

NOT FOR DISTRIBUTION IN THE UNITED STATES



AGSM AIM S.p.A.

(incorporated as a joint stock company (società per azioni) under the laws of the Republic of Italy)

€46,000,000 5.537% Senior Unsecured Fixed Rate Green Notes due 7 August 2031

The issue price of the €46,000,000 5.537% Senior Unsecured Fixed Rate Green Notes due 7 August 2031 (the "**Notes**") of AGSM AIM S.p.A. (the "**Issuer**" or the "**Company**") is 100 per cent. of their principal amount. The Notes constitute *obbligazioni* pursuant to Articles 2410 *et seq.* of the Italian Civil Code. The Notes will bear interest from and including the Issue Date (as defined below) at the rate of 5.537 per cent. *per annum*, payable semi-annually in arrear on 7 February and 7 August in each year commencing on 7 February 2025, all as fully described in "*Terms and Conditions of the Notes — Interest*". Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Taxation*". Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 7 August 2031 (the "**Maturity Date**"). The Notes may be redeemed, in whole but not in part, at 100 per cent. of their principal amount outstanding plus interest, if any, to the date fixed for redemption at the option of the Issuer in the event of certain changes affecting taxation in the Republic of Italy. See Condition 8 (*Redemption and Purchase*). Furthermore, the Notes may be redeemed at the option of the Issuer, in whole but not in part, at the applicable Make Whole Redemption Price set forth in Condition 8.3 (*Redemption at the Option of the Issuer*) provided that if the Call Settlement Date occurs on or after 7 February 2031 the Make Whole Redemption Price will be equal to 100 per cent. of the principal amount of the Notes. In addition, Noteholders will be entitled, following the occurrence of (i) a Change of Control; (ii) a Concession Event; or (iii) a Sale of Assets Event (each a Put Event (as defined in the Conditions)) to request the Issuer to redeem or repurchase such Notes at 100 per cent. of their principal amount outstanding together with any accrued and unpaid interest (if any), all as fully described in Condition 8.4 (*Redemption and Purchase — Redemption at the Option of the Noteholders*).

This document comprises a prospectus (the "**Prospectus**") and has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Regulation (EU) 2017/1129 (as amended, the "**EU Prospectus Regulation**") for the purpose of giving information with regard to the issue of the Notes. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**"). Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement of the quality of any Notes. Investors should make their own assessment as to the suitability of investing in such Notes. There can be no assurance that any such admission to trading will be obtained. Application has been made to Euronext Dublin for the Notes to be admitted to the official list and trading on its regulated market. The regulated market of Euronext Dublin is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and the Council on markets in financial instruments (as amended, "**EU MiFID II**").

Investing in the Notes involves risks. For a discussion of these risks, see "Risk Factors" beginning on page 4.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. State securities laws and are subject to United States tax law requirements. The Notes are being offered only outside the United States by the Joint Lead Managers

(as defined herein) in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. For a description of further restrictions on offers and sales of the Securities, see "*Subscription and Sale*".

The Notes will be in bearer form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 and will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around 7 August 2024 (the "**Issue Date**") with a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Issue Date. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Temporary Global Note and the Permanent Global Note (each a "**Global Note**") will be issued in new global note ("**NGN**") form. Ownership of the beneficial interests in the Notes will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by the Clearing Systems and their respective participants. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".

Joint Lead Managers

Banca Akros S.p.A. – Gruppo Banco BPM

IMI – Intesa Sanpaolo

Mediobanca

The date of this Prospectus is 2 August 2024

NOTICE TO INVESTORS

This document comprises a prospectus for the purposes of the EU Prospectus Regulation and contains all information regarding the Issuer and its subsidiaries (together with the Issuer, the "**Group**") and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make any information, opinions, predictions or intentions (in such context) contained herein not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

This Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated by reference and form part of this Prospectus. See "*Information Incorporated by Reference*".

The Issuer confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third-party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved in writing for such purpose by the Issuer. If given or made, any such representation or information should not be relied upon as having been authorised by any of the Issuer or Banca Akros S.p.A., Intesa Sanpaolo S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A. (together the "**Joint Lead Managers**").

None of the Issuer and the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Lead Managers which constitute the final placement of the Notes contemplated in this Prospectus.

The distribution of this Prospectus and any related material and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. This Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to, or for the account or benefit of, U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

Neither the Joint Lead Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Joint Lead Manager) in connection with the issue and offering of the Notes. Neither the delivery of

this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer or the Group and the Notes is correct at any time subsequent to the date hereof or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) prospects, results of operations or general affairs of the Issuer or the Group since the date of this Prospectus.

The Joint Lead Managers do not make any representation or warranty, expressed or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus should purchase the Notes.

In making an investment decision, prospective investors must rely on their own examination of the Issuer's business and the terms of the offering. Prospective investors should not consider any information contained in this Prospectus to be investment, legal, business or tax advice. Each prospective investor should consider carefully all information contained in this Prospectus (including, without limitation, any documents incorporated by reference herein and the section headed "*Risk Factors*") and consult its own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, tax and related advice regarding an investment in the Notes.

The information set out in the sections of this Prospectus describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg, in each case as currently in effect. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S. \$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. References to "**billions**" are to thousands of millions.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II or; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has

been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. Consequently no key information document required by the EU PRIIPs Regulation as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

None of the Joint Lead Managers accepts any responsibility for any social, environmental and sustainability assessment of the Notes or makes any representation or warranty or assurance whether the Notes will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy Regulation**") and any related technical screening criteria, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the "**EU Green Bond Regulation**") (which entered into force on 20 December 2023, following its publication in the EU's Official Journal on 30 November 2023 and which will start applying 12 months after its entry into force, i.e. on 21 December 2024), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") and any implementing legislation and guidelines, or similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time. None of the Joint Lead Managers is responsible for the use or allocation of proceeds for the Notes, nor the impact or monitoring of such use of proceeds nor do any of the Managers undertake to ensure that there are sufficient Eligible Green Projects (as defined in "Use of Proceeds" below) to allow for allocation of a sum equal to the net proceeds of the issue of the Notes in full.

In addition none of the Joint Lead Managers is responsible for the assessment of the Issuer's Green Financing Framework (as defined in "Use of Proceeds" below) including the assessment of the applicable eligibility criteria in relation to the Notes set out therein. Sustainability has issued an independent opinion, dated 7 June 2024, on the Issuer's Green Financing Framework (the "**Second Party Opinion**"). The Second Party Opinion provides an opinion on certain environmental and related

considerations and is not intended to address any credit, market or other aspects of an investment in the Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Managers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with the Notes. As at the date of this Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. The Second Party Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by the Joint Lead Managers, or any other person to buy, sell or hold the Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Issuer's Green Financing Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Prospectus. The Issuer's Green Financing Framework, the Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Prospectus.

