can be reliably measured;
- the hedge is highly effective during the various accounting periods for which it is designated.

When derivative instruments meet the requirements to be accounted for under hedge accounting, the following accounting treatment applies:

i) Fair value hedge – if a derivative financial instrument is designated to hedge the exposure to changes in the fair value of a recognised asset or liability, the change in the fair value of the hedging derivative is recognised in the income statement, consistently with the fair value measurement of the hedged assets and liabilities;

ii) Cash flow hedge – if a derivative financial instrument is designated to hedge the exposure to the cash flow variability of an asset or liability or a highly probable transaction that could have an effect on the income statement, the effective portion of the gain or loss on the financial instrument is recognised in equity; the cumulative gain or loss is reversed from equity and recognised in profit or loss in the same period and in the same financial statement item in which the hedged transaction is recognised; the gain or loss associated with a hedge, or that part of the hedge that has become ineffective, is recognised in profit or loss when the ineffectiveness is detected.

If the conditions for hedge accounting are not met, changes in the fair value of derivative financial instruments relating to interest and/or exchange rates are recognised in the income statement under "Financial income" and "Financial charges"; the same items also include effects related to relative closing.

As regards the accounting treatment of financial derivatives on commodities, please refer to the following section of these Notes for further details.

Financial derivatives on commodities

The Group analyses each forward transaction for the purchase and sale of electricity or natural gas, in order to identify those transactions, which come under IFRS 9 and may be considered as financial derivatives, or which instead are excluded.

The financial derivatives in question are recognised at fair value.

The changes in fair value are recognised, based on the characteristics of the derivative and its designation:

- in the consolidated income statements, if relative to instruments not designated as hedging in the accounts. In particular, all changes are classified under "Net income/(expenses) from commodity derivatives";
- directly to a positive or negative reserve of equity, if, following specific effectiveness tests, the instrument covers the risk of changes in expected cash flows of an asset, a liability or a planned transaction that is highly likely which exposes the company to the risk of changes in future cash flows and is designated as hedging. This reserve is recognised in the consolidated income statement to the extent and in the times corresponding to the occurrence of the hedging transaction in the same item, affected by the transaction in question.

The effects related to the closure during the year of contracts not qualified for hedge accounting are recognised in the consolidated income statement under "Net income/(expenses) from commodity derivatives".

Determination of the fair value of financial instruments

The fair value of financial instruments listed in an active market is based on market prices at the reporting date. The fair value of financial instruments not quoted in an active market is determined using valuation techniques that are based on methods and assumptions related to market conditions at the reporting date.

Cash and cash equivalents

Cash and cash equivalents include cash, bank current accounts, demand deposits and other short-term and highly liquid financial investments that are readily convertible into cash, or that can be converted into cash within 90 days of the original acquisition date and are exposed to a non-significant risk of a change in value.

Financial liabilities, trade payables and other payables

Financial liabilities (excluding derivative financial instruments), trade payables and other payables are initially recognised at fair value, net of direct ancillary costs and subsequently measured at amortised cost, applying the effective interest rate criterion. If there is a significant change in the expected cash flows, the liability value is recalculated to reflect this change on the basis of the present value of the expected new cash flows and the initial rate of return.

Financial liabilities are recognised as current liabilities unless the Group has an unconditional right to defer their payment for at least 12 months after the reference date.
Financial liabilities are derecognised when they are discharged and when the Group has transferred all the risks and charges related to the instrument.

Provisions for risks and charges

Provisions for risks and charges are recognised with respect to losses or charges of a definite nature, which are certain or probable, whose amount and/or date of occurrence cannot however be determined.
Provisions are recognised only when there is a current (legal or implied) obligation for a future outlay as a result of past events and it is likely that such outlay is required to fulfil the obligation. This amount represents the best estimate of the cost for discharging the obligation. The rate used in determining the present value of the liability reflects current market values and takes into account the specific risk associated with each liability.

When the financial effect of time is significant and the payment dates of the obligations are reliably estimated, the provisions are measured at the present value of the expected outlay using a rate that reflects market conditions, the change in the cost of money over time and the specific risk associated with the obligation. The increase in the value of the provision determined by changes in the cost of money over time is accounted for as a financial expense.

Those risks for which the occurrence of a liability is only possible are indicated in the relevant information section on contingent liabilities and no provision is made for them.

Personnel provisions – Employee benefits

Personnel provisions include the following defined benefit plans:

- employee severance indemnities accrued prior to 31 December 2007, as governed by Article 2120 of the Italian Civil Code;
- additional four or five monthly payments, under the applicable National Collective Labour Agreement, for employees or former employees at the time they leave the company;
- company loyalty award, to be paid to employees who have been in service for more than 20 years.

With reference to defined benefit plans, the net liabilities of the Group are determined separately for each plan, estimating the present value of future benefits that employees have accrued in the current and previous financial years and deducting the fair value of any assets of the plan. The present value of the obligations is based on actuarial techniques that attribute the benefit deriving from the plan to the periods in which the payment obligation arises (Credit Unit Projection Method) and is based on actuarial assumptions that are objective and mutually compatible. Plan assets are recognised and measured at fair value.

If the calculation results in a potential asset, the amount to be recognised is limited to the present value of any economic benefit available in the form of future redemptions or reductions of future contributions to the plan (asset limit).

The cost components of defined benefits are recognised as follows:

- service costs are recognised in the income statement under "personnel costs" while
- net financial charges on the defined benefit asset or liability are recognised in the income statement as "financial income / (charges)" and are determined by multiplying the net liability / (asset) value by the rate used to discount the obligations, taking into account the payments of contributions and the benefits received during the period;
- the remeasurement components of net liabilities, which include actual gain and losses, the return on assets (excluding interest income recognised in profit or loss) and any change in the limit of the assets, are immediately recognised as Other total profits (losses). These components must not be reclassified to the income statement in a subsequent period.

Public grants

Public grants are recognised at their fair value when there is reasonable assurance that all the conditions necessary for their obtainment will be met and that they will be received.

Grants received for specific expenses are recognised as liabilities and credited to the income statement using a systematic criterion in the years in which they can be matched to the related expenses.

Grants received for capital expenditures are recognised as a decrease in the tangible assets to which they relate and are then recognised in the income statement as a reduction to the amortisation/depreciation charge.

Conversion of items expressed in foreign currencies

Transactions denominated in foreign currencies are converted into euros using the exchange rate on the date of the transaction. At the closing date of the financial year, monetary assets and liabilities are converted at the exchange rate at the end of the period. The resulting exchange rate differences are recognised in the income statement.

Assets and liabilities held for sale (Discontinuing Operations)

Non-current assets and current and non-current assets of disposal groups are classified as held for sale if the related carrying amount will be recovered principally through a sale. This condition is considered to be met when the sale is highly probable and the disposal group or asset is available for immediate sale under its current conditions. Non-current assets held for sale, current and non-current assets of disposal groups and the directly associated liabilities are recognised in the statement of financial position separately from other assets and liabilities.

Non-current assets held for sale are not depreciated and are measured at the lower of their carrying amount and the related fair value, net of selling costs.

Any difference between the carrying amount and the fair value less selling costs is recognised in the income statement as a write-down; any subsequent write-backs are recognised up to the amount of the previously recognised write-downs, including those recognised prior to the designation of the asset as held for sale.

Non-current assets and current and non-current assets of disposal groups classified as held for sale constitute a discontinuing operation if, alternatively:

- they constitute a significant autonomous business division or a significant geographical area of activity; or

- they are part of a divestment program of a significant autonomous business division or a significant geographical area of activity; or
- they are a subsidiary exclusively acquired for the purpose of being sold.

The results of discontinuing operations as well as any gains/losses on disposal are shown separately in the income statement in a separate item, net of the related tax effects; the income statement values of discontinuing operations are also shown for comparative years.

If there is a plan to sell a subsidiary which results in loss of control, all assets and liabilities of that subsidiary are classified as held for sale.

In the absence of specific guidance in IFRS 5 and IFRS 10 regarding the need to eliminate or otherwise intragroup transactions with companies subject to discontinuing and, in the first case, with regard to the method of carrying out such eliminations, the Alperia Group consistently adopts the following accounting policy:

- regular intra-group eliminations of assets and liabilities and profit and loss;
- reconciliation of the residual balances following the eliminations referred to in the previous point to the balance sheet items "Assets held for sale and discontinuing operations", "Liabilities held for sale and discontinuing operations" and "Net profit/(loss) from discontinuing operations".

Recognition of revenues

Revenues from the sales of goods are recognised in the income statement at the time the risks and benefits of the transferred product are transferred to the customer, which normally coincides with the delivery or shipment of the goods to the customer; revenues from services are recognised in the accounting period in which the services are rendered. Revenues from the sale of commodities are adjusted by the effects of contracts designated as hedging in the accounts.

Revenues are recognised at fair value of the consideration received. The Group recognises revenues when their amount can be reliably estimated and their future economic benefits are likely to be recognised.

Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

i. revenues from the sale and distribution of electricity, thermal energy, gas, heat and steam are recognised upon transfer of ownership, which essentially occurs at the time of delivery or service, although not invoiced, and are determined by completing with appropriate estimates those obtained based on metered use;

ii. revenues from the sale of certificates are recognised at the time of sale;

iii. revenues from services are recognised when provided or according to contractual clauses;

iv. dividends of companies not included in the scope of consolidation are recognised when the Group has the right to collect them, which normally occurs in the year in which the shareholders' meeting of the investee company that approves the distribution of profits or reserves is held;

v. revenues for connection fees – starting from 2018, the year of the first-time adoption of IFRS 15 – are deferred based on the useful life of the reference assets.

Recognition of costs

Costs are recognised at the time of purchase of the good or service. Costs from the purchase of commodities are adjusted by the effects of contracts designated as hedging in the accounts.

Financial income and expenses

Financial income and expenses are recognised on an accrual basis. Value adjustments referred to derivative financial instruments, which are not designated as hedging in the accounts are recognised as described in the section "Derivative financial instruments" and "Derivative financial instruments on commodities".

Taxes

Current taxes are calculated on the basis of taxable income for the year, by applying the tax rates applicable at the reporting date.

Deferred tax assets and liabilities are calculated on the basis of all the differences that arise between the tax value of an asset or liability and the related carrying amount. Deferred tax assets, including those relating to losses carried forward, for the portion not offset by deferred tax liabilities, are recognised to the extent that it is probable that future taxable income will be available through which they can be recovered. Deferred tax assets and liabilities are determined using the tax rates that are expected to apply in the years in which the differences will be recovered or paid, on the basis of the tax rates in force or substantially in force at the reporting date.

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

Segment information

Segment information was prepared in accordance with the provisions of IFRS 8 “Operating Segments”, which require information to be presented in accordance with the methods adopted by management when making operating decisions. Therefore, the identification of the operating segments and the information presented are defined on the basis of the internal reporting used by management to allocate resources to the different segments and to analyse their performance.

IFRS 8 defines an operating segment as a component of an entity that: i) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); ii) whose operating results are audited regularly by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; iii) for which discrete financial information is available.

Management has identified the following operating segments encompassing all the services and products supplied to customers in 2023:

- Production (hydropower and photovoltaics);
- Sale (electricity, natural gas, heat and various services);
- Trading (electricity, natural gas and related certificates/securities of various kinds);
- Networks (distribution and transmission of electricity, natural gas distribution);
- Heat and services (cogeneration, district heating and biomass plants);
- Smart Regions (Smart Land areas, photovoltaics and energy efficiency).

3. Estimates and assumptions

The preparation of financial statements requires the directors to apply accounting principles and methodologies that, under certain circumstances, are grounded on assessments and estimates based on historical experience and on assumptions that are from time to time considered reasonable and realistic depending on the relevant circumstances. The application of such estimates and assumptions affects the amounts reported in the financial statements and the information provided. The final results of financial statement items for which the above estimates and assumptions have been used may differ from those reported in the financial statements that reflect the effects of the estimated event, due to the uncertainty characterising assumptions and the conditions on which estimates are based.

The items that, in relation to the Group, require the greatest degree of subjectivity from the Directors in preparing the estimates, and for which a change in the underlying assumptions could have a significant impact on the Group's financial results are briefly listed below.

a) Impairment testing: the carrying amount of intangible and tangible assets, and especially of the concessions acquired through business combinations, is subject to periodic assessment and whenever the circumstances or events require more frequent verification. Goodwill is instead tested for impairment at the end of each reporting period.
If it is considered that the carrying amount of a non-current asset group has been impaired, the group is depreciated to its recoverable amount, estimated by reference to its use (intended as the ability to generate income, e.g. from equity investments) or its future sale, in relation to the provisions of the most recent business plans. The estimates of such recoverable amounts are believed to be reasonable, but any variation in the estimate factors underlying the calculation of the recoverable values could result in different valuations;

b) Residual value of assets underlying hydropower concessions: the estimated residual value of the assets in question (for the purposes of determining related depreciation and for preparing impairment tests) presents an inevitable uncertainty due to the elements of uncertainty regarding the regulatory framework, which is constantly evolving, and the technical and financial assumptions used for the purposes of this quantification. For further information in this regard, please refer to the section "Tangible assets used for large and medium-sized hydroelectric diversion concessions" in section "2.4 Basis of Consolidation" of these Notes;

c) bad debts provision: the bad debt provisions reflects the best estimate of the directors regarding the losses of the portfolio of customer receivables. This estimate, in line with IFRS 9, is based on the Alperia Group's expected losses, determined on the basis of past experience of similar receivables, current and historic past-due receivables, careful monitoring of credit quality and projections of economic and market conditions;

d) deferred tax assets: deferred tax assets are accounted for on the basis of the expected taxable income in future periods necessary for their recovery. The assessment of the expected taxable income for the purposes of deferred tax asset recognition depends on elements that may vary over time and that may have significant effects on the recoverability of deferred tax assets;

e) provisions for risks and charges: in relation to legal risks, provisions are recognised that represent the risk associated with an adverse outcome. The value of the provisions recognised in the financial statements in relation to these risks represents the best estimate to date made by the directors. This estimate is based on assumptions that depend on factors that may change over time and could therefore have a significant effect on the current estimates made by the directors in the preparation of the Alperia Group's financial statements;

f) fair value of derivative financial instruments: the fair value measurement of non-listed financial assets, such as derivative financial instruments, is based on commonly used financial valuation techniques that require basic assumptions and estimates. These assumptions may not occur according to the expected timing and manner. As a result, the estimates made by the Alperia Group may differ from the final figures;

g) IFRS 16: the adoption of IFRS 16 implies a significant reliance on professional judgement with regard, in particular, to contractual matters falling within scope of the standard, and to forward-looking considerations carried out.