STABILISATION

In connection with the issue of the Notes, Banca Akros S.p.A. (the "Stabilisation Manager") (or any person acting for the Stabilisation Manager) may over-allot Notes or effect transactions with a view to support the market price of the Notes at a level higher than that which might otherwise prevail in the open market. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue of the Notes or 60 days after the date of allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) in compliance with all applicable laws, regulations and rules.

MARKET SHARE INFORMATION AND STATISTICS

This Prospectus contains statements regarding the Issuer's industry that are not based on published statistical data or information obtained from independent third parties but are based on the Issuer's experience and its own investigation of market conditions, including its own elaborations of such published statistical or third-party data. Although the Issuer's estimates are based on information obtained from its customers, sales force, trade and business organisations, market survey agencies and consultants, government authorities and associations in our industry which we believe to be reliable, there is no assurance that any of these assumptions are accurate or correctly reflect the Issuer's position in the industry. None of the Issuer's internal surveys or information have been verified by independent sources.

While the Issuer has compiled, extracted and, to the best of its knowledge, correctly reproduced market or other industry data from external sources, including third parties or industry or general publications, the Issuer has not independently verified such data. The Issuer cannot assure investors of the accuracy and completeness of, and takes no responsibility for, such data other than the responsibility for the correct and accurate reproduction thereof. The Issuer confirms that this information has been accurately reproduced, and so far as the Issuer is aware and is able to ascertain from information available from such external sources, no facts have been omitted which would render the reproduced

information inaccurate or misleading. Undue reliance should therefore not be placed on such information.

PRESENTATION OF FINANCIAL INFORMATION

Financial information included in the Prospectus

All references in this document to "euro", "Euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended and all references to "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars.

The consolidated financial statements of the Issuer have been prepared in euro and in accordance with applicable International Financial Reporting Standards (IFRS) endorsed by the European Commission in compliance with EC Regulation no. 1606/2002 ("IFRS").

Certain numerical figures set out in this Prospectus, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the data in columns or rows of tables in this Prospectus may vary slightly from the actual arithmetic totals of such information.

ALTERNATIVE PERFORMANCE MEASURES

This Prospectus and the documents incorporated by reference contain certain alternative performance measures (APMs) which differ from the IFRS-EU financial indicators adopted by the Group and presented in the audited consolidated financial statements as at and for the years ended, respectively, 31 December 2022 and 31 December 2023.

Such APMs are extracted directly from, respectively, the audited consolidated financial statements as at and for the years ended, respectively, 31 December 2022 and 31 December 2023 and are useful to present the results more efficiently and to analyse the financial performance of the Group.

On 3 December 2015, CONSOB (Commissione Nazionale per le Società e la Borsa, the Italian securities and exchange commission) issued Communication No. 92543/15 that acknowledged the Guidelines issued on 3 October 2015 by ESMA concerning the presentation of APMs disclosed in regulated information and prospectuses published as from 3 July 2016 (the **Guidelines**). The Guidelines – which update the previous CESR Recommendation (CESR/05-178b) – are aimed at promoting the usefulness and transparency of APMs in order to improve their comparability, reliability and comprehensibility.

FORWARD LOOKING STATEMENTS

This Prospectus may contain certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Group's business strategies, financial conditions, results of operations, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and certain of the Group's plans, objectives, expectations or beliefs with respect to these items and generally includes, without limitation, all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate", "aim", "intend", "plan", "continue" or similar expressions.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and

uncertainties, and actual results of operations, financial condition and liquidity of the Issuer or the Group may differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

Any forward-looking statements are only made as of the date of this Prospectus, and the Issuer does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Prospectus to reflect events or circumstances after the date hereof. Many factors may cause the Issuer's or the Group's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus. Investors should not rely on forward-looking statements as a prediction of actual results.

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OVERVIEW

The overview below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Terms and Conditions of the Notes" section of this Prospectus contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section, unless otherwise noted.

Issuer	AGSM AIM S.p.A., a joint stock company (<i>società per azioni</i>) organised under the laws of the Republic of Italy (the "Issuer").
Notes Offered	€46,000,000 aggregate principal amount of 5.537 per cent. Senior Unsecured Fixed Rate Green Notes due 7 August 2031.
Maturity Date	The Notes will mature on 7 August 2031 (the " Maturity Date "). Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date.
Interest	The Notes will bear fixed rate interest at a rate of 5.537 per cent. <i>per annum</i> .
Issue Price	100 per cent. of the principal amount of the Notes.
Interest Payment Date	Interest on the Notes will be payable semi-annually in arrear on 7 February and 7 August in each year, beginning on 7 February 2025.
Ranking	The Notes and the Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 3 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and rank and will rank <i>pari passu</i> , without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons shall, save for such exceptions as may be provided by applicable law and subject to Condition 3 (<i>Negative Pledge</i>), at all times rank at least equally with its other from time to time outstanding unsecured and unsubordinated obligations. See "Terms and Conditions of the Notes".
Tax Redemption	The Issuer may redeem the Notes, in whole but not in part, at a redemption price of 100 per cent. of the principal amount outstanding, plus accrued and unpaid interest to but excluding the relevant date of redemption, if the Issuer would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See "Terms and Conditions of the Notes—Redemption and Purchase—Redemption for Taxation Reasons".

Redemption at the option of the Issuer (Make Whole, 6 month Par Call) The Notes may be redeemed at the option of the Issuer in whole, but not in part on any date (the "**Call Settlement Date**") at an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the yield to the Par Call Date on such Notes on the Reference Date is equal to the sum of (x) the Reference Bond Rate at the Quotation Time on the Reference Date, plus (y) the Redemption Margin, as determined by the Determination Agent (the "**Make Whole Redemption Price**"), provided however that if the Call Settlement Date occurs on or after 7 February 2031 (the "**Par Call Date**") the Make Whole Redemption Price will be equal to 100 per cent of the principal amount of the Notes.

Redemption at the Option of the Noteholders Upon the occurrence of (i) a Change of Control; (ii) a Concession Event or (iii) a Sale of Assets Event (each, a Put Event (as defined in the Conditions)) at any time, the Issuer will have to offer to Noteholders to redeem all the Notes at a price equal to 100 per cent. of the principal amount outstanding thereof plus accrued and unpaid interest, to but excluding the relevant date of redemption. See "*Terms and Conditions of the Notes - Redemption and Purchase - Redemption at the Option of the Noteholders*".

Covenants..... The Terms and Conditions provide for certain covenants for the Issuer concerning:

- Information to be provided;
- Compliance with specified (i) Consolidated Net Financial Debt – Consolidated EBITDA Ratio, (ii) Consolidated EBITDA – Finance Charges Ratio and (iii) Consolidated Net Financial Debt-Shareholders' Equity Ratio;
- Listing; and
- Accounting policies.