4. Changes in estimates

With reference to the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, two changes in estimates made during 2023 are described below:

- an incremental remodulation of the amortisation of some IT applications made necessary following the decision to bring forward their replacement. The negative effect, net of taxes, of the aforementioned change in estimate on the 2023 income statement amounted to Euro 7,228 thousand.
- an extension by one year (and, therefore, until 31 December 2025) of the useful life of the deficit that emerged during the merger by incorporation of Hydros Srl and SEL Srl, allocated as a higher value of some concessions. The positive effect, net of taxes, of the aforementioned change in estimate on the 2023 income statement amounted to Euro 2,604 thousand;
- the suspension of the depreciation of assets used for expiring hydroelectric concessions, as illustrated in the section "Tangible assets used for large and medium-sized hydroelectric diversion concessions" in section "2.4 Basis of consolidation" of these Notes. The positive effect, net of taxes, of the aforementioned change in estimate on the 2023 income statement amounted to Euro 5,280 thousand;
- the one-year extension (and, therefore, from three to four years) of the useful life of the commissions paid to agents, subject to capitalisation under intangible assets, on the basis of a review of the dynamics highlighted by the so-called “Churn rate” of commodity sales contracts that the Group secured by paying the aforementioned commissions. The positive effect, net of taxes, of the aforementioned change in estimate on the 2023 income statement amounted to Euro 336 thousand.

5. Amendments to international accounting standards in force since 2023

New aspects for 2023 are shown in table form below.

International Accounting Standard/amendment	Effective Date
IFRS 17 Insurance Contracts and subsequent amendments	1 January 2023
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure (Amendment referring to the disclosure of accounting policies)	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment referring to changes and errors in estimates and the definition of estimates)	1 January 2023
IAS 12 Income Taxes (Amendment referring to deferred tax assets and liabilities arising from a single transaction)	1 January 2023
Amendments to IAS 12 in the context of the International Tax Reform - Pillar II (Amendment introducing a temporary exception to the recognition of deferred tax assets and liabilities arising from tax regulations implementing the Pillar II model published by the OECD, i.e. Legislative Decree 209/2023 in the case of Italy, effective after 31 December 2023 and the prospective effects of which are being examined by the Group at the date of preparation of these Consolidated Financial Statements)	Effective immediately upon issue of the changes and retroactively

The amendments to the international accounting standards that came into force in 2023 had no effect on the Consolidated Financial Statements.

6. Amendments to international accounting standards with application after 2023

The following amendments to international accounting standards with application after 2023 are reported below in table form.

Date of publication	Amendments	Subject matter

23.01.2020	IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date: 1 January 2024)
15.07.2020	IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (effective date: 1 January 2024)
22.09.2022	IFRS 16	Lease Liability in Sale and Leaseback (effective date: 1 January 2024)
31.10.2022	IAS 1	Presentation of Financial Statements: Classification of Debit with Covenants (effective date: 1 January 2024)
15.08.2023	IAS 21	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (effective date: 1 January 2025)

At present, the amendments introduced by the above Regulations are not considered to have significant impacts on the Company's consolidated financial statements.

7. Information on financial risks

Within the scope of business risks, the following main risks are identified, monitored and, as far as specified below, actively managed by the Group:

- market risk (defined as interest rate risk and risk of change in commodity prices);
- credit risk (both in relation to normal business relationships with customers and financing activities);
- exchange rate risk (essentially with reference to the bullet bond denominated in Norwegian kroner and stipulated by the Parent Company);
- liquidity risk (with reference to the availability of financial resources and access to the credit market and the market of financial instruments in general);
- operating risk (with reference to the ability to produce products and services efficiently and effectively);

- regulatory risk (with reference to regulatory changes to the regulated services in which the Group is engaged).
- risks arising from climate change (with reference to the prospects of the businesses in which the Group operates).

The Group's objective is to maintain a balanced management of its financial exposure over time, to ensure its liabilities are in balance with respect to the composition of its assets and the group has the necessary operational flexibility through the use of liquidity generated from current operating activities and the use of borrowings from banks.

The management of the related financial risks is centrally guided and monitored. Specifically, the function in charge of assessing and approving expected financial requirements, monitors the progress and, if necessary, takes appropriate corrective actions.

The following section provides qualitative and quantitative information on how these risks affect the Group.

7.1 Market risk

7.1.1 Interest rate risk

The Group uses external financial resources in the form of debt and uses the liquidity on bank deposits. Changes in interest rates levels affect the cost and return of the various forms of financing and investments, thereby affecting the Group's financial charges and income. The Group, which is exposed to interest rate fluctuations that affect the extent of borrowing costs, regularly assesses its exposure to interest rate risk and manages it by using less costly forms of financing.

At 31 December 2023, the Group's financial debt consisted, inter alia, of four tranches of Notes issued under the EMTN programme, listed on the Irish Stock Exchange. The first tranche of the bond, admitted to listing on 30 June 2016 for a nominal value of Euro 125 million and expiring on 28 June 2024, has a fixed interest rate of 1.68%. The second tranche of Notes, admitted to listing on 23 December 2016 for a nominal value of Euro 150 million and expiring on 23 December 2026, has a fixed interest rate of 2.50%. The third tranche of the bond, admitted to listing on 18 October 2017 for a nominal value of NOK 935 million and expiring on 18 October 2027, has a fixed interest rate of 2.204% as a result of hedging by a derivative. The fourth tranche of the bond, admitted to listing on 5 July 2023 for a nominal value of Euro 500 million and expiring on 5 July 2028, has a fixed interest rate of 5.701%.

In addition, the Group has various floating rate loans in place, predominantly linked to the Euribor rate plus a spread, which depends on the type of credit line used. The spreads applied are comparable to the best market standards.

7.1.2 Interest rate risk sensitivity analysis

The Group exposure to interest rate risk was measured through a sensitivity analysis that considered current and non-current financial liabilities and bank deposits. The assumptions were used to assess the impact on the Group's income statement and equity for the year ended 31 December 2023 of a hypothetical change in market rates that would respectively reflect an appreciation and a depreciation of 50 bps. The calculation method applied the hypothesis of a change in the precise balances of gross bank debt and the interest rate paid during the year to remunerate these liabilities at a variable rate. The analysis is based on the assumption of a general and instantaneous change in the level of the reference interest rates.

The results of this hypothetical, instantaneous and favourable (unfavourable) change in the level of short-term interest rates applicable to the Group's floating rate financial liabilities are shown in the table below:

(in thousands of Euros)	For the consolidated financial statements for the year ended 31 December 2023			
	Impact on profit net of tax effect		**Impact on equity net of tax effect**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Current and non-current bank loans	2,946	(2,946)	2,946	(2,946)
Total	**2,946**	**(2,946)**	**2,946**	**(2,946)**

7.1.3 Commodity risk

The commodity price risk associated with the price volatility of energy commodities (electricity, gas, fuel oil, etc.) and environmental certificates consists in the potential adverse effects that a change in the market price of one or more commodities may have on the Group's cash flows and expected profits.

The assessment of this risk involves managing and monitoring market and commodity risk, developing and evaluating structured energy products, proposing financial hedging strategies for energy risk, and supporting the management in defining appropriate management policies for this risk.

In addition, during the year the Alperia Group, through its subsidiary Alperia Trading Srl, entered into forward contracts for the purchase and sale of energy and natural gas both for trading purposes and to hedge the risk of fluctuations in energy and natural gas prices.

Accordingly, the Alperia Group recognised the total positive fair value of derivative contracts (forward contracts) as other receivables and current financial assets, and the total negative fair value of derivative contracts stipulated for trading or settlement (futures and commodity swap contracts) equal to Euro 23,296 thousand and Euro 9,619 thousand, with an overall negative effect of Euro 13,677 thousand.

Forward contracts stipulated to meet requirements to purchase or sell energy/natural gas which would be executed, on expiry, through the delivery or receipt of commodities, pursuant to IFRS 9, were not considered as derivative contracts, but instead as contract commitments to hedge price fluctuation risk ("Own use exemption"). "*Own use exemption*"). The relative net fair value at 31 December 2023 was positive (Euro 23,705 thousand) as regards contracts for the purchase and sale of electricity, and negative (Euro 10,297 thousand), as regards contracts for the purchase and sale of natural gas.

7.2 Credit risk

Credit risk represents the Group's exposure to potential losses arising from the non-fulfilment of the obligations assumed by counterparties.

The Group manages this type of risk through appropriate procedures and ad hoc mitigation actions aimed at assessing in advance the counterparty's creditworthiness and at constantly verifying compliance with the exposure limit as well as through the request for adequate guarantees.

Trade receivables are recognised net of the provision for bad debt that is calculated on the basis of the counterparty's default risk, determined on the basis of the information available on customer solvency and on historical data.

The overall exposure to credit risk at 31 December 2023 is the sum of the financial assets recognised in the financial statements, which are summarised below:

(in thousands of Euros)	**At 31 December 2023**
Trade receivables	920,738
Other receivables and other assets (current and non-current)	232,859
Bad debt provisions trade and financial receivables	(12,358)
Total	**1,141,239**

7.3 Exchange rate risk

Exchange rate risk is defined as the possibility that fluctuations in market exchange rates may produce significant changes, both positive and negative, in the value of the Group's assets.

The Group is mainly exposed to exchange rate risk only with reference to the bullet bond denominated in Norwegian kroner (NOK) issued on 18 October 2017 by the Parent Company Alperia SpA.

In order to completely neutralise the exchange rate risk relating to the aforementioned liability, on 11 October 2017 Alperia SpA stipulated a "Cross Currency Swap" derivative financial instrument, with effective date 18 October 2017. This instrument transforms – at the same due dates as the payments related to the bond issue – the coupon flows of the liability, due at a rate of 3.116% and the final flow related to the payment of the principal amount to be paid in Norwegian kroner for a total of NOK 935,000 thousand, respectively in coupon flows in Euro to be paid at 2.204% and in a final flow related to the payment of the principal amount of Euro 99,733 thousand. Owing to these characteristics, this derivative financial instrument, following the adequate preparation of the *hedge documentation,* was considered a hedge.

7.4 Liquidity risk

Liquidity risk may consist in the inability to find, at financially viable conditions, the financial resources necessary for the Group's operations. The two main factors influencing the liquidity of the Group are:

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

Prudent management of liquidity risk arising from normal operations implies maintaining an adequate level of liquidity, short-term securities and the availability of funds that can be obtained through an adequate amount of credit lines. The Group's liquidity requirements are monitored by a central function to ensure efficient funding and adequate investment of/return on liquidity.

The Group's objective is to establish a financial structure that, consistent with business objectives, ensures an adequate level of liquidity, minimising its opportunity cost and maintaining a balance in terms of maturities and type of financing.

At July 2016, the Group has established a centralised treasury system with almost all subsidiaries.

The following table analyses the financial liabilities (including trade payables and other payables), the repayment of which is expected within or after the financial year:

(in thousands of Euros)	**Type**	
	Current	**Non-current**
Borrowings from banks and other lenders	199,264	916,465
Trade payables	454,249	0
Other payables and other liabilities	83,701	69,870
Total	**737,214**	**986,335**

7.5 Operating risk

Operating risk is represented by the ability of Group companies to produce and offer their services and products on an ongoing basis and with high quality standards.

The Group seeks to ensure a high performance of its plants by adopting the most modern control methods.

The production of photovoltaic, but especially hydroelectric energy, is inevitably subject to weather conditions, and specifically to the rainfall and snowfall index that will characterise the coming years.

7.6 Regulatory risk

With reference to the regulated sectors in which the Group companies are engaged, there are specific functions dedicated to monitoring changes in sectoral legislation, to ensure its timely and correct application.

7.7 Risks from climate change

As mentioned previously, aware of how crucial climate change can be for its business, the Group decided to launch the "Climate Change" project in 2022, which aims to identify and assess the risk factors in relation to the ongoing structural climate change that is having long-term repercussions on the Group's assets and activities. (i) An Austrian company specialising in sustainable finance, ESG management and decarbonisation and (ii) the European Academy of Bolzano - EURAC were appointed for the assessment.

It can be said, however, that climate change is not expected to have significant impacts on Group company operations, at least in the short term.