See "*Terms and Conditions of the Notes—Covenants*".

Use of Proceeds..... The net proceeds of the proposed issue of Notes will be applied by the Issuer to fund its general corporate purposes and to finance eligible green projects.

See "*Use of Proceeds*".

Forms and Denomination	The Issuer will issue the Notes on the Issue Date in global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Listing and Trading	Application has been made for the Notes to be admitted to the official list and trading on the regulated market of Euronext Dublin. The Notes are expected to be added to the official list and trading on the regulated market of Euronext Dublin as of the Issue Date.
Fiscal Agent	Deutsche Bank AG, London Branch.
Listing Agent	Walkers Listing Services Limited.
Governing Law of the Notes	English law, except for Condition 14 (<i>Meetings of Noteholders, Noteholders' Representative; Modification</i>) concerning the meetings of Noteholders which are subject to compliance with mandatory provisions of Italian law.
Selling Restrictions	See " <i>Subscription and Sale</i> ".
Financial Information	See " <i>Description of the Issuer-Selected Financial Information</i> " and " <i>Financial Information and Auditor's Reports</i> ".
Clearing Systems	Euroclear and Clearstream, Luxembourg

Risk Factors

Investing in the Notes involves substantial risks. Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

Additional Information

The Issuer's registered offices are located at Lungadige Galtarossa 8, 37133 Verona, Italy. Its telephone number is +39 045 8677111.

RISK FACTORS

An investment in the Notes involves risks. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of the occurrence of any such contingency. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

In purchasing the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer or which it may not currently be able to anticipate based on information currently available to it. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. In addition, if any of the following risks, or any other risk not currently known, actually occur, the trading price of the Notes could decline and Noteholders may lose all or part of their investment. Furthermore, the order in which the risk factors are presented below is not intended to be indicative either of the relative likelihood that each risk will materialise or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference hereto) and consider carefully whether an investment in the Notes is suitable for them in light of the information contained in this Prospectus and their personal circumstances, based upon their own judgment and upon the advice from such financial, legal and tax advisers as they may deem necessary, before making any investment decision.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section, unless otherwise noted. References to a "Condition" is to such numbered condition in the Terms and Conditions of the Notes. Prospective investors should read the whole of this Prospectus, including the information incorporated by reference hereto.

FACTORS AFFECTING THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

The Group operates in a highly regulated environment. The constant and sometimes unpredictable evolution in the legislative and regulatory context in which it operates poses a risk to the Group.

The Group operates its business in a political, legal and social environment, which is expected to continue to have a material impact on the performance of the Group. Indeed, sectorial regulation affects many aspects of the Group's business and, in many respects, determines the manner in which the Group conducts its business and sets the fees it charges or obtains for its products and services. For further details on the legislative and regulatory context in which the Group operates, see also the section entitled "Regulation" herein. Changes in applicable legislation and regulation, whether at a European, national or local level, and the manner in which they are interpreted by the competent authorities, could negatively impact the concessions currently held by the Issuer and its subsidiaries (including concessions granted by means of direct awarding) and in turn negatively impact the Group's current and future operations, its costs and revenue-earning capabilities and in general the development of its business. Such changes could include, *inter alia*, changes in the procedure for awarding and/or renewing of concessions and contracts granted to, or entered into with, the Issuer and the Group's operating companies (as it is the case, in particular, with reference to the award of the gas distribution concessions where a certain uncertainty still exists), the maintenance of such concessions, changes in

tariffs charged by companies for their services, changes in the determination of any indemnities or compensation payments due to the Group's companies in case of termination or loss of concessions, changes in the incentives regime for renewable energy sources, changes in the unbundling regulation, changes in tax rates, changes in environmental or safety or other workplace laws.

In order to narrowly monitor the evolution of the regulatory context and to properly manage its compliance risk, the Group has defined and implemented a specific risk management and internal control system that also include the establishment of specific functions and offices that operate at Group level like: Compliance, Risk Management and ESG, QSA (*Qualità, Sicurezza e Ambiente – i.e. QSE – Quality, Safety and Environment*) and Internal Audit (for further information on the risk management, compliance and internal control system adopted by the Group, see "*A failure to maintain and further develop appropriate risk management, compliance and internal control systems could adversely affect the Group*" below). Furthermore, each relevant Group department, business unit and subsidiaries have identified and appointed specific subject matter experts in charge to monitor the regulatory evolution inherent to their specific activity in order to promptly activate escalation to management and activating proper action to comply with the upcoming regulation.

Also, the Group has recently activated a project aimed at carrying out a business impact assessment on any relevant processes and/or resources (other than the ones already considered according to the applicable disaster recovery and business continuity management regulation – e.g., distribution networks) that may cause significative negative impacts on the Group's performance in the case of a discontinuity event.

Any new or substantially altered law, regulation, guideline or standard could have a material potentially adverse effect on the business, revenues, results of operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or the Issuer's ability to fulfil its obligations under the Notes.

The Group is dependent on concessions from local authorities for its Regulated Activities – Any loss of concession currently held by the Group may adversely affect the Group's business, results of operations and financial condition

The Group mainly operates in the field of electricity (production, distribution and sale), gas (distribution and sale), heat (production, distribution and sale), environmental services (collection and disposal of waste and urban cleaning). The Group also provides other public utility services which include, *inter alia*, telecommunications, parking services and public lighting.

The business of the Group include both fully regulated services managed under "licensed concessionary regimes" (*i.e.*, gas and electricity distribution, electricity production, district heating, urban cleaning, waste collection services, public lighting, parking area services (the "**Regulated Activities**")) (for further information on the concession operated by the Group, see "*Description of the Issuer – Key Concessions and Licenses*" below) and business managed under "free competition" regimes (*i.e.*, gas and electricity sale, district heating, (the "**Liberalised Activities**")). For the financial year ended 31 December 2023, the Regulated Activities of the Group, accounted for approximately 60% of the Group's EBITDA. These Regulated Activities are dependent on concessions from the Ministry of Economic Development (*Ministero dello Sviluppo Economico*) (as in the case of electricity distribution) and municipal authorities (as in the other cases), as the case may be, that vary in duration across the Group's business areas.

There is no assurance that any such concessions relating to the Regulated Activities will be maintained or renewed after they expire. If such concessions are renewed, it may be on economic terms that are more burdensome for the Group and no assurances can be given that the Group will enter into new

concessions in the area in which it operates and/or in new areas to permit it to carry on its core business after the expiry or termination of each relevant concession for any reason whatsoever or that any new concessions entered into or renewals of existing concessions will be on terms similar to those of its current concessions (for further information on the concessions and awarding process, see "*Regulation*" below).