7.8 Fair value measurement

With regard to financial instruments measured at fair value, the following table provides information on the method chosen for determining the fair value. The applicable methods can be broken down in the following levels, which depend on the source of available information, as described below:

- level 1: fair value calculated on the basis of quoted prices (unadjusted) on active markets for identical financial instruments;
- level 2: fair value calculated using valuation techniques that make use of variables observable on active markets;
- level 3: fair value calculated using valuation techniques that make use of unobservable market variables.

The Group's financial instruments measured at fair value are classified in Level 2 and the general criterion used to calculate fair value is the present value of the expected future cash flows of the instrument being assessed.

The table below shows the assets and liabilities measured at fair value at 31 December 2023:

(in thousands of Euros)	At 31 December 2023		
	Level 1	**Level 2**	**Level 3**
Cross Currency Swap	0	(16,428)	0
Tail - end call on bonds	0	0	629
Energy/natural gas financial instruments – net fair value	0	(13,677)	0
Non-Qualified Equity Interests	0	0	60

With reference to the above table:

- the first row refers to the only derivative financial instrument entered into as part of a hedging transaction designed to hedge the exchange rate risk arising from fluctuations in the NOK quotation parameter (cash flow hedging) in relation to a bond issued by Alperia SpA and listed on the Irish Stock Exchange. Both the hedging item and the hedged item have a bullet profile.
- the second row includes the best estimate of the fair value of a tail – end call option embedded in the fourth tranche of the bond issued in 2023, which was separated off pursuant to IFRS 9 as it does not have the characteristics to be considered a derivative financial instrument closely related to the primary debt instrument;
- the third row relates to financial derivative assets on commodities with the fair values indicated in the previous section "7.1.3 Commodity risk".

Trade receivables and payables have been valued at carrying amount as it approximates the current value.

The following table provides a breakdown of financial assets and liabilities by category at 31 December 2023:

(in thousands of Euros)	**Financial assets/liabilities measured at fair value through profit or loss**	**Financial assets/ liabilities measured at fair value recognised in equity**	**Liabilities measured at amortised cost**	**Total**
Current assets				
Cash and cash equivalents	0	0	52,809	**52,809**
Trade receivables	0	0	910,233	**910,233**
Other current receivables and financial assets	1,242	22,055	175,353	**198,649**
Non-current assets				
Other non-current receivables and financial assets	629	0	31,728	**32,357**
Current liabilities				
Trade payables	0	0	454,249	**454,249**
Current borrowings from banks and other lenders	1,716	7,903	189,645	**199,264**
Current tax liabilities	0	0	0	**0**
Other current payables	0	0	83,701	**83,701**
Non-current liabilities				
Non-current borrowings from banks and other lenders	0	16,428	900,038	**916,465**
Other non-current payables	0	0	69,870	**69,870**

It should be noted that the items "Other non-current receivables and financial assets", "Current borrowings from banks and other lenders" and "Non-current borrowings from banks and other lenders" shown in the table include the fair value of derivative financial instruments entered into by the Group.

In addition, the accounting model applicable to the Cross Currency Swap derivative financial instrument entered into by the Group to hedge the risk of exchange rate fluctuations and classified in the above table in the sub-item "Financial assets/liabilities measured at fair value recognised in equity" provides, since it is part of an effective "Cash flow hedging" relationship:

- the recording in profit or loss of the portion of the change in its fair value that corresponds to the – opposite sign – change highlighted following the conversion of the hedged bond at year-end exchange rates (also recorded in profit or loss);

- recognition in the cash flow hedging reserve of the remaining portion of the change in fair value.

8. Operating segment reporting

The identification of the operating segments and the related information contained in this paragraph was based on elements used by the management to make its operating decisions. Specifically, the internal reporting periodically reviewed and used by the Group's chief decision-makers refers to the following operating segments:

- Production (hydropower and photovoltaics);
- Sale (electricity, natural gas, heat and various services);
- Trading (electricity, natural gas and related certificates/securities of various kinds);
- Networks (distribution and transmission of electricity, natural gas distribution);
- Heat and services (cogeneration, district heating and biomass plants);
- Smart Regions (Smart Land areas, photovoltaics and energy efficiency).

The operating segments performance is measured by analysing revenues and EBITDA, which is defined as profit for the period before amortisation/depreciation, provisions for risks, impairment of assets, financial income and charges and taxes. Specifically, the management believes that EBITDA provides a good indication of performance as it is not affected by tax legislation and amortisation/depreciation policies. EBITDA is reported according to the "view by responsibility" of the various Business Units.

The income and cost information by operating segment continuing operations is provided below:

(in millions of euros)	Gener.	Networks	Sale	Trading	Heat and Services	Smart Regions	Eliminations	Total
Total revenues and other income	193.0	110.6	1,503.5	1,646.5	110.8	465.3	(1,304.7)	**2,725.0**
EBITDA BY OPERATING SEGMENT (*)	44.8	41.7	29.5	171.8	16.0	23.8		**327.6**
% of revenues and other income	23.19%	37.71%	1.96%	10.43%	14.46%	5.12%		12.02%

(*) The figure for 2023 has been normalised, including the effects related to recognising the balances of Biopower Sardegna Srl under Discontinuing operations.

9. Notes to the Statement of Financial Position

9.1 Concessions, goodwill and other intangible assets

Changes in "Concessions and software licences", "Assets under construction and advances" and "Other intangible assets" for 2023 and 2022 are shown below:

(in thousands of Euros)	Concessions and software licences	Goodwill	Assets under construction and advances	Other intangible assets	Right of Use IFRS 16	Total
Balance at 31 December 2021	**457,730**	**83,110**	**31,402**	**4,173**	**49**	**576,464**
Increases/Decreases historical cost	46,024	124	(31,010)	2,409	0	**17,547**
Change in the scope of consolidation	3	24,091	0	76	0	**24,170**
Amortisation	(48,549)	0	0	(1,504)	(6)	**(50,060)**
Write-downs	0	(749)	0	0	0	**(749)**
Balance at 31 December 2022	**455,208**	**106,576**	**392**	**5,154**	**42**	**567,372**
Historical cost	779,874	197,390	392	13,764	68	991,488
Accumulated depreciation	(324,666)	(84,194)	0	(8,610)	(26)	(417,496)
Bad debt provisions	0	(6,620)	0	0	0	(6,620)

(in thousands of Euros)	**Concessions and software licences**	**Goodwill**	**Assets under construction and advances**	**Other intangible assets**	**Right of Use IFRS 16**	**Total**
Balance at 31 December 2022	**455,208**	**106,576**	**392**	**5,154**	**42**	**567,372**
Increases/Decreases historical cost	6,888	0	3,136	7,767	46	**17,838**
Reclassification into "Discontinuing operations"	0	(1,249)	0	0	0	**(1,249)**
Amortisation	(58,094)	0	0	(3,518)	(8)	**(61,620)**
Write-downs	(1,137)	(45)	0	0	0	**(1,182)**
Reversal of provisions for write-downs	0	45	0	0	0	**45**
Balance at 31 December 2023	**402,866**	**105,327**	**3,528**	**9,403**	**80**	**521,204**
Historical cost	786,437	190,743	3,528	21,196	114	1,002,018
Accumulated depreciation	(382,434)	(84,967)	0	(11,792)	(34)	(479,227)
Bad debt provisions	(1,137)	(450)	0	0	0	(1,587)

As can be seen from the table above, the main changes in the year refer to:

- investments in IT applications (sub-items "Software concessions *and licenses*" and "Assets under construction and advances") – partly started during previous years;
- the capitalisation of commissions and fees recognised for obtaining or acquiring long-term commodity supply agreements;
- the transfer of the goodwill of Biopower Sardegna Srl to "Discontinuing operations", as described in more detail in section "9.10 Assets and liabilities held for sale and Discontinuing Operations" of these Notes;
- an adjustment made to intangible assets relating to hydroelectric concessions, which became necessary following the impairment test.

9.2 Tangible assets

The changes in the items "Tangible assets" for 2023 and 2022 are reported below:

(in thousands of Euros)	**Land and building**	**Plants and machinery**	**Industrial and commercial equipment**	**Other assets**	**Tangible assets under construction and advances**	**Right of Use IFRS 16**	**Total**
Balance at 31 December 2021	**155,079**	**622,453**	**2,121**	**8,877**	**148,466**	**39,900**	**976,898**
Increases historical cost	9,199	95,387	244	1,534	42,456	688	**149,507**
Decreases historical cost	(32)	(30,276)	(27)	(664)	(209)	(713)	**(31,922)**
Decreases – accumulated depreciation	6	24,944	20	585	0	713	**26,269**
Change in the scope of consolidation	28	2	3	194	0	467	**695**
Amortisation	(4,859)	(45,768)	(408)	(2,134)	0	(3,449)	**(56,618)**
Write-downs	(357)	(810)	0	(4)	0	0	**(1,172)**
Reversal of provisions for write-downs	0	163	0	0	0	0	**163**
Balance at 31 December 2022	**159,064**	**669,503**	**1,952**	**8,456**	**190,713**	**37,606**	**1,067,262**
of which:							
Historical cost	264,552	1,931,669	8,943	37,729	190,713	50,905	2,484,512
Accumulated depreciation	(104,412)	(1,251,133)	(6,991)	(29,273)	0	(13,299)	(1,405,107)
Bad debt provisions	(1,076)	(11,033)	0	0	0	0	(12,109)

(in thousands of Euros)	**Land and building**	**Plants and machinery**	**Industrial and commercial equipment**	**Other assets**	**Tangible assets under construction and advances**	**Right of Use IFRS 16**	**Total**

Balance at 31 December 2022	**159,064**	**669,503**	**1,952**	**8,456**	**190,713**	**37,606**	**1,067,262**
Increases historical cost	9,078	203,799	447	2,628	(59,190)	2,908	**159,672**
Decreases historical cost	(1,134)	(24,043)	(85)	(882)	(571)	(2,622)	**(29,338)**
Decreases – accumulated depreciation	103	22,064	68	656	0	2,412	**25,304**
Reclassification into “Discontinuing operations”	(754)	(2,961)	(8)	0	0	0	**(3,723)**
Amortisation	(4,390)	(37,431)	(407)	(2,370)	0	(3,235)	**(47,832)**
Write-downs	0	(1,482)	0	0	0	0	**(1,482)**
Reversal of provisions for write-downs	0	1,564	0	0	0	0	**1,564**
Balance at 31 December 2023	**161,967**	**831,014**	**1,970**	**8,456**	**130,952**	**37,069**	**1,171,428**
of which:							
Historical cost	269,799	2,057,623	9,239	39,436	130,952	51,190	2,558,240
Accumulated depreciation	(107,829)	(1,215,658)	(7,270)	(30,980)	0	(14,122)	(1,375,858)
Bad debt provisions	(3)	(10,950)	0	0	0	0	(10,953)

With reference to the table above, we point out that:

- the increases in tangible assets in 2023 mainly refer to renovation work on the hydropower power plants of Lana, Bressanone, Cardano, Lasa and Pontives, undertaken by the company Alperia Greenpower Srl, and the plant at Glorenza, operated by Alperia Vipower Spa, as well as increases in the low and medium-voltage network of the company Edyna Srl, to the district heating system of the company Alperia Ecoplus Srl, and to investments in machinery and plants to install at customers sites, in the context of Energy Performance Contracts, undertaken by Alperia Green Future Srl;
- the decreases essentially relate to the disposal of the replaced assets in the context of the renovation work and increases referred to in the previous point;

- for further information on the inclusion of the tangible assets of Biopower Sardegna Srl in "Discontinuing operations", please refer to section "9.10 Assets and liabilities held for sale and Discontinuing Operations" of these Notes;
- write-downs are partly as a result of the adjustment to the value of assets that are expected to be replaced by Edyna Srl (Euro 937 thousand) and Alperia Ecoplus Srl (Euro 34 thousand) and, for the remainder, are essentially attributable to an *asset* underlying an *Energy Performance Contract* of Alperia Green Future Srl, the carrying value of which is not considered fully recoverable, due to the customer's situation (Euro 511 thousand);
- The sub-item "Reversal of provisions for write-downs" refers to the utilisation of provisions set aside in the past for the replacement of Group assets, in connection with the occurrence of this event in 2023.

The sub-item "Right of Use", which arose in the first half of 2019 as a result of IFRS 16 First Time Adoption, mainly relates to concessions for the large-scale diversion of hydroelectric power assigned to various companies of the Alperia Group following a tender, after their expiry. According to IFRS 16, the concessions in question qualify as contracts containing a leasing component referring to the so-called "Wet works", consisting of the collection and regulation works, penstocks and drainage channels which, on the occasion of their original expiry, passed to the grantor body pursuant to Article 25(1) of Royal Decree 1775/1933.

9.3 Investments

The breakdown of the item "Investments" is provided below:

(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**
Investments in associates or joint ventures	35,808	36,514
Investments in other companies	60	60
Total	**35,868**	**36,575**

The changes in investments in associates or joint ventures subject to joint control recognised using the equity method are reported below:

(in thousands of Euros)	**% of share capital at 31 December 2023**	**Registered office**	**At 31 December 2022**	**Changes in the scope of consolidation**	**Recapitalisations**	**Valuation effect equity method (income statement)**	**At 31 December 2023**
Teleriscaldamento di Silandro Srl	49.00	Bolzano – Italy	5,654	0	0	329	5,983
I.I.T. Bolzano Scarl	47.68	Bolzano – Italy	469	0	488	(617)	341
SF Energy Srl	50.00	Rovereto (Trento) - Italy	23,999	0	0	(610)	23,388
Azienda Elettrica Campo Tures Scarl	49.00	Campo Tures (Bolzano) - Italy	257	0	0	0	257
Enerpass Scarl	34.00	San Martino in Passiria (Bolzano) – Italy	5,294	0	0	0	5,294
Centrale Elettrica Moso Scarl	25.00	Moos in Passeier (Bolzano) - Italy	434	0	0	(43)	391
Neogy Srl	50.00	Bolzano – Italy	(54)	0	500	(701)	(255)
Alpen 2.0 Srl	42.86	Turin - Italy	185	0		(1)	184
Care4U Srl	24.70	Bolzano – Italy	271	0	0	(102)	169
AlpsGo Srl	24.90	Bolzano – Italy	0	50	0	0	50
Balma Srl	21.43	Turin - Italy	6	0	0	0	6
Total			**36,514**	**50**	**988**	**(1,744)**	**35,808**

As shown in the table above, the changes in investments in associates or joint ventures recognised using the equity method during 2023 were attributable to:

- the subscription of a capital increase in I.I.T. Bolzano Scarl (at the date of this note, the company name was I.I.T. Hydrogen Srl), as well as a waiver of a shareholder capital contribution undertaken – equally with respect to the other shareholder – in the joint venture Neogy Srl;

- the establishment, by deed dated 27 June 2023, of the company ALPSGO Srl, intended to operate in the sector of mobility services complementary to local public transport;
- the effects of using the equity method to measure individual investees.

The following table, instead, shows the situation of investments in other companies:

(in thousands of Euros)	**% of share capital at 31 December 2023**	**Registered office**	**At 31 December 2022**	**Change in the scope of consolidation**	**Value adjustments**	**At 31 December 2023**
Medgas Italia Srl	9.61	Rome – Italy	0	0	0	0
BIO.TE.MA Srl in liquidation	11.43	Rome – Italy	0	0	0	0
Banca Popolare Alto Adige	N.A.	Bolzano – Italy	19	0	0	19
Conai	N.A.	Bolzano – Italy	0	0	0	0
JPE 2010 Scrl	2.90	Turin - Italy	14	0	0	14
Art Srl	5.00	Parma - Italy	27	0	0	27
Total			**60**	**0**	**0**	**60**

As shown in the table above, the carrying amounts of investments in other companies did not change in 2023.

9.4 Deferred tax assets and liabilities

The following table provides a breakdown of the items on which deferred tax assets and liabilities were calculated at 31 December 2023 and 2022:

(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**
Amortisation	18,672	19,034
Provision for bad debts	4,136	2,304
Performance bonus	1,337	1,327
Provision for pension obligations	631	585
Write-down of fixed assets	3,461	3,311
Write-down of inventories	1,335	4,663
Deferred income from connection fees	19,807	18,635
Provisions for contracts for a consideration	137	72
Provisions for risks and charges	11,290	13,543
Other	1,042	564
Deferred tax assets with balancing entry in the income statement	***61,848***	***64,037***
Hedging derivatives	11,919	88,836
Impairment of receivables - FTA IFRS 9	249	249
Amortised cost - FTA IAS/IFRS	43	43
Staff provisions - FTA IAS/IFRS	175	154
Deferred tax assets with balancing entry in equity	***12,386***	***89,282***
Total deferred tax assets	**74,234**	**153,319**
Concessions	99,336	106,603
Amortisation	9,202	8,426
Other	1,404	1,994
Deferred tax liabilities with balancing entry in the income statement 117,023	***109,942***	
Hedging derivatives	811	1,651
TFR – FTA IAS/IFRS	590	388
Deferred tax liabilities with balancing entry in equity	***1,401***	***2,039***
Total deferred tax liabilities	**111,343**	**119,062**

As shown in the table, no significant changes occurred in 2023 with reference to these items, except for the reversal of significant deferred tax assets recognised with a balancing entry in equity with reference to commodity derivatives accounted for using the hedge accounting model, as a result of the decreasing fluctuation of the fair value.

9.5 Other non-current receivables and financial assets

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

(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**
Initial margin future	5,676	23,174
Receivables from local authorities	825	1,032
Receivables from associates	15,489	10,693
Financial receivables from other companies	182	5,260
Provision for other bad debts (financial)	(182)	(182)
Tax receivables related to tax benefits	8,652	3,591
Financial derivatives	629	0
Other receivables	2,078	3,000
Other bad debt provision	(992)	(992)
Total	**32,357**	**45,577**

With reference to the above table:

- the sub-item "Initial margin future" is attributable to the so-called "Initial deposit" set up at the European Commodity Clearing for the fulfilment of margin requirements in relation to the commodity futures activity of the company Alperia Trading Srl, the variation of which is attributable to multiple variables (market volatility, spread, etc.) and is connected to the dynamics affecting the volume of financial derivative futures stipulated by the company;
- at 31 December 2023, the sub-item "Receivables from associates" mainly included a receivable from the associated company SF Energy Srl, linked to a loan granted together with the other joint shareholder, increased by Euro 4,000 thousand in 2023;
- the sub-item "Financial receivables from other companies" at 31 December 2023 mainly included the balance arising from the sale of *assets* included in a business unit consisting of fibre optic plants during 2020, the consideration for which is to be collected in instalments by the end of 2029 with accrued interest. In 2023, this item was carried forward to "Other receivables and other current financial assets" as the receivable became contractually payable in the short term;

- tax receivables related to tax benefits are composed of the portion that the Group expects to collect (through sale to third parties) or that may be used to offset tax payables beyond 2024, of the receivables from the tax benefits acquired by the Group companies operating in the subsidised building and energy efficiency sectors. The relative increase is partly linked to the decision – adopted in 2023 – to allocate some items that were expected to be sold at the end of 2022 to offsetting against tax debts;
- the sub-item "Other receivables" is mainly composed of deposits and advances.

9.6 Trade receivables

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

(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**
Trade receivables	915,599	878,765
Amounts due from associates	5,138	5,357
Bad debts provision	(10,505)	(10,349)
Total	**910,233**	**873,773**

Trade receivables, net of the bad debt provision, mainly include receivables from customers and accruals for invoices and credit notes to be issued. The increase reported by the same in 2023 is mainly attributable to the significant increase in the operations of the Group's companies active in the energy efficiency and subsidized housing sectors, linked to the market context, largely offset by the contraction in receivables of commodity sales companies of the Group, deriving from the significant decrease in electricity and natural gas prices as well as from the lower quantities of commodities sold.

The criteria for adjusting receivables to their estimated realisable value take into account different valuations according to the state of the dispute, as well as the requirements of the International Accounting Standard IFRS 9, starting from 2018.

The provision for trade receivables showed the following movements in 2023:

(in thousands of Euros)	**Bad debts provision**
At 31 December 2022	**10,349**
Provisions	4,171
Releases	(1,738)
Applications	(2,277)
At 31 December 2023	**10,505**

The provision for bad debts was determined on the basis of an analytical valuation of items showing signs of impairment, plus a further value adjustment calculated on a lump-sum basis using historical loss rates since the Alperia Group was established, for receivables not subject to previous analytical valuation.

9.7 Inventories

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

(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**

Raw, ancillary and consumable materials	9,680	26,237
Contract work in progress	61,642	170,603
Finished products and goods	5,193	5,206
Advance payments	0	171
Provisions for inventory write-down	(5,450)	(18,627)
Total	**71,065**	**183,591**

The evident decrease in inventories of raw materials, ancillary materials and consumables, amounting to Euro 9,680 thousand at 31 December 2023, is primarily related to the reduction in "Discontinuing operations" of stocks of palm oil and spare parts of Biopower Sardegna Srl, as better illustrated in section "9.10 Assets and liabilities held for sale and Discontinuing Operations" of these Notes.

Contract work in progress, amounting to Euro 61,642 thousand, mainly refers to contracts for works planning and management. The significant decrease in the relative balance during the year under review is attributable to the end of the so-called "Superbonus" (in its original configuration) at the end of 2023, which required the timely completion of related works. This category of inventories is mainly related to a significant amount (Euro 3,971 thousand) of the provision for write-downs, recognised in accordance with the accrual basis of accounting, the effect of the discount that will be applied to the nominal value of receivables for tax benefits, which are part of the contract consideration, at the time of their transfer to financial intermediaries by the Group.

Finished products and goods include mainly inventories of Energy Efficiency Certificates and Certificates of Origin held by the Alperia Group companies Edyna Srl and Alperia Trading Srl, as well as stocks of natural gas held by Alperia Trading Srl.

9.8 Cash and cash equivalents

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

(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**
Bank and postal deposits	52,722	250,958
Cash on hand	87	139
Total	**52,809**	**251,097**

For further information regarding the reasons for the change compared to the previous year, please refer to the cash flow statement and the description of financial debt of the Group in section "9.14 Payables to banks and other lenders (current and non-current)" of these Notes.

9.9 Other current receivables and financial assets

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

(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**
Value added tax credits, requested as refunds	3,198	3,677
Miscellaneous tax receivables	30,681	8,389
Tax receivables related to tax benefits	40,123	29,755
Receivables from GSE for incentives and environmental certificates	4,716	6,559

Allowance for doutbful accounts regarding GSE for environmental incentives and certificates	(861)	(861)
Energy and Environmental Services Fund	23,721	23,045
Receivables from Edison SpA	0	5,733
Prepaid hydroelectric and river fees	7,150	6,234
Advances and deposits to suppliers	15,751	17,074
Other accrued income and prepaid expenses	12,247	12,019
Financial derivatives on commodities	23,296	58,803
Deposits for derivative transactions	0	75,763
Current receivables from credit institutions	18,286	19,905
Financial receivables from associates	5,000	2,750
Financial receivables from other companies	5,877	454
Securities	525	531
Other miscellaneous receivables	8,939	8,475
Total	**198,649**	**278,307**

With reference to the table above, we point out that:

- the increase in miscellaneous tax receivables is mainly attributable to the fact that IRES, IRAP and amounts related to excise duties on electricity, which were payable at 31 December 2022, became receivables at the end of 2023;
- Tax receivables related to tax benefits are composed of the portion that the Group expects to collect (through sale to third parties) or that may be used to offset tax payables beyond 2024, of the receivables from the tax benefits acquired by the Group companies operating in the subsidised building and energy efficiency sectors;
- the receivable from Edison S.p.A., amounting to Euro 5,733 thousand, recognised at 31 December 2022 with reference to the amount retained by this company in the context of a previous extraordinary transaction, was offset in 2023 against the related provision following the arbitration award illustrated in the section "Contingent liabilities on extraordinary transactions" of the Report on Operations;
- prepayments for hydroelectric fees refer mainly to the portion for 2024 of fees paid in 2023 for various hydroelectric power plants operated by Alperia Greenpower Srl and Alperia Vipower Spa;

- the sub-item "Other accrued income and prepaid expenses" refers nearly entirely to the recognition of expenses for fees and licences related to the implementation of applications as part of the digitalisation project started by the Group in 2018. The relative slight increase is related to the company's operations;
- the sub-items "Financial derivative assets on *commodities*" and "Deposits for derivative transactions" refer to the total *fair value* of the forward purchase and sale agreements of energy and natural gas illustrated in section "7.1.3 *Commodity* risk" of these Notes with a positive sign, and to the value of *the variation margins* cumulatively paid (which, in 2023, became a liability recognised in the balance sheet item "Current borrowings from banks and other lenders"). The decrease in these balances in 2023 is strictly related to the trend of transactions on the European Energy Exchange, in terms of the volumes of commodities comprising the notional amounts of the financial derivatives stipulated on this exchange and the dynamics of related prices;
- current receivables from credit institutions consist of items – collected in January 2024 – arising from the transfer to third-party counterparties of receivables for tax benefits;
- the sub-item "Financial receivables from associates" mainly refers to an outstanding exposure with the company Neogy Srl;
- for further information on the increase in the sub-item "Financial receivables from other companies", please refer to section 9.5 "Other non-current receivables and financial assets" of these Notes with reference to the financial item included in this item;
- Other receivables, amounting to Euro 8,939 thousand at 31 December 2023, mainly include items related to the application of IFRS 16 to contract income, other security deposits, as well as receivables from employees and social security institutions.

9.10 Assets and liabilities held for sale and Discontinuing Operations

Following the sale of the investment in Edyna Transmission Srl (subsequently renamed Rete Nord Srl) mentioned in section "2.3 Scope of consolidation and changes" of these Notes, the items in question at 31 December 2023 only included items referring to the company Biopower Sardegna Srl.

In 2023, these were included in discontinuing operations, as the Group entered into a preliminary agreement in December 2023 for the sale of the entire shareholding to third parties subject to conditions precedent. The closing of the transaction is scheduled for April 2024.

(in thousands of Euros)	**Biopower Sardegna Srl**
Tangible and intangible assets	1,129
Other current and non-current assets	16,092
Total assets	**17,221**
Provisions for risks and charges	804
Other current and non-current liabilities	2,558
Total liabilities	**3,362**

The net carrying amounts of groups being disposed of are considered overall as being at least equal to the relative fair values net of costs to sell.

9.11 Equity

The changes in equity reserves are presented in these Consolidated Financial Statements. At 31 December 2023, the share capital of the Parent Company Alperia SpA amounted to Euro 750 million, consisting of 750 million ordinary shares with a par value of Euro 1 each.