Concessions, including those referred to above, are governed by agreements with the relevant grantor requiring the relevant concession holder to comply with certain obligations (including performing regular maintenance and operating the managed concession facility in compliance with certain quantity and quality requirements and standards, as set out by, *inter alia*, the Italian Regulatory Authority for Electric Energy Gas and Water and Environmental Sectors (*Autorità di Regolazione per Energia, Reti e Ambiente* – "**ARERA**") (formerly *Autorità per l'Energia Elettrica il Gas e il Sistema Idrico* – "**AEEGSI**"). Each concession holder is subject to penalties or sanctions for the non-performance or default under the relevant concession as well as for the failure to comply with the quality standards. In particular, failure by a concession holder to fulfil its material obligations under a concession could, if such failure is left unremedied, lead to early termination by the grantor of the concession. In accordance with general principles of Italian law, a concession can, *inter alia*, be terminated early for reasons of public interest. In either case, the relevant concession holder might be required to transfer all of the assets relating to the operation of the concession to the grantor or to the incoming concession holder. In the case of early termination of a concession, the concession holder might be entitled to receive a compensation amount determined in accordance with the terms of the relevant concession-agreement. Regarding the compensation amount due to the former concession holder, there is often a dispute between the parties regarding the quantification of the compensation amount and litigation in respect of such disputes is frequent.

The expiry or termination of existing concessions relating to the Regulated Activities as well as the relevant agreements and instruments relating to Liberalised Activities for any reason whatsoever and the failure of the Group's entities to enter into new or renew existing concessions/agreements and instruments, in each case on similar or otherwise favourable terms, may have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and could have an adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to revision of tariffs

The Group operates, *inter alia*, in the gas, energy, heat and waste sectors and is exposed to a risk of variation of the tariffs applied to end users. Applicable tariffs payable by final customers are determined and adjusted by the relevant authority, such as ARERA, and may be subject to variations as a consequence of periodic revisions resulting from investigations by the relevant authority concerning, *inter alia*, efficiency improvements and the actual implementation of planned investments by the companies managing the related service. For further information about the tariff determination in the energy sector, see "*Regulation*", below. Notwithstanding the fact that the tariffs related to the other services carried out by the Group (*i.e.* parking, waste management, public lighting) are determined pursuant to service agreements entered into with the Municipalities of Vicenza and Verona (and several other municipalities and public administration bodies (*i.e.* for public lighting and waste management) and that up to now no reduction of such tariffs has been experienced, it cannot be excluded that it may occur in the future.

Uncertainties as to how to determine the tariffs (including any increase or decrease, as the case may be), also as a consequence of changes in related laws and regulations or in the service agreements entered into with the Municipalities of Vicenza and Verona, and/or a reduction of such tariffs could have a potentially negative impact on the business prospects, revenues, results of operations and

financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group faces market liberalisation and increasing competition in the markets in which it operates

The markets in which the Group operates are undergoing a process of gradual liberalisation at both a European and an Italian level, which is being implemented in different ways and following different timetables in each country within the European Union. As a result of the process of liberalisation, new competitors may enter many of the markets in which the Group operates. It cannot be excluded that the process of liberalisation in the markets in which the Group operates might continue in the future and, therefore, the Group's ability to develop its businesses and improve its financial results may be constrained by such new competition.

These developments could, over time, have a potentially negative impact on the business prospects, revenues, results of operations and financial conditions of the Group, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Issuer's ability to successfully execute its 2022-2025 business plan is not assured

On March 21st, 2021, the Board of Directors of the Issuer approved the 2022-2025 business plan of the Group ("**Business Plan**"), which contains the strategic guidelines and growth objectives of the Group for the relevant period, as well as some forecasts with regards to the Group's expected results of operations. For further information, see also "*Description of the Issuer – Business of the Group – Business strategy*" below.

The Business Plan and the targets contained therein are based on a series of critical assumptions. The Group may not succeed in implementing the Business Plan in full or part or within the envisaged times. In addition, in the event that one or more of the Business Plan's underlying assumptions proves incorrect or events evolve differently than as contemplated in the Business Plan (including because of events affecting the Group that may not be foreseeable or quantifiable, in whole or in part, as of the date hereof), the anticipated events and results of operations indicated in the Business Plan (and in this Prospectus) could differ from actual events and results of operations. Any failure by the Group to successfully execute the Business Plan could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes. The trend in commodity prices has determined the need to update internal economic-financial projections in the "Business Plan refreshed", presented within the board of directors of AGSM AIM S.p.A. on November 8th, 2022. The evolution of prices in the energy scenario constitute an exogenous element that is difficult to control/predict: a risk factor that the Group manages to absorb well thanks to the diversification of the business portfolio.

The Group faces significant costs associated with environmental laws and regulations and may be exposed to significant environmental liabilities

The Group incurs significant costs to keep its plants (including in particular the waste management plant) and businesses in compliance with the requirements imposed by various environmental laws and regulations such as Legislative Decree No. 231/2001 ("**Decree 231/2001**"), which provides that a company is responsible for certain offences committed by its executives, directors, agents and/or employees in the interest or to the benefit of that company. The list of such offences has been steadily increasing along the years and covers, *inter alia*, environmental crimes (for further information on the risk management, compliance and internal control systems adopted by the Group and aimed at preventing the commission of offences, see also "*A failure to maintain and further develop appropriate risk management, compliance and internal control systems could adversely affect the Group*" below). In addition, new pieces of legislation have been recently enacted in Italy. In particular, Law No.

68/2015 has introduced into Italian legislation a number of new criminal offences related to environmental liabilities (so called "*ecoreati*" – *eco-crimes*) implying new potential liabilities and, therefore, additional potential expenses, for companies subject to the environmental regulation such as entities belonging to the Group. Such laws and regulations impose increasingly stringent environmental obligations and require the Group to adopt preventive or remedial measures and influence the Group's business decisions and strategy. Furthermore, the Group may be required to incur additional costs arising from additional authorizations that may be granted for the management of hazardous waste. Failure to comply with environmental requirements in the territories where the Group operates may lead to fines, litigation, loss of licenses and temporary or permanent curtailment of operations. Any significant increase in the costs and expenses necessary to keep the plants and businesses in compliance with environmental laws and regulations (including, *inter alia*, costs relating to maintenance and upgrading of the facilities), unless promptly recovered, could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to a number of different tax uncertainties, which would have an impact on its tax results

The Group determines the taxation it is required to pay based on its interpretation of applicable tax laws and regulations. As a result, it may face unfavourable changes in those tax laws and regulations to which it is subject. Such interpretation may, *inter alia*, lead to litigation with the Tax Authorities.

The Group has established a Tax Office, assisted by tax experts, dedicated to managing and control the proper estimate and punctual payment of taxes.

Furthermore, the Group administration and finance department is preparing to the launch of the project to adopt a tax control framework model in order to progressively comply with the requirements for collaborative compliance pursuant to Italian Legislative Decree 2023/221 which came into force starting from 18 January 2024.