The following table shows the reconciliation between the equity and the result for the period of Alperia SpA and the equity and the result for the period of the Group at 31 December 2023.

(in thousands of Euros)	**Profit (loss) for the period**	**Equity**
Result for the period and equity of the Parent Company	**39,558**	**899,679**
Elimination of the carrying amount of consolidated investments		
Contribution value of investments in aggregate	140,635	1,248,553
Effects of elimination of equity investments and any allocation of higher value	(4,411)	(922,769)
Effects on other equity investments		
Valuation of equity investments using the equity method	(1,441)	3,353
Elimination of the effects of transactions between consolidated companies		
Elimination of dividends	(77,323)	0
Elimination of gains from the sale of property realised in previous years	149	(6,311)
Elimination of capital gains from the sale of an intragroup business unit	15	(46)
IAS/IFRS alignment effects		
Measurement of contributions on connections pursuant to IFRS 15	(2,994)	(50,481)
Adoption of IFRS 16	(177)	(437)
Adoption of IAS 20	(1,312)	562
Reversal of statutory goodwill amortisation in accordance with IAS 38	2,368	23,714
Measurement of severance indemnities and employee benefits in accordance with IAS 19	3	113
Put & call options on investments IFRS 10	(1,982)	(3,680)
Impacts arising from the change in the scope of consolidation		
Cessione Edyna Transmission Srl	(5,854)	0
Liquidazione Bluepower Connection Srl	(88)	0
Other effects		
Various minor effects	(2,085)	(6,335)
Result for the period and consolidated equity	**85,062**	**1,185,915**
Result for the period and equity attributable to non-controlling interests	***838***	***26,528***
Result for the period and equity attributable to owners of the parent	***84,223***	***1,159,387***

9.12 Provisions for risks and charges

The item "Provisions for risks and charges" amounted to Euro 49,331 thousand at 31 December 2023; its breakdown is presented below:

(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**
IMU/ICI/IMI Fund	110	220
Provision for environmental expenses	12,222	13,343
Performance bonus provision	5,659	5,626
Other provisions for risks and charges	31,339	51,734
Total	**49,331**	**70,923**

The "IMU/ICI/IMI Fund", amounting to Euro 110 thousand, was allocated to the subsidiary Alperia Greenpower Srl following the publication of Land Registry Circular 6/2012 of 30 November 2012 "Determination of land registry income of special and specialised property units: technical and estimate aspects", which redefined the criteria for estimating land registry income of facilities and buildings. Since the end of 2016, several South Tyrolean Municipalities have submitted assessment notices for previous years, against which, since the beginning of 2017, Alperia Greenpower Srl has promptly filed the necessary appeals or appeals/complaints for mediation purposes where required. In 2018 - 2022, the company settled its outstanding positions with various Municipalities and paid the agreed fees accordingly.

The "Provision for environmental expenses", amounting to Euro 12,222 thousand, was set up mainly due to the commitments undertaken in the concession regulations signed between Alperia Greenpower Srl and Alperia Vipower Spa, on the one hand, and the Autonomous Province of Bolzano and riverside/lakeside Municipalities, on the other, in terms of environmental improvement measures. These agreements provide that the works in question are partially carried out by the Companies, which retain the costs incurred for this purpose from the fee for environmental improvement measures paid annually to the coastal Municipalities.

The “Provision for performance bonuses”, equal to Euro 5,659 thousand, was set aside to cover the estimate for employee bonuses for 2023.

“Other provisions for risks and charges”, amounting to Euro 31,339 thousand, mainly include:

- Euro 6,338 thousand, referring to the negative balance for 2022 concerning the reinstatement of generation costs pertaining to Alperia Trading Srl as user of the dispatching of the plant located in Ottana (Nuoro) owned by the Alperia Group company, Biopower Sardegna Srl, pursuant to ARERA Resolution 111/2006 (as amended);
- Euro 4,123 thousand, relating to contracts for a consideration related to the decision to anticipate the replacement of certain IT applications, as better illustrated in section "4. Changes in estimates" of these Notes;
- Euro 3,559 thousand, relating to the best estimate of the costs for work under warranty to be carried out in the future, relating to works carried out by 31 December 2023, by Alperia Green Future Srl;
- Euro 3,510 thousand, mainly for potential charges related to claims concerning ongoing disputes;
- Euro 3,500 thousand, referred to charges expected in relation to the negative trend of some of the Group's businesses.

The changes in this item during 2023 are summarised in the table below:

(in thousands of Euros)	**Provisions for risks and charges**

At 31 December 2022	70,923
Reclassification into "Discontinuing operations"	(588)
Provisions	25,070
Reclassifications under payables	(16,335)
Releases	(2,397)
Applications	(27,342)
At 31 December 2023	**49,331**

With reference to the above table:

- the transfer of provisions concerning the company Biopower Sardegna Srl to "Discontinuing operations", took place as described in more detail in section "9.10 Assets and liabilities held for sale and Discontinuing Operations" of these Notes;
- the provisions made in 2023 mainly refer to the employee bonus accrued in the period, to allocations to the provision for environmental expenses, made by the companies Alperia Greenpower Srl and Alperia Vipower Spa, as well as to the previously mentioned provisions for contracts for a consideration/disputes with Edison Spa and guarantees allocated, respectively, by Alperia Spa and Alperia Green Future Srl;
- the reclassifications under payables refer to the provision for litigation with Edison Spa, as well as a provision for charges allocated in previous years to comply with the commitments made to a South Tyrol multi-utility company under a memorandum of understanding signed in previous years;
- amounts released mainly relate to the provision for the reintegration of generation costs described above;
- the uses mainly concern the provision for performance bonuses, the provision for environmental expenses, the provision for the reintegration of generation costs and the

provision for litigation with Edison Spa (the latter for the write-off of a receivable that became uncollectible in the context of the arbitration award referred to above), previously illustrated.

9.13 Employee benefits

The item "Employee Benefits" at 31 December 2023 includes Euro 8,822 thousand of the provision for Employee Severance Indemnities and Euro 2,748 of the provision for personnel expenses that covers the actuarial valuation of liabilities associated with defined benefit plans within the Group relating to: (i) the loyalty bonus, due to employees who remain in service for a certain number of years, and (ii) additional monthly payments, due to employees hired before 24 July 2001.

The changes in the provision for Employee Severance Indemnities at 31 December 2023 are presented below:

(in thousands of Euros)	**At 31 December 2023**
At 31 December 2022	9,492
Provisions	725
Change in the scope of consolidation	0
Applications	(1,672)
Actuarial (profits) / losses	276
Total	**8,822**

The table below contains the detailed economic and demographic assumptions used for the actuarial valuations of the employee severance indemnities:

Annual technical discount rate	3.17%
Annual inflation rate	2.0%
Mortality tables	State General Accounting Department RG48 Mortality Table
Annual rate of overall salary increase	3.0%
Annual rate of increase in employee severance indemnity	3.0%

The table below contains a sensitivity analysis of the liability at 31 December 2023, in which the above assumptions are taken as a base scenario, increasing and decreasing the inflation rate and discount rate by 0.5% respectively. The results obtained are summarised in the following tables:

(in thousands of Euros)	At 31 December 2023	
	Inflation rate	
	0.5%	**-0.5%**
Provision for post-employment benefits	**8,967**	**8,789**

(in thousands of Euros)	At 31 December 2023	
	Discount rate	
	0.5%	**-0.5%**
Provision for post-employment benefits	8,542	9,237

The changes in the provision personnel expenses at 31 December 2023 are presented below:

(in thousands of Euros)	At 31 December 2022	Provisions	Applications	Discount effect	At 31 December 2023
Loyalty bonus	956	115	(64)	89	1,096
Additional monthly payments	1,293	88	(171)	141	1,351
Provision for indemnities	152	148	0	0	300
Total	**2,402**	**352**	**(235)**	**230**	**2,748**

9.14 Borrowings from banks and other lenders (current and non-current)

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

(in thousands of Euros)	At 31 December 2023			At 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings from banks and other lenders	40,186	131,554	171,740	492,030	511,067	1,003,097
Debenture loan	140,566	729,386	869,952	102,343	362,347	464,690
Financial derivative contracts	9,619	16,428	26,047	210,585	7,143	217,728
Liabilities due to the adoption of IFRS 16	2,779	37,528	40,307	3,297	37,352	40,649
Other financial liabilities	6,114	1,570	7,684	0	1,531	1,531
Total	**199,264**	**916,465**	**1,115,729**	**808,256**	**919,440**	**1,727,696**

Borrowings

The breakdown of borrowings from banks at 31 December 2023 with reference to both the non-current and the current portion is presented below:

(in thousands of Euros)	Date taken out	Maturity date	Rate	Spread	Amount granted	At 31 December 2023
BEI	21/10/2014	21/10/2026	1.80%	-	25,000	9,294
BEI	21/10/2014	21/10/2025	2.00%	-	50,000	12,585
BEI	31/08/2021	28/08/2037	0.896%	-	48,850	48,999
"RCF INTESA"	03/11/2022	03/11/2025	Euribor 3 m	1.40%	480,000	100,175
BANCA INTESA	15/11/2017	18/10/2027	1.97%	-	600	240
BANCA DEL PIEMONTE	23/12/2020	01/01/2024	1.50%	-	300	300
OTHER PAYABLES						277
TOTAL						**171,870**
Incidental expenses on loans (amortised cost)						(130)
Borrowings from banks and other lenders (short and long term)						**171,740**

The significant decrease in 2023 in payables to banks and other lenders – from Euro 1,003,097 thousand to Euro 171,740 thousand – is attributable to the full repayment of the Bridge to Bond and Term Loan lines, which were part of the pooled loan taken out by the Parent Company in November 2023, made possible by the issue of a green bond, as better illustrated in section on "Bonds".

It should be noted that some loans provide for the commitment to maintain an investment grade rating of Alperia Spa or provide for a review – both in terms of improvement and deterioration – of the interest rate applied to them, depending on changes in the aforementioned rating. It should be noted that on 21 June 2023, the rating agency Fitch confirmed Alperia Spa's long-term rating at BBB (and a negative outlook), thus confirming the investment grade rating.

Debenture loan

At 31 December 2023, the Parent Company issued bonds for a total amount of about Euro 875 million. At the same maturity date, the company of the Hydrodata Spa Group also had a debenture loan in place for Euro 300 thousand. The bond issues in question are summarised below in table form:

(in thousands of Euros)	**Date taken out**	**Maturity date**	**Rate**	**Amount**
Tranche 1 (Alperia Spa)	30/06/2016	28/06/2024	1.680%	125,000
Tranche 2 (Alperia Spa)	23/12/2016	23/12/2026	2.500%	150,000
Tranche 3 (Alperia Spa)	18/10/2017	18/10/2027	2.204%	99,920
Tranche 4 (Alperia Spa)	05/07/2023	05/07/2028	5.701%	500,000
Tranche 5 (Hydrodata Spa)	30/06/2020	31/12/2025	variable	300
				875,220
Incidental expenses (amortised cost)				11,470
Foreign exchange effect **(*)**				(16,738)
				869,952

(*) The bond issue carried out in October 2017 by Alperia SpA as part of the current EMTN programme took place in Norwegian kroner (NOK). As described in section "7.3 Exchange rate risk" of this report, the risk of fluctuations in the issue exchange rate of the tranche in question and therefore the impact on the income statement of the Company deriving from the translation of the liability due to fluctuations in the Norwegian krone have been neutralised by subscription of a Cross Currency Swap derivative financial instrument.

The significant increase in bonds in 2023 – from Euro 464,690 thousand to Euro 869,952 thousand (also taking into account the repayment of a tranche of Euro 100,000 thousand at the end of June 2023) – is related to the significant reduction in payables to banks and other lenders, previously commented on.

Financial derivative contracts

Financial derivative contracts with a negative fair value can be broken down as follows:

- financial instruments on commodities (Euro 9,619 thousand);
- Cross Currency Swap to hedge the bond in NOK issued by the parent company Alperia Spa (Euro 16,428 thousand).

For further information, see section "7.1.1 Interest rate risk" of these Notes.

Liabilities due to the adoption of IFRS 16

This sub-item arose in the first half of 2019 as a result of IFRS 16 First Time Adoption and relates to the outstanding liability for *lease contracts* arisingfromthe obligation to pay the respective lease payments, offset by the leased asset recognised in fixed assets (defined as the *Right of Use*).

Other financial liabilities

This sub-item is attributable, as far as the current portion is concerned, to daily margins (so-called "variation margins") relating to futures transactions with the European Energy Exchange that became negative in 2023 due to the trend recognised by the fair value of the aforementioned contracts, and also regarding the non-current portion, to the accounting treatment of put and call options on a minority interest.

Financial debt

The breakdown of consolidated net financial debt of the Alperia Group as at 31 December 2023 is provided below, drawn up in compliance with the guidelines to that effect published by the European Securities and Markets Authority (ESMA) in 2021, together with the relative comparison with the situation as at 31 December 2022.