The business prospects, revenues, results of operations and financial condition of the Group, the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes may be adversely affected by new laws or changes in the interpretation of existing laws.

Weather and atmospheric conditions could materially adversely affect the Group's operations

The Group's electricity and gas business are affected by atmospheric conditions such as the average temperatures influencing overall consumption needs. Significant changes in weather conditions from year to year may affect demand for natural gas and electricity, with demand in cold winters and hot summers being typically higher. Furthermore, adverse weather conditions may affect the regular delivery of energy due to network damage and the consequent service disruption. Accordingly, the results of operations of the electricity and gas segment and, to the lesser extent, the comparability of results over different periods, may be affected by such changes in weather conditions. In addition, weather changes can produce significant effects in the Group's electricity production from certain renewable sources and from the hydroelectric and thermoelectric plants.

In order to face the potential impact of climate change on business operations and financial performances the Group has put in place specific meteorological analysis in order to prevent day by day consumptions need compared to previous years, minimizing imbalances in volumes of gas and electricity traded on the respective markets and then sold to consumers.

Several specific actions and investments are planned to update and upgrade the managed distribution networks (for gas, electricity and heating, as regulated activities) in order to make them resilient to both extreme weather conditions and climate transition.

With specific reference to the production of electricity from renewable sources, the Group is committed in investing in the energy transition and is currently developing climate scenario analysis in order to maximize the efficiency of actual and future power plants.

Any material weather phenomena that adversely affects the Group's business could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to operational risks through its ownership and management of power stations, waste management assets and distribution networks and plants

The main operational risks to which the Group is exposed are linked to its ownership and management of power stations, waste management assets and distribution networks and plants. Notwithstanding the operation of the plants and networks managed by the Group has not been subject to malfunctions and/or interruption in service over extended periods of time, it cannot be excluded that such assets and plants may be exposed to events outside of the Group's control or other similar extraordinary events such as extreme weather phenomena, adverse meteorological conditions, natural disasters, fire, terrorist attacks, sabotage, mechanical breakdown of or damage to equipment or processes, accidents and labour disputes. Any such events could cause damages or destruction of the Group's facilities and, in more serious cases, the running of the relevant business may be compromised. This, in turn, may result in economic losses, cost increases, or the necessity to revise the Group's investment plans. Additionally, service interruptions, malfunctions or casualties or other significant events could result in the Group being exposed to litigation, which in itself could generate obligations to pay damages. Although the Group has insurance coverage against some, but not all, of these events, such coverage may prove insufficient to fully offset the cost of paying such damages. With specific reference to potential events of mechanical breakdown of or damage to equipment or processes, each Business Unit and subsidiaries have defined a maintenance program (ordinary and extraordinary) that should be respected in order to prevent asset damages and/or economic losses.

The occurrence of one or more of the events described above, or other similar events, could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and may have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The changes to the overall economy in the Group's principal markets could have an impact on the electricity and gas industrial consumption

Trends in power and gas consumption are generally related to gross domestic product and to global geopolitical dynamics which can severely impact supply, demand and prices of both commodities (*i.e.*, power and gas). The recent energy crisis caused by the conflict between Russia and Ukraine, and characterised by a deterioration of macroeconomic conditions, has led to a contraction in gas supplies which triggered a large increase in methane and power prices in Europe. As a result, despite a brief post-Covid recovery in 2021, both consumer and industrial demand for gas plummeted in 2022, exacerbated by milder winter temperatures. Based on currently available data, demand for gas decreased by 9.8 per cent., from 76.0 billion cubic meters in 2021 to 68.5 billion cubic meters in 2022 (*Source*: Italian Ministry of Business and Made in Italy). The demand for electricity, on the other hand, has proved to be more resilient, with 2022 seeing a decrease of 1 per cent. compared to 2021, from

319.9 TWh in 2021 to 316.8 TWh in 2022, but an overall increase of 5.2 per cent. compared to 2020 (301.2 TWh) (*Source*: Terna S.p.A., Report at 31 December 2022). The continuation of a downward trend over the next few years could significantly reduce the Group's revenues and limit future growth prospects, which may have a material adverse effect on the Issuer's business, financial condition and result of operations, in particular the demand for gas related to the increase in temperatures and lack of willingness to pay related to price trend; otherwise for the demand of electricity related to electrification trend over a lot of sectors.

The Group has exposure to credit risk arising from its commercial activity

Credit risk is the risk that the Group may be exposed to losses arising from the failure by its counterparties to fulfil their payment obligations. In order to mitigate such risk, the Group has in place a central credit policy that regulates the assessment of customers' (and in particular industrial clients) and other counterparties' credit standing, the monitoring of expected collection flows, the issue of suitable reminders, the granting of extended credit terms if necessary, the taking of prime bank or insurance guarantees and the implementation of suitable recovery measures. Standard default interest is charged on past due payments. Furthermore, the Group's credit exposure is spread over a large number of customers and this leads to a non-significant concentrations of the credit risk.

The Group has established a specific credit risk management committee, meeting monthly and composed by managers of both headquarters and subsidiaries – relevant with regard to exposure at credit risk (i.e. AGSM AIM S.p.A., AGSM AIM Energia S.p.A., AGSM AIM Smart Solutions s.r.l. and V-RETI S.p.A.) – aimed at managing, monitoring and controlling credit risk exposure, from the initial evaluation and assignment phase of the credit counterparty, through monitoring of the exposure up to the judicial and/or extrajudicial recovery of the credit. For specific customer and counterparty clusters, the commercial subsidiary AGSM AIM Energia S.p.A. activates credit insurance adequate to the potential exposure.

Furthermore, the commercial subsidiary AGSM AIM Energia S.p.A. has established a Credit Management function in charge of monitoring and controlling the credit risk; meanwhile, a focal point working group of persons in charge for credit risk management has been identified and appointed at the networks distribution subsidiary V-Reti S.p.A. and at AGSM AIM Smart Solutions s.r.l.

Notwithstanding the foregoing, a single default by a major financial counterparty, or an increase in current default rates by counterparties generally, could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is subject to liquidity risk

Liquidity risk is the risk that the Group, while solvent, may not be able to meet its payment commitments or to obtain financial resources or otherwise it may be able to do so only on unfavourable conditions. The two main factors that determine the liquidity of the Group are, on the one hand, the resources generated or used by its operating and investment activities and, on the other hand, the maturity and renewal dates of the financial indebtedness. In order to manage the liquidity risk, the Group has adopted a series of policies and processes to streamline the management of financial resources, thereby reducing liquidity risk: (i) centralised management of cash-flows; (ii) maintenance of an adequate level of available liquidity; (iii) financing of the capital expenditures with long-term indebtedness and financing of the day-by-day operations with short-term indebtedness; and (iv) monitoring of prospective liquidity conditions, in relation to the business planning process. However, these policies may not be sufficient to manage and cover such risk. To the extent they do not, this may have a potentially negative impact on the business prospects, revenues, results of operations and

financial condition of the Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to risks associated with fluctuations in the prices of certain commodities

In the ordinary course of business, the Group is exposed to commodity price risk, namely the market risk linked to fluctuations in the price of raw materials (e.g. natural gas, electricity) and exchange rates associated with them. Because of this the Group has adopted its commodity risk policy and established a specific commodity risk management committee, meeting monthly and composed by managers of both the Parten Company and the subsidiary AGSM AIM Energia S.p.A., aimed at managing, monitoring and controlling commodity risk exposure at Group level. Furthermore, the commercial subsidiary AGSM AIM Energia S.p.A. has established the Energy Market organizational unit in charge of ensuring the management of: (i) supplies of electricity, gas and related products; (ii) commodity trading planning; (iii) energy and gas logistics and dispatching; (iv) monitoring of economic-financial risk related to commodities and optimization of the sourcing portfolio; (v) the trading portfolio with the aim of maximizing margins in compliance with the risk limits defined (and monitored by the Group Risk Management function).

Notwithstanding the fact that Group may adopt risk management policies including, *inter alia*, the entering into of hedging transactions, there can be no guarantee that the relevant risks will actually be mitigated. Any failure to properly manage the risk of significant fluctuations in the price of commodities could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and may have a negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Issuer and its subsidiaries are defendants in a number of legal proceedings and may from time to time be subject to further legal proceedings and inspections by the authorities

The Issuer and certain companies of the Group are defendants in civil, tax, criminal and administrative proceedings, which are incidental to their business activities. For further information in this respect, see "*Description of the Issuer – Legal proceedings*" below. In certain cases, where the Issuer believes that litigation may not result in an adverse outcome or that such dispute may be resolved in a satisfactory manner and without significant impact on it, no specific provisions are made in the consolidated financial statements (for further information, see also "*Description of the Issuer – Legal proceedings*" below). The Issuer and the Group may, from time to time, be subject to further litigation and to investigations by tax and other authorities. The Issuer is not able to predict the ultimate outcome of any of the claims currently pending against it, or future claims or investigations that may be brought against it or its subsidiaries, which may be in excess of its existing provisions. In addition, it cannot be ruled out that the Issuer and the Group may incur significant losses in addition to the amounts already provisioned in connection with pending legal claims and proceedings or future claims or investigations which may be brought owing to: (i) uncertainty regarding the final outcome of such proceedings, claims or investigations; (ii) the occurrence of new developments that management was unable to take into consideration when evaluating the likely outcome of such proceedings, claims or investigations in order to make appropriate provisions as at the date of the latest financial statements; (iii) the emergence of new evidence and information; and (iv) the underestimation of probable future losses.

The Group legal department oversees the monitoring and management of litigations and requests for compensation for damages made by third parties against Group companies. Judicial and extrajudicial disputes are managed operationally both by internal lawyers and/or with the support of external law firms specifically appointed to defend the organization in the appropriate venues.

The probability of losing in trial and the related economic provision in the provision for risks and charges (so called "*Fondo Rischi e Oneri*") are estimated on the basis of the state of progress of the judicial proceedings and/or negotiations underway with the counterparties as well as the indications

received from internal and external lawyers, in coordination with the Group administration and finance department.

Adverse outcomes in existing or future proceedings, claims or investigations could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group, and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Issuer is exposed to interest rate risk arising from its financial indebtedness

The Issuer is subject to interest rate risk arising from its financial indebtedness, which varies depending on whether such indebtedness is at a fixed or floating rate. As at the date of this Prospectus, approximately 40 per cent. of the Group's borrowings were at a fixed rate. Part of the risk connected with the fluctuation of interest rates has been reduced by entering into hedging agreements. There can be no guarantee that the hedging policy adopted by the Issuer and the Group, which is designed to minimise any losses connected to fluctuations in interest rates in the case of floating rate indebtedness by transforming them into fixed rate indebtedness, will actually have the effect of reducing any such losses. To the extent it does not, this could have a material potentially adverse effect on the business, revenues, results of operations and financial condition of the Issuer and the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The loan agreements entered into by companies belonging to the Group may contain restrictive covenants

In carrying out their business, the companies belonging to the Group may enter into loan agreements. Any new indebtedness that the Group may incur may contain restrictive covenants (subject to any exceptions agreed between the Issuer and its lenders), restricting, among other things, the Issuer's ability to: make certain capital expenditures or investments; incur additional indebtedness or issue guarantees, including for the purpose of refinancing of existing indebtedness; sell, lease, transfer or dispose of assets; merge or consolidate with other companies; make a substantial change to the general nature of the Issuer's or the Group's business; pay dividends and make other distributions or restricted payments; and enter into transactions with affiliates.

The documentation for any of the Group's future borrowings may also provide for financial covenants, the breach of which would lead to an event of default, as well as other terms (including representations, covenants, mandatory prepayment provisions, trigger events and events of default), all of which are likely to be more restrictive than the Conditions.

The restrictions and limitations contained in the documentation in any future borrowings, as well as those contained in the Conditions, could affect the Group's ability to operate its business, such as its ability to finance its operations, fund capital expenditure and implement its investment plans or finance its capital needs. Additionally, its ability to comply with these covenants and restrictions may be affected by events beyond its control, including, prevailing economic, financial and industry conditions. Failure to comply with any of these covenants or restrictions, unless a prior waiver is obtained or amendment made, could constitute a default thereunder and, if any, under the Notes.

Treasury office, with the support of Business Development department regularly monitor the respect of covenants.

The foregoing might adversely affect the business prospects, revenues, results of operations and financial condition of the Issuer and its Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Issuer is a holding company and depends on its operating subsidiaries

The operations of the Group are, and may be, carried out by the Issuer primarily through its subsidiaries, as well as entities in which the Issuer or its subsidiaries have an interest but which they do not control, such as project companies and joint ventures, and therefore the Issuer may, *inter alia*, depend on the earnings and cash flows of, and the distribution of funds from, these subsidiaries and entities to meet its payment obligations, including its obligations with respect to the Notes.

Generally, creditors of such entities, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the entity, and preferred shareholders, if any, of the entity, will be entitled to the assets of that entity before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Notes will, to the extent described above, be structurally subordinated to the prior payment of all the debts and other liabilities of the Issuer's direct and indirect subsidiaries and other entities, including the rights of trade creditors and preferred shareholders (if any), as well as contingent liabilities, all of which could be substantial.