	(in thousands of Euros)	**At 31 December 2023**	**At 31 December 2022**
A	Cash and cash equivalents	52,809	251,097
B	Cash equivalents	0	0
C	Other current financial assets	30,128	102,802
D	**Liquidity (A + B + C)**	**82,937**	**353,898**
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(131,008)	(585,233)
F	Current portion of non-current financial debt	(58,660)	(19,054)
G	**Current financial debt (E + F)**	**(189,668)**	**(604,287)**
H	**Net current financial debt (G - D)**	**(106,731)**	**(250,389)**
I	Non-current financial debt (excluding current portion and debt instruments)	(170,652)	(549,950)
J	Debt instruments	(729,386)	(362,347)
K	Trade payables and other non-current payables	0	0
L	**Non-current financial debt (I + J + K)**	**(900,038)**	**(912,297)**
M	**Total financial debt (H + L)**	**(1,006,768)**	**(1,162,686)**

The overall improvement in financial debt in 2023 is essentially attributable to the reduction in net working capital and the monetisation of non-current financial items.

It should also be noted that the data present in the above financial debt do not include the cash and cash equivalents of the Alperia Group company, Biopower Sardegna Srl, subject to reclassification – like all the other balances present in the respective financial statements duly adjusted by intragroup eliminations – in the line items "Assets held for sale and Discontinuing Operations", "Liabilities held for sale and Discontinuing Operations" and "Net result (B) from Discontinuing Operations" of the Consolidated Financial Statements.

Finally, it should be noted that financial debt does not include the Group's non-current financial receivables - including the fair value of financial derivatives (as at 31 December 2023 and 31 December 2022, equal to Euro 16,960 thousand and Euro 33,917 thousand respectively).

9.15 Other payables (current and non-current)

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

(in thousands of Euros)	**At 31 December 2023**			**At 31 December 2022**		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Payables to Energy and Environmental Services Fund	0	21,939	21,939	0	1,194	1,194
Tax payables	0	6,585	6,585	0	13,085	13,085
Payables to employees	0	3,611	3,611	0	4,302	4,302
Payables to pension and social security institutions	0	3,765	3,765	0	3,757	3,757
Accrued liabilities and deferred income	67,524	3,696	71,220	63,630	3,663	67,294
Other	2,346	44,104	46,450	3,827	24,414	28,241
Total	**69,870**	**83,701**	**153,571**	**67,457**	**50,417**	**117,874**

With reference to the table above, the following are noted:

- the significant decrease of Euro 20,746 thousand recorded in payables relating to the Cassa per i Servizi Energetici e Ambientali and attributable to the effects of the regulatory measures which eliminated the general system charges with regard to some types of utilities during 2022 and the first quarter of 2023;
- the decrease in tax payables is attributable to the fact that the position linked to excise duties on electricity, recording a tax liability at 31 December 2022, recorded a tax credit at the end of 2023;
- the sub-item “Accrued liabilities and deferred income” refers nearly entirely to the current and non-current portion of deferred income on connection fees recognised in the income statement pursuant to IFRS 15, based on the useful life of the reference assets, as described in greater detail in section “2.6 Measurement criteria” of these Notes. The increase is due to the higher number of connections made, compared to 2022;
- the sub-item "Other" is mainly composed of payables relating to the payment of state property fees provided for in the concession specifications signed by the companies Alperia Greenpower Srl and Alperia Vipower Spa. The increase shown by the current portion of the same during 2023 is significantly attributable to the carryover to this item of the provision for charges recognised in relation to litigation with Edison Spa, as illustrated in section "9.12 Provision for risks and charges" of these Notes.

9.16 Trade payables

The item “Trade payables” includes payables for the supply of goods and services amounting – at 31 December 2023 – to Euro 454,817 thousand (Euro 474,078 thousand at 31 December 2022).

9.17 Current tax liabilities

This item, zero at 31 December 2022, included the payable balance to the tax authorities relating to IRES (corporate income tax), IRAP (regional business tax) as well as the so-called "2023 solidarity contribution" provided for by Law 197/2022, with an overall balance of Euro 14,083 million. This item reset to zero at the end of 2023, showing for the Group at that date a credit position for IRES and IRAP, under the item "Other current receivables and financial assets".

10. Notes to the Income Statement

10.1 Revenues

With regard to the breakdown of total revenues and income by business area, see the contents of section 8 of these Notes.

The total value of revenues, which amounted to Euro 2,650,032 thousand in 2023, represented a significant decrease (-26%) on the figure of Euro 3,602,277 thousand recognised in the previous year.

The reason for this significant contraction is mainly due to decreases of approximately Euro 1,040,615 thousand (-35%) and approximately Euro 219,602 thousand (-44%), respectively highlighted by revenues from the marketing and distribution of electricity and the sale of natural gas, which in turn are linked to the combined effect of the decrease in total volumes sold by the Group and the price dynamics shown by both commodities, which decreased in the year under review (although they were mitigated by the effects of the hedging relationships put in place by the Group), as illustrated in the Report on Operations.

This trend was partially offset by the significant growth of approximately Euro 314,896 thousand (+303%) in the turnover of the Group's companies operating in the subsidized building and energy efficiency sectors, driven by the tax breaks introduced at regulatory level, which substantially ended – with the expiry of the so-called "Superbonus" (in its original configuration) – in 2023.

Further increases, albeit smaller in terms of turnover, were also recognised for revenues from district heating, including from cogeneration sources, with an increase of approximately Euro 1,338 thousand (+5%).

10.2 Other revenues and income

The breakdown of the item “Other revenues and income” for the years 2023 and 2022 is provided below:

(in thousands of Euros)	**2023**	**2022**
Sale of materials	988	751
Price adjustments following previous Purchase Price Allocations	0	34
Leases	336	235
Revenue from incentive tariffs and operating grants	19,905	16,361
Income from the so-called "Superbonus" (10%)	40,553	7,098
Recovery of expenses	1,299	1,524
Revenues from environmental certificates	2,515	1,801
Capital gains from disposals of tangible assets	990	240
Compensation for damages	735	3,471
Release of provisions for risks and charges	2,397	1,499
Release of provisions for bad debts	1,738	0

Other	3,505	2,605
Total	**74,960**	**35,620**

The above table shows that the significant increase in the item in question in 2023 is mainly attributable to contingent factors.

Specifically:

- the sub-item “Superbonus 110% income” is linked to the recognition – on an accrual basis – of the income linked to the 10% increase, in addition to the cost referring to activities incentivised by this initiative, benefitting Group companies active in the energy efficiency and subsidised building sectors by relative customers. The significant increase in the revenue component in question is related to the increase in operations of the aforementioned companies.
- For further information on the releases of provisions for risks and charges and the provision for write-downs, please refer to sections "9.12 Provision for risks and charges" and "9.6 Trade receivables" respectively of these Notes.

The sub-item “Other” mainly refers to various fees and revenues.

10.3 Costs for raw materials, consumables and goods

The breakdown of the item “Costs for raw materials, consumables and goods” for the years 2023 and 2022 is provided below:

(in thousands of Euros)	**2023**	**2022**
Electricity	916,074	2,090,004
Fuels and lubricants	3,849	77,577
Natural gas	203,156	319,083
Electricity imbalance	44,547	66,632
Gas imbalance	24,602	171,012
Energy savings certificates or similar (including the change in relative inventories)	17,720	12,920
Consumables	53,019	66,805
Costs for raw materials, consumables and goods capitalised under fixed assets	(36,579)	(45,491)
Change in inventories and contract work in progress	295	(6,089)
Total	**1,226,682**	**2,752,453**

In relation to the above table, please note the following:

- the significant decrease in costs related to the purchase of electricity and natural gas (including the relevant imbalances) is strictly related to the trend of revenues deriving from the sale of the two commodities, commented in section “10.1 Revenues” of these Notes;
- the considerable decrease in the sub-item "Fuels and lubricants" is essentially attributable to the related charges for the purchase of palm oil and urea and derives from the reconciliation of the balances of the company Biopower Sardegna Srl in "Discontinuing operations", as better illustrated in section "9.10 Assets and liabilities held for sale and Discontinuing Operations" of these Notes;
- the lower capitalizations of costs essentially refer to the associated company Alperia Greenpower Srl (in relation to which they are offset by higher capitalizations with reference to costs for services), of which the trend is significantly offset by the increase in capitalizations highlighted by the associated company Edyna Srl due to higher investments made during the 2023 financial year.

10.4 Cost of services

The breakdown of the item "Cost of services" for the years 2023 and 2022 is provided below:

(in thousands of Euros)	**2023**	**2022**
Electricity transport	291,458	110,502
Fees and additional fees	97,439	68,643
Dispatching service charges	72,022	127,131
Professional services	397,434	249,948
Commercial services	8,171	14,354
Natural gas distribution	2,086	3,764
Natural gas transportation	48,046	34,074
Insurance	7,368	7,573
Leases	2,670	2,057
Rentals	2,610	2,079
Charges and commissions for banking services	5,629	2,698
Recruiting, training and other personnel expenses	4,263	3,729
Remuneration of corporate bodies	1,589	1,600
Post, telephone and internet expenses	1,449	1,472
Cost of services capitalised under fixed assets	(90,669)	(74,758)
Change in contract work in progress	94,799	(98,711)
Advertising and marketing expenses	7,556	6,403
IT and management services	37,960	36,506
Ordinary and periodic maintenance	3,267	6,906
Other	12,393	5,465
Total	**1,007,541**	**511,436**

With reference to the table above, we point out that:

- The significant increase in pass-through items (transport) is essentially attributable to the cessation of the effects of regulations that eliminated general system charges, with regard to certain types of users, during 2022 and the first quarter of 2023;
- the sub-item "Fees and surcharges", amounting to Euro 97,439 thousand, mainly refers to State fees, surcharges relating to mountain catchment areas, surcharges due to coastal

Municipalities and other charges connected with the production of hydroelectric energy. The significant increase highlighted by the same is mainly attributable to the increase in the charges referring to compensation owing to the Autonomous Province of Bolzano for free energy that it chose not to withdraw (attributable to the change in the parameter regulating its quantification) and to the increase in annual water diversion rates (attributable to the adjustment to inflation of the related tariff);

- the decreases in dispatching items are attributable to the decline in sales volumes of electricity and natural gas commented on in the Report on Operations;
- the increase in charges for professional and commercial services is largely attributable to the increase in operations of companies active in the energy efficiency and subsidised building sectors, in terms of more subcontracted activities;
- the increase in the balance of the sub-item "Charges and commissions for banking services" is essentially related to the consolidation of the Group's debt at the end of 2022.
- The higher capitalisations of services compared to 2023 refer to the associated company Alperia Greenpower Srl and are offset by lower capitalisations of materials.
- The negative sub-item "Change in contract work in progress" in 2023 – compared to the positive figure 2022 – is a direct consequence of the massive closure of the construction sites of companies active in the energy efficiency and subsidized construction sector, linked to the end of the so-called "Superbonus" (in its original configuration);
- the sub-item “Other”, equal to Euro 12,393 thousand, essentially includes expenses for maintenance work (which mainly concern plant operations and maintenance, works relating to hydropower plants, vehicle maintenance and expenses for plant and network maintenance services). The significant increase in this cost of services component is partly

related to the recognition, in 2023, of contingent liabilities, compared to contingent assets recognised in 2022.

10.5 Personnel costs

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

(in thousands of Euros)	**2023**	**2022**
Salaries and wages	64,614	62,295
Social security contributions	20,392	19,847
Provision for employee severance indemnities and pensions	4,012	4,373
Other costs	2,420	2,729
Staff costs capitalised under fixed assets	(10,891)	(10,608)
Total	**80,547**	**78,636**

The increase in this item in 2023 is mainly due to the combined effect of the increase in the average number of Group employees, going up from 1,193 in 2022 to 1,221 in 2023[1]. The exact number of Group employees as at 31 December 2023 was 1,252 (1,211 as at 31 December 2022).

10.6 Amortisation/depreciation, provisions and write-downs

The breakdown of the item "Amortisation/depreciation, provisions and write-downs" for the years 2023 and 2022 is provided below:

[1] It should be noted that these figures differ from the similar information reported in the consolidated non-financial statement, as they are determined on an ad hoc basis and not as an average.

(in thousands of Euros)	**2023**	**2022**
Amortisation of intangible assets	61,620	50,060
Reversal of provisions for write-downs of intangible assets	(45)	0
Depreciation of tangible assets	47,832	56,618
Reversal of provisions for write-downs of tangible assets	(163)	(163)
Write-down of fixed assets	2,664	1,921
Provision to reserve for risks for financial charges	7,999	26,895
Write-down of trade receivables	4,171	7,083
Total	**124,079**	**142,413**

With reference to the table above, we point out that:

- the increase and decrease shown respectively by the sub-item "Amortisation of intangible assets" and the sub-item "Depreciation of intangible assets" are essentially linked to the provisions of section "4 Changes in estimates" in these Notes;
- the sub-item "Reversal of provisions for write-downs of tangible assets" represents the gradual releases of provisions set aside in previous years for the replacement of assets following the adoption of planned measures;
- the balance of the sub-item "Write-down of fixed assets" at 31 December 2023 is indicated in section "9.1 "Concessions, goodwill and other intangible assets" and section "9.2 Tangible assets" of these Notes;
- the breakdown of the sub-item "Allocations to provisions for risks and charges" is explained in paragraph ""9.12 Provisions for risks and charges" of these Notes.

10.7 Profit / (loss) arising from the fair value measurement of investments in associates and joint ventures

At 31 December 2023, no amounts were to be reported in this regard.