Furthermore, any limitations on the Issuer's ability to receive funds from its subsidiaries or such other entities, and any enforcement of the guarantees issued by the Issuer in favour of its subsidiaries or such other entities could have a potentially negative impact on the business prospects, financial condition and results of operations of the Group and a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group's business may be adversely affected by the current disruption in the global credit market

Disruption in the financial markets and the global financial system in general and related challenging market conditions have resulted in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Group. Any worsening of general economic conditions in the markets in which it operates could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

A failure to maintain and further develop appropriate risk management, compliance and internal control systems could adversely affect the Group

The Group's risk management and internal control system is designed to assist with the assessment, avoidance and reduction of risks which jeopardies its business. On 29 July 2022 the Board of Directors of the Issuer approved a code of conduct for the business relationships (*i.e.* the Code of Ethics) and on 10 July 2023 the same Board of Directors adopted an updated version of the organisation management and control model (the "**231 Model**") in accordance with Italian Legislative Decree 231/2001 aimed at protecting AGSM AIM from the possible reckless or criminal acts which may be committed by its executives or employees. The Code of Ethics have been progressively approved by the Issuer's subsidiaries together with the adoption and/or updating of their own organisational, management and control model. The Group has also appointed the Supervisory Body ("*Organismo di Vigilanza*") to oversee the functioning and updating of, and compliance with, the 231 Model.

Since its foundation and in order to define and implement a consistent risk management and internal control system, the Group has foreseen the establishment of specific functions and offices that operate at the Group level like: Compliance, Risk Management and ESG, QSA (Qualità, Sicurezza e Ambiente – *i.e.* QSE – Quality, Safety and Environment) and Internal Audit. For further information it is possible to consult the Sustainability Report for the fiscal year 2023, paragraph 4.4 "*Risk Management and Internal Control System*".

The Enterprise Risk Management framework adopted by the Group also established a management Risk Committee (the "**Risk Committee**") composed by the Issuer's Chief Executive Officer and a

selection of Director of AGSM AIM. The Risk Committee meets at least quarterly, in order to analyze and discuss over risk factors affecting the Group and to promote the most appropriate corrective and mitigation actions for enterprise risks identified.

Despite the risk management and internal control systems that the Issuer currently has in place, there can be no absolute assurance that violations of internal policies and procedures, applicable law or criminal acts by employees or third parties retained by the Group such as consultants and their employees can be entirely prevented. In addition, any failure by any Group entity to effectively adopt, update, or implement the risk management system entities could have a potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

In the context of the approval of the Company's 2023 financial statements, the Board of Statutory Auditors has issued its report (titled: "Relazione del Collegio Sindacale all'Assemblea dei Soci in occasione dell'approvazione del bilancio di esercizio chiuso al 31 dicembre 2023 redatta ai sensi dell'art. 2429, co. 2, cod. civ." dated 22 May 2024) highlighting that it could not guarantee: "*that the corporate organization fully respects the observance of law, the bylaws and the principles of proper administration; that there is an adequate organizational structure, and that the company is equipped with an efficient garrison of legality*". The Group does not accept the allegations made by the Board of Statutory Auditors in their report and has vigorously defended its position. For further details, see "Description of the Issuer and the Group – Recent Developments". Unfavorable outcomes, if any, for AGSM AIM of the eventual disputes it could be a party to – specifically those with larger media impact – or those arising of new disputes, may have negative impacts, even significant, on AGSM AIM and/or the Group, with a consequently potentially negative impact on the business prospects, revenues, results of operations and financial condition of the Group.

Information technology / cybercrime risk

The Group's operations are supported by complex information systems, specifically with regard to its technical, commercial and administrative divisions. Additionally, the Group collects and stores sensitive data, including intellectual property, proprietary business information and the proprietary information and personally identifiable information of customers, service providers and employees, in data centers and on information technology networks. Operating these information technology systems and networks, and processing and maintaining this data, in a secure manner, are critical to the Issuer's business operations. Increased information technology security threats and more sophisticated computer crimes intended to cause damage to management infrastructure or breach personal data pose a risk to the security of the Group's systems and networks and the confidentiality, availability and integrity of its data. The main threats may include identity theft, phishing aimed at taking control of a personal computer in order to attack central systems and attacks on exposed systems, such as public websites.

A failure or breach in security could expose the Group and its customers, service providers and employees to risks of misuse of information or systems, the compromising of confidential information, loss of financial resources, manipulation and destruction of data and operations disruptions, which in turn could adversely affect the Group's reputation, competitive position, business and results of operations. Security breaches could also result in litigation, regulatory action, unauthorized release of confidential or otherwise protected information and corruption of data, as well as higher operational and other costs of implementing further data protection measures which could have a material adverse effect on the Issuer's business, financial condition or result of operations and in turn on the market value of the Notes and/or the Issuer's ability to fulfil its obligations under the Notes.

The Issuer has exposure to counterparty risk arising from its commercial activity

Counterparty risk represents the Issuer's exposure to potential losses that could be incurred if a commercial or financial counterparty fails to meet its obligations. This risk arises primarily from economic/financial factors (*i.e.*, where the counterparty defaults on its obligations), as well as from factors that are technical/commercial or administrative/legal in nature (disputes over the type/quantity of goods supplied, the interpretation of contractual clauses, supporting invoices, etc.). Although counterparty risk affects the Group across all the business areas (energy commodity, and service sales, waste treatment and telecommunication), the Group's exposure to counterparty risk is mainly due to its growing commercial activity as a seller of electric power and natural gas in the deregulated market. In addition, a counterparty risk also exists in relation to the regulated activities carried out by the Group, such as the distribution of electric power and natural gas and the waste management services, notwithstanding equalisation mechanisms provided for in connection thereto by the relevant grantors/authorities. A single default by a major financial counterparty, or an increase in current default rates by counterparties generally, could adversely affect the business, revenues, results of operations and financial condition of the Issuer and its Group and, in turn, the market value of the Notes and/or the Issuer's ability to fulfil its obligations under the Notes.

For further information on how the Group manages and monitor counterparty and credit risk, see also "*The Group has exposure to credit risk arising from its commercial activity*" above.

Group's future attempts to acquire additional businesses and its ability to integrate those businesses

The Issuer's business strategy involves acquisitions and investments in its core businesses. The success of this strategy depends partially on its ability to identify successfully and acquire suitable companies and other assets on acceptable terms and, once they are acquired, on their successful integration into the Group's operations, as well as its ability to identify suitable strategic partners and conclude satisfactory terms with them. Any inability to implement the Group's acquisition strategy or a failure in any particular implementation of its strategy could have an adverse impact on its business, financial position and results of operations.