10.8 Other operating costs

The breakdown of the item "Other operating costs" for the years 2023 and 2022 is provided below:

(in thousands of Euros)	**2023**	**2022**
Contingent liabilities	245	121
Taxes on real estate property	2,780	2,740
Donations	483	644
Other tax charges	439	504
Capital losses on the sale/disposal of assets	2,396	1,990
Registration tax	972	880
Authority contributions	1,145	892
Membership costs	468	489
Fees for occupation of public land	538	528
Other licenses and fees	518	728
Reimbursements of environmental activities, compensation/penalties and other	2,770	725
Other	1,498	1,426
Total	**14,252**	**11,665**

As can be seen from the table above, the increase in the overall balance of the item in question in 2023 is attributable to the combined effect of various contingent dynamics, mainly relating to the increase in capital losses from the sale or disposal of assets, the higher ARERA operating contribution for 2023 (due to the significant increase in the Group's turnover which forms the basis for its calculation, occurring in 2022), as well as compensation and penalties, which were absent in 2022.

10.9 Net income/(expenses) from commodity derivatives

This item includes the economic effects both in valuation and implementation terms of commodity derivatives not recognised according to the hedge accounting model. In particular, the item refers to transactions entered into for speculative purposes, or with the aim of an operating hedge, but without the designation of a *hedge accounting* relationship.

The composition of the item and the related comparison with 2022 are shown in the table below:

(in thousands of Euros)	**2023**	**2022**
Valuation effects	587	7,245
Implementation effects	(8,984)	(18,986)
Total	**(8,397)**	**(11,741)**

The change during the year is related to normal business operations.

10.10 Gains (losses) on valuation of investments

This item, showing a negative balance of Euro 1,744 thousand at 31 December 2023 compared to a negative balance of Euro 2,172 thousand at 31 December 2022, includes the net result of the valuation of investments - detailed in the tables included in section “9.3 Investments” of these Notes - and, in particular:

- Negative adjustments for a total of Euro 2,073 thousand;
- Positive adjustments for a total of Euro 329 thousand.

10.11 Financial income and charges

The breakdown of the item “Financial income” and “Financial charges” for the years 2023 and 2022 is provided below:

(in thousands of Euros)	**2023**	**2022**
Interest income on government bonds	32	32
Interest income from associates	267	143
Interest income on trade receivables	159	143
Interest income on current accounts and bank deposits	4,382	393
Unrealised income on financial derivative instruments	317	395
Foreign exchange gains	5,751	4,711
Other financial income	3,324	1,713
Total financial income	**14,232**	**7,530**
Interest expense on loans	(26,766)	(10,065)
Negative differentials on derivative financial instruments to hedge interest rates	0	(188)
Interest on debenture loans	(23,666)	(10,092)
Interest expense due to the adoption of IFRS 16	(977)	(1,019)
Charges on foreign exchange differences	(5,755)	(4,701)
Other financial charges	(8,809)	(5,109)
Total financial charges	**(65,973)**	**(31,174)**

With reference to the above table:

- the sub-items “Foreign exchange gains” and “Charges on foreign exchange differences” essentially refer to the positive exchange rate difference recorded during the conversion of the tranche of bond issues issued in NOK, at year-end exchange rates, and to the specular trend of the effective portion of the change in the fair value of the related cross currency swap hedging derivative financial instrument recorded in 2023;
- the increase in the sub-item "Interest income on current accounts and bank deposits" is mainly attributable to the significant increase in the Euribor and the substantial average liquid funds in 2023;

- the increase in the sub-item "Interest expense on loans" is mainly attributable to the significant increase in the Euribor, to which most bank loans were indexed;
- interest on bonds increased mainly as a result of the issue, in 2023, of the new green bond commented on in section "9.14 Payables to banks and other lenders (current and non-current)" of these Notes.
- the increase in the sub-item "Other financial charges" is attributable to (i) the sale of receivables for tax deductions deriving from energy efficiency measures carried out in past years by the Group and is a direct consequence of the significant decrease in 2023 in the market prices at which these items are transferred, as well as (ii) interest due on the amounts granted to Edison Spa as a result of the arbitration award illustrated in the section "Liabilities" potential on extraordinary transactions" in the Report on Operations.

10.12 Taxes

The cost for taxes recognised at 31 December 2023 amounted to Euro 61,915 thousand (Euro 41,699 thousand in 2022) and included:

- charges for current IRES taxes, for Euro 47,453 thousand;
- charges for current IRAP taxes, for Euro 9,377 thousand;
- charges related to a 2022 tax adjustment relating to the so-called "2023 solidarity contribution" provided for by Law 197/2022, for Euro 18,021 thousand, which was appropriate following a clarification regarding the methods of the related calculation published by the Tax Administration in June 2023;
- net income for further taxes relative to previous years, for Euro 1,165 thousand.

- net income for deferred tax assets and liabilities for IRES (including tax consolidation) and IRAP, for Euro 11,771 thousand.

The total tax rate in place at 31 December 2023, net of the tax adjustment related to the so-called "Solidarity Contribution 2023", is equal to 31%.

10.13 Net profit/(loss) from discontinuing operations

In 2023, this item included charges totalling Euro 63,031 thousand, attributable to both discontinued operations and discontinuing operations, as described below.

Discontinued operation

The item in question, which shows a positive balance of Euro 1,613 thousand at 31 December 2023, is entirely attributable to the sale of the investment in Edyna Transmission Srl (subsequently renamed Rete Nord Srl), mentioned in paragraph "2.3 Scope of consolidation and changes" of these Notes. More specifically, it consists of:

- capital gains arising in the context of various real estate transactions, consisting of the sale of assets and the establishment of real rights of use, carried out by some Group companies with Edyna Transmission Srl prior to its sale, as provided for in the agreements signed with the purchaser (Euro 4,062 thousand);
- a capital loss arising from the disposal of the *assets* and *liabilities* of the sold company (Euro 2,449 thousand).

Discontinuing operations

The items included in *the discontinuing operations* are those relating to the company Biopower Sardegna Srl, which are negative overall and are shown in table form below. For more information, please refer to paragraph "9.10. Assets and liabilities held for sale and *Discontinuing Operations*" in these Notes.

(in thousands of Euros)	**Biopower Sardegna Srl**
Revenues	402
Cost of production	(64,612)
EBIT	**(64,210)**
Amortisation, depreciation and impairment write-downs	**4,270**
EBITDA	**(59,940)**
Financial management result	(1)
Profit before taxes	**(64,211)**
Taxes	(433)
Profit after tax	**(64,645)**

10.14 Impacts on the income statement from the adoption of IFRS 16

The impact on the consolidated income statement for 2023 resulting from the adoption of IFRS 16 is summarised in table form below.

(in thousands of Euros)	**2023**
Reversal of fees	3,919
Impact on EBITDA	**3,919**

Recognition of depreciation	(3,243)
Impact on operating income	**676**
Financial charges	(977)
Impact on profit before taxes	**(302)**
Taxes	84
Impact on the net result of continuing operations	**(217)**
Impact on the net result of discontinuing operations	0
Impact on the result for the period	**(217)**

11. Commitments and guarantees

This item includes the comfort letters issued by the Parent Company to third parties in the interest of subsidiaries and associates for a total amount of Euro 7,285 thousand, in addition to a further guarantee of Euro 25 thousand, granted by an associated company in favour of an affiliated company.

The item also includes bank and insurance guarantees issued to third parties in the interest of Group companies for Euro 156,314 thousand.

It should also be noted that at 31 December 2023, the Group had a commitment in place to purchase a total of 15,250 metric tons of palm oil at the stock exchange price in effect at the end of each month of supply, plus a markup.

For commitments related to forward purchase/sale transactions of commodities that qualify as "Own use exemption", please refer to section "7.1.3 Commodity risk" of these Notes.

12. Related party transactions

Related parties are those that share the same controlling entity with the Group, the companies that directly or indirectly control it, are controlled, or are jointly controlled by the Parent

Company and those in which the Parent Company holds a stake enabling it to exercise a significant influence.

In accordance with the provisions of IAS 24, "Disclosure on Related Party Transactions", paragraph 25, the Company is exempted from the information requirements set out in paragraph 18 (according to which the Company must specify the nature of the relationship with the related party, in addition to providing information on such transactions, on outstanding balances, including commitments, which is necessary for financial statements users to understand the potential effects of those transactions on the financial statements) in case it carries out transactions with another entity that is a related party because the same local public entity has a considerable influence over the entity that prepares the annual accounts and the other entity.

In the 2023 financial year, the main transaction with related parties concerned dividends to shareholders of the Parent Company for Euro 32,000 thousand.

13. Directors' and Statutory Auditors' remuneration

The following table details the remuneration of directors and statutory auditors of Group companies consolidated on a line-by-line basis for 2023 (gross amounts):

(in thousands of Euros)	**2023**
Administrative bodies	414
Control bodies	470
Total	**884**

14. Remuneration of Key Managers

The overall remuneration paid to Key Managers for the duties performed in 2023 amounted to approximately Euro 489 thousand (taxable amount); the amount referred to 2022 was equal to Euro 713 thousand.

No short-term or long-term benefits accruing over time are currently envisaged for the above Key Managers, with the exception of some executives who have signed a non-competition agreement for an amount of approximately Euro 191 thousand. There are no stock-based payments (stock options).

15. Remuneration of the independent auditors

The table below shows the fees received by the independent auditor PricewaterhouseCoopers Spa for auditing and accounting control services provided for both the separate and Consolidated Financial Statements at 31 December 2023, as well as for other services.

Company providing the service	Entity receiving the service	Type of services	Fees for 2023 (in thousands of Euros)
PwC Spa	Alperia Spa	Auditing of the financial statements	19
PwC Spa	Alperia Spa	Auditing of the consolidated financial statements	24
PwC Spa	18 Subsidiaries	Auditing of the financial statements and of the Group Reporting Packages	359
PwC Spa	Alperia Spa	Limited auditing of the 2023 consolidated interim report	12
PwC Spa	17 Companies	Limited auditing of 2023 interim Group Reporting Packages	11
Total audit services provided in 2023 for the Alperia Group by the Independent Auditors			**425**
PwC Spa	Alperia Spa	Limited auditing of the Consolidated Non-Financial Statement	37
PwC Spa	Alperia Spa	Auditing of separate financial statements (Unbundling of accounts)	7
PwC Spa	9 Subsidiaries	Auditing of separate financial statements (Unbundling of accounts)	26
PwC Spa	6 Subsidiaries	Auditing of Receivables and Payables statements pursuant to Article 11 of Legislative Decree 118/11	5
PwC Spa	Alperia Spa	Limited audit: annual reports relating to green bond issues 2023	45
PwC Spa	Aperia Trading Srl	Agreed audit procedures pursuant to paragraph 65.30 of ARERA Resolution 111/06 (essential for the 2022 balance and 2023 advance payment)	13
PwC Spa	Alperia Greenpower Srl	Audit procedures agreed pursuant to Resolutions 266/2022/R/EEL and 143/2023/R/EEL ARERA (2022 and 2023 extra profits)	14

PwC Spa	Alperia Vipower Srl	Audit procedures agreed pursuant to Resolutions 266/2022/R/EEL and 143/2023/R/EEL ARERA (2022 and 2023 extra profits)	14
PwC Spa	SF Energy Srl	Audit procedures agreed pursuant to Resolutions 266/2022/R/EEL and 143/2023/R/EEL ARERA (2022 and 2023 extra profits)	7
PwC Spa	Alperia Smart Services Srl	Audit of the statement relating to the General System Charges subject to the application concerning the "Mechanism in the 2022 session" recognised and collected	5
PwC Spa	Alperia Green Future Srl	Auditing of the statement of costs incurred for research and development activities in the financial years 2021 and 2022	16
Total other audit services provided in 2023 for the Alperia Group by the Independent Auditors			**189**
Total other non-audit services provided in 2023 to Alperia Group companies by entities belonging to the PwC network			**0**

16. Subsequent events

See the Report on Operations for disclosure on "Subsequent events" and the progress of pending disputes.

17. Information pursuant to Article 1, paragraph 125, of Law 124/2017

In 2023, the Group received the following public grants, shown in the table.