Risks relating to joint ventures and partnerships

In recent years, the Group has entered into various partnerships. The Group may enter into further joint ventures or partnerships in the future with the same or other parties. The possible benefits or expected returns from such joint ventures and partnerships may be difficult to achieve or may prove to be less valuable than the Group currently estimates. Furthermore, such investments are inherently risky as the Group may not be in a position to exercise full influence over the management of the joint venture company or partnership and the business decisions taken by it. In addition, joint ventures and partnerships bear the risk of difficulties that may arise when integrating people, operations, technologies and products. All the above circumstances could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Group aims to participate only in ventures in which its interests are aligned with those of its partners, it cannot guarantee that its interests will remain so aligned. Although strategic joint ventures are intended to be stable operational structures, contracts governing such projects typically include provisions for terminating the venture or resolving deadlock. The dissolution of business ventures can be both lengthy and costly and the Group cannot give any assurance that any strategic alliances will endure for a period of time compatible with its strategy.

Risks relating to skills and expertise of the Group's employees

The Group's ability to operate its business effectively depends on the skills and expertise of its employees. If the Group loses any of its key personnel or is unable to recruit, retain and/or replace sufficiently qualified and skilled personnel, it may be unable to implement its business strategy, which could in turn adversely affect the business, results of operations and financial condition of the Group.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor must consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behavior of financial markets; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes, unless the potential investor has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes are fixed-rate securities and are vulnerable to fluctuations in market interest rates

The Notes will bear interest at a fixed rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets ("**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

Redemption prior to maturity for tax reasons

In the event that, as a result of a change in law or regulation, the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax or in the interpretation or administration thereof, and such obligation cannot be avoided by reasonable measures, the Issuer may redeem all outstanding Notes in accordance with the Conditions of the Notes. In such circumstances

an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a significantly lower rate.

The Notes are unsecured

The Notes constitute unsecured obligations of the Issuer and, save as provided in Condition 3 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and the Issuer's other subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and the other unsecured indebtedness of the Issuer.

The claims of Noteholders are structurally subordinated with respect to the Issuer's subsidiaries

A significant part of the operations of the Group as at 31 December 2023 is conducted through subsidiaries of the Issuer. Noteholders will not have a claim against any subsidiaries of the Issuer and the assets of those subsidiaries will be subject to prior claims by their creditors, regardless of whether such creditors are secured or unsecured.

The Issuer may not have sufficient funds at the time of occurrence of a Put Event to redeem outstanding Notes

Upon the occurrence of certain events relating to the Issuer as set out in "*Terms and Conditions of the Notes - Redemption and Purchase - Redemption at the Option of the Noteholders*", the Noteholders will have the right to require the Issuer to redeem their outstanding Notes at their principal amount outstanding plus accrued and unpaid interest, if any, to the date of redemption. However, it is possible that the Issuer will not have sufficient funds at the time of occurrence of such events to make the required redemption or repurchase of Notes.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended or replaced from time to time. See "*Terms and Conditions of the Notes — Taxation*".

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional or local tax laws of any country or territory. See also "*Taxation*".

Risks relating to change of law or administrative practices

The conditions of the Notes are governed by English law, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus. See also "*— Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances

As mentioned in "*Change of law or administrative practices*" above, the provisions relating to Noteholders' meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders' meetings are intended to follow mandatory provisions of Italian law that apply to Noteholders' meetings where the issuer is an Italian unlisted company. As of the date of this Prospectus, the Issuer is an unlisted company but, if its shares were listed on a securities market while the Notes are still outstanding, then the mandatory provisions of Italian law that apply to Noteholders' meetings would be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders' meeting provisions could change as a result of amendments to the Issuer's By-laws. Accordingly, Noteholders should not assume that the provisions relating to Noteholders' meetings contained in the Fiscal Agency Agreement and summarised in the Conditions will correctly reflect mandatory provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes.

Decisions at Noteholders' meetings bind all Noteholders

Provisions relating to the meetings of Noteholders are contained in Schedule 5 to the Fiscal Agency Agreement and are summarised in Condition 14.1 (*Meeting of Noteholders, Noteholders' Representative, Modification – Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. To the extent that any holder holds a significant position in the Notes this could have an effect on the ability of those holding minority positions to influence whether or not such resolutions are passed if such Noteholder holding a significant portion determined to vote in a particular way. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders' rights and the market value of the Notes.

Investors must rely on the procedures of the clearing systems

The Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg (together, the "ICSDs"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive in definitive form ("**Definitive Notes**"). While the Notes are represented by one or more Global Notes, the ICSDs will maintain records of the beneficial interests in the Global Notes and investors will be able to trade their beneficial interests only through the ICSDs. Similarly, the Issuer will discharge its payment obligations under the Notes by making payments to the ICSDs for distribution to their accountholders and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. A holder of a beneficial interest in a Global Note must therefore rely on the procedures of the ICSDs to receive payments under the relevant Notes.

In addition, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs to appoint appropriate proxies.

Minimum Denomination

The Notes are issued in denominations of €100,000 or higher amounts which are integral multiples of €1,000, up to a maximum of €199,000. Although Notes may not be traded in amounts of less than €100,000, it is possible that they will be traded in amounts that are not integral multiples of €100,000. In such case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination. If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

There is no active trading market for the Notes and one cannot be assured

Application has been made for the Notes to be admitted to the official list and trading on the regulated market of Euronext Dublin. However, there can be no assurance that the Notes will be accepted for listing or, if listed, will remain listed. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, and the Issuer's financial condition, performance and prospects. Illiquidity may have a severely adverse effect on the market value of Notes. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices.

There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Notes.

Prospective investors should understand that they may have to bear the financial risks of their investment for an indefinite period of time.

The Notes are not rated and credit ratings may not reflect all risks

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes and/or the Issuer or any other senior unsecured indebtedness of the Issuer at any future date, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating or the absence of a credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

The Notes may be delisted in the future

Application has been made to the Euronext Dublin for the Notes to be admitted to the Official List and trading on its regulated market. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made by the Issuer as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit ("**Investor's Currency**") other than euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may

impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Notes may not meet investor expectations or requirements

It is the Issuer's intention to apply an amount equal to the proceeds of the Notes in accordance with the Issuer's Green Financing Framework (the "**Green Financing Framework**") / for Eligible Green Projects as defined under "Use of Proceeds" below. A prospective investor should have regard to the information set out in the section "Use of Proceeds" and determine for itself the relevance of such information for the purpose of an investment in the Notes together with any other investigation it deems necessary.

No assurance is given by that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses, the subject of or related to, the Green Financing Framework (including in relation to the EU Taxonomy Regulation, and any related technical screening criteria, the EU Green Bond Regulation, SFDR, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom).

No assurance can be given that Eligible Green Projects will meet investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, the EU Green Bond Regulation, SFDR, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom or any requirements of such labels as they may evolve from time to time. The Notes will not be compliant with the EU Green Bond Regulation and are only intended to comply with the requirements and processes in the Issuer's Green Financing Framework. It is not clear if the establishment of the EuGB label and the optional disclosures regime for bonds issued as "environmentally sustainable" under the EU Green Bond Regulation could have an impact on investor demand for, and