Paying subject	Beneficiary company	Type of incentive	Amount collected in Euros in 2023
European Union	Alperia Spa	LIFE4HEAT	10,944
R3 GIS	Alperia Spa	IDEAS PROJECT	1,848
Fundacion Circe	Edyna Srl	EU project "PR2 Flexigrid"	98,956
			111,748
Autonomous Province of Bolzano	Edyna Srl	Contribution for kindergartens	3,693
			3,693
Autonomous Province of Bolzano	Alperia Spa	Personal training	10,365
			10,365
Autonomous Province of Bolzano	Alperia Ecoplus Srl	Plant subsidies	4,682,043
Autonomous Province of Bolzano	Edyna Srl	Plant subsidies	30,153

Terna Spa	Alperia Greenpower Srl	Plant subsidies	50,000
Azienda Pubblica Multiservizi Brunico	Alperia Greenpower Srl	Plant subsidies	10,000
			4,772,196
FONDDIRGENTI G.T.	Alperia Spa	Personal training	6,385
FONDIMPRESA	Alperia Spa	Personal training	78,170
FONDIMPRESA	Edyna Srl	Personal training	21,978
FONDIMPRESA	Alperia Trading Srl	Personal training	1,600
FONDIMPRESA	Alperia Smart Services Srl	Personal training	1,650
FONDIMPRESA	Alperia Ecoplus Srl	Personal training	8,216
			117,999
GSE Spa	Alperia Ecoplus Srl	PV incentive - Bosin	1,471
GSE Spa	Alperia Ecoplus Srl	PV incentive - TF Merano	25,166
GSE Spa	Alperia Ecoplus Srl	PV incentive - Zipperle	322,284
GSE Spa	Alperia Ecoplus Srl	PV incentive - Bolzano Ecotherm	5,436
GSE Spa	Alperia Greenpower Srl	Photovoltaics	21,179
GSE Spa	Alperia Greenpower Srl	Photovoltaics	28,210
GSE Spa	Alperia Greenpower Srl	Photovoltaics	30,283
GSE Spa	Alperia Greenpower Srl	Photovoltaics	11,370
GSE Spa	Alperia Greenpower Srl	Photovoltaics	9,015
GSE Spa	Alperia Greenpower Srl	Photovoltaics	28,065
			482,478
GSE Spa	Biopower Sardegna Srl	GRIN	2,499,001
			2,499,001
GSE Spa	Alperia Greenpower Srl	FER003974	413,844
GSE Spa	Alperia Greenpower Srl	FER005410	1,763,871
GSE Spa	Alperia Greenpower Srl	FER002351	5,009,237
GSE Spa	Alperia Greenpower Srl	FER200638	34,067
GSE Spa	Alperia Greenpower Srl	FER002008	2,687,974
GSE Spa	Alperia Greenpower Srl	FER102759	247,613
			10,156,607
GSE Spa	Alperia Greenpower Srl	RID000243	138,710
GSE Spa	Alperia Greenpower Srl	RID002256	6,540
GSE Spa	Alperia Greenpower Srl	RID002258	3,188
GSE Spa	Alperia Greenpower Srl	RID003279	6,239

GSE Spa	Alperia Greenpower Srl	RID003665	10,526
GSE Spa	Alperia Greenpower Srl	RID003667	3,293
			168,496
GSE Spa	Alperia Green Future Srl	White certificates	5,303,248
GSE Spa	Edyna Srl	White certificates	1,468,985
			6,772,233
GSE Spa	Alperia Ecoplus Srl	CO2 certificates	701
			701
Enerpass Konsortial mbh	Alperia Greenpower Srl	GRIN_001496	121,903
Tauferer Elektrowerk Konsortial mbh	Alperia Greenpower Srl	GRIN_000588	423,360
			545,263
State/Revenue Agency	Alperia Ecoplus Srl	Tax receivable on investments 2020	10,573
State/Revenue Agency	Alperia Ecoplus Srl	Tax receivable on investments 2022	1,410
State/Revenue Agency	Alperia Greenpower Srl	tax receivable on investments 2020-2021	103,507
State/Revenue Agency	Alperia Greenpower Srl	Tax receivable on investments 2022	5,491
State/Revenue Agency	Alperia Green Future Srl	Tax receivable on investments 2022	120,000
State/Revenue Agency	Alperia Spa	Tax receivable on investments 2020-2021	100,596
State/Revenue Agency	Alperia Smart Services Srl	Tax receivable on investments 2020-2021	21,215
State/Revenue Agency	Alperia Trading Srl	Tax receivable on investments 2023	14,000
State/Revenue Agency	Edyna Srl	Tax receivable on investments 2020	53,864
			430,657
State/Revenue Agency	Alperia Ecoplus Srl	Energy tax credit	51,364
State/Revenue Agency	Alperia Greenpower Srl	Energy tax credit	428,004
State/Revenue Agency	Alperia Vipower Srl	Energy tax credit	12,800
State/Revenue Agency	Alperia Spa	Energy tax credit	41,472
			533,641
State/Revenue Agency	Alperia Green Future Srl	Investment 4.0 credit	231,389
State/Revenue Agency	Fintel Gas e Luce Srl	Contribution law 197 of 29.12.2022	1,393
State/Revenue Agency	Fintel Gas e Luce Srl	Advertising investment credit ARTICLE 57-BIS LEGISLATIVE DECREE 50/2017	7,458
			240,240

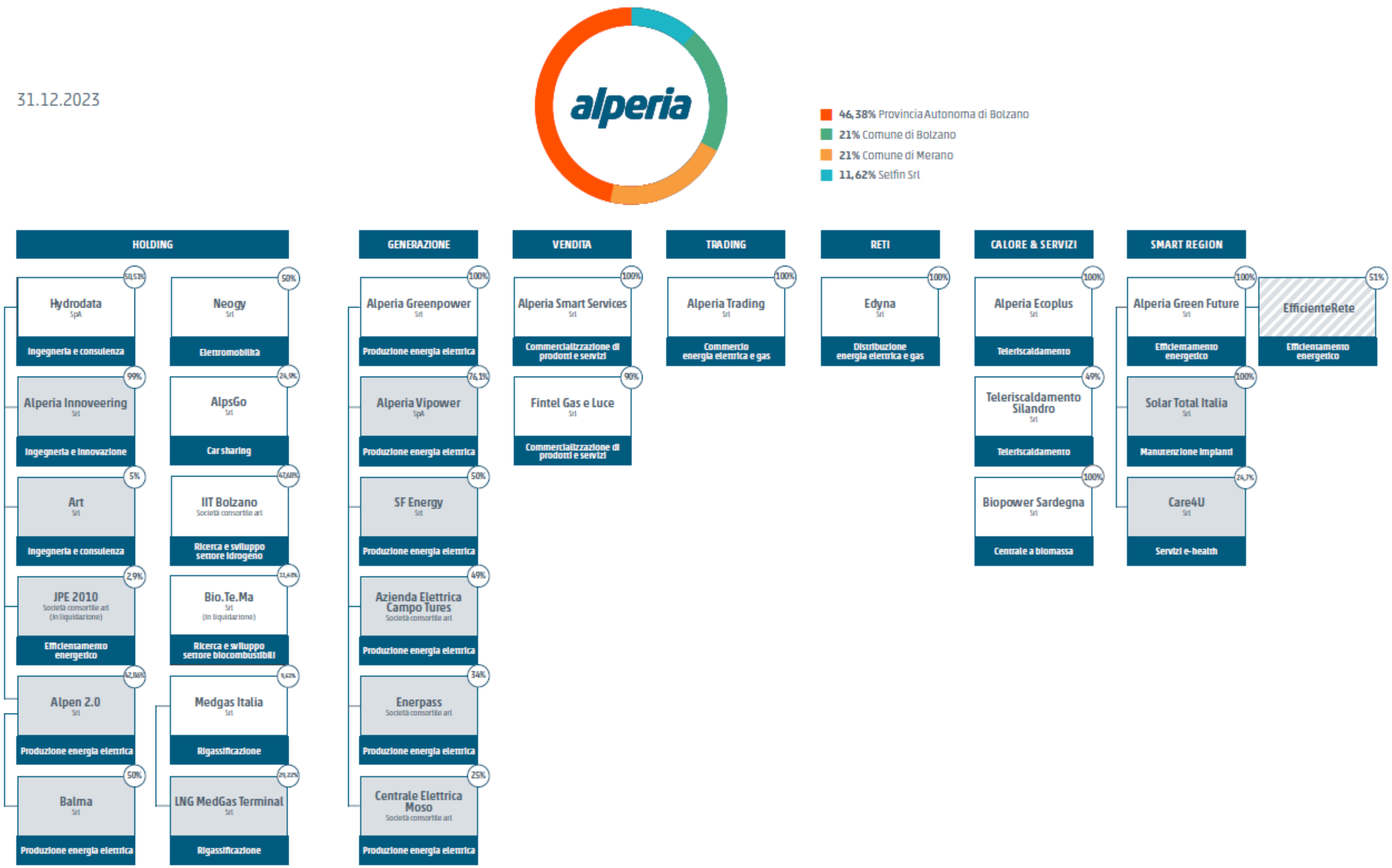
For any other information, reference can be made to the National Register of State Aid.

Bolzano, 28 March 2024

The Chair of the Management Board

Flora Emma Kröss

Annex A to the Consolidated Financial Statements - Scope of Consolidation 2023



Annex B to the Consolidated Financial Statements - Further information on the scope of consolidation

Company name	% of ownership	Country	Registered office	Currency	At 31 December 2023 (in thousands of Euros)		Method of consolidation	Reporting date
					Profit (loss) for the year	Equity		
Parent Company								
Alperia Spa			Via Dodiciville 8, 39100 Bolzano		39,558	899,678	Line-by-line	31/12/2023
Subsidiaries								
Alperia Ecoplus Srl	100%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	858	55,866	Line-by-line	31/12/2023
Alperia Greenpower Srl	100%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	6,487	427. 868	Line-by-line	31/12/2023
Alperia Green Future Srl	100%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	1,836	42,701	Line-by-line	31/12/2023
Alperia Innoveering Srl	1%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	715	1,057	Line-by-line	31/12/2023
Alperia Smart Services Srl	100%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	6,812	58,984	Line-by-line	31/12/2023
Alperia Trading Srl	100%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	105,521	184,534	Line-by-line	31/12/2023
Alperia Vipower Spa	76.1%	Italy	Via della Rena 8, 39020 Castelbello-Ciardes (Bolzano)	Euro	1,203	100,496	Line-by-line	31/12/2023
Biopower Sardegna Srl **(**)**	100%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	1,298	8,363	Line-by-line	31/12/2023
Edyna Srl	100%	Italy	Lungo Isarco Sinistro 45/A, 39100 Bolzano	Euro	13,354	361,572	Line-by-line	31/12/2023
EfficienteRete	51%	Italy	Corso V. Emanuele II 36, Soave (Verona)	Euro	(154)	1,340	Line-by-line	31/12/2023
Fintel Gas e Luce Srl	90%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	1,405	2,575	Line-by-line	31/12/2023

Hydrodata Spa	50.51%	Italy	Via Pomba, 23, 10123 Turin	Euro	409	3,197	Line-by-line	31/12/2023
Solar Total Italia Srl **(***)**	100%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	217	267	Line-by-line	31/12/2023
Joint associates / subsidiaries								
Alpen 2.0 Srl	42.86%	Italy	Via Pomba, 23, 10123 Turin	Euro	(3)	428	Equity	31/12/2022
ALPSGO Srl	24.90%	Italy	Via Beda Weber 1, 39100 Bolzano	Euro	N/A	200	Equity	27/06/2023 (date of incorporation)
Azienda Elettrica Campo Tures Scarl	49%	Italy	Via Von Ottental 2/C, 39032 Campo Tures (Bolzano)	Euro	0	525	Equity	31/12/2023
Balma Srl	21.43%	Italy	Via Pomba 23, 10123 Turin	Euro	(2)	29	Equity	31/12/2022
Care4U Srl	24.7%	Italy	Via Luigi Negrelli, 13 Bolzano	Euro	(413)	(227)	Equity	31/12/2023
Centrale Elettrica Moso Scarl	25%	Italy	Aue 129/A, 39013 Moso in Passiria (Bolzano)	Euro	0	100	Equity	31/12/2023
Enerpass Scarl	34%	Italy	Via Pianlargo 2/B, 39010 San Martino in Passiria (Bolzano)	Euro	0	1,000	Equity	31/12/2023
IIT Bolzano Scarl	47.68%	Italy	Via Enrico Mattei 1, 39100 Bolzano	Euro	(1,293)	713	Equity	31/12/2023
Neogy Srl **(*)**	50%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	(1,401)	(509)	Equity	31/12/2023
SF Energy Srl **(*)**	50%	Italy	Via Manzoni 24, 38068, Rovereto (Trento)	Euro	389	19,385	Equity	31/12/2023
Teleriscaldamento Silandro Srl	49%	Italy	Via Dodiciville 8, 39100 Bolzano	Euro	672	12,206	Equity	31/12/2023
Other companies								
Art Srl	5%	Italy	Strada Pietro Del Prato 15/A, 43121 Parma	Euro	113	928	Fair value through profit or loss	31/12/2022
Bio.Te.Ma Srl in liquidation	11.43%	Italy	Via Malpighi 4,	Euro	(2)	215	Fair value through profit or loss	31/03/2019

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LNG MedGas Terminal Srl	2.81%	Italy	Via Barberini 47, 00187 Rome	Euro	(54)	16,063	Fair value through profit or loss	31/12/2022
Medgas Italia Srl	9.61%	Italy	Via del Seminario 113, 00186 Rome	Euro	86	4,408	Fair value through profit or loss	31/12/2022
JPE 2010 Scrl	2.9%	Italy	Corso Re Umberto 56, 10128 Turin	Euro	(224)	265	Fair value through profit or loss	31/12/2022

(*) Jointly controlled company on the basis of the articles of association and/or specific shareholders' agreements.

(**) Company in discontinuing operation.

(***) On 1 January 2024, the effects of the merger by incorporation of Solar Total Italia Srl into Alperia Green Future Srl took effect

Annex C to the Consolidated Financial Statements – Information on significant investees measured with the equity method

(in thousands of Euros)	**SF Energy Srl (*)**	**Neogy Srl**
Non-current assets	28,498	7,211
Current assets	18,638	6,029
Of which cash and cash equivalents	*9,012*	*797*
Non-current liabilities	(16,000)	(1,373)
Of which financial liabilities	*(16,000)*	*0*
Provisions for risks and charges	(3,310)	(73)
Current liabilities	(8,441)	(12,303)
Of which financial liabilities	*0*	*(10,000)*
Revenues	20,307	5,827
EBIT	785	(1,301)
Interest income	28	0
Interest expense	(454)	(100)
Income tax and tax income	(64)	0

(*) The Group has made a contractual commitment to purchase a quota, equal to 50% of the electricity produced overall by the investee, based on a predetermined amount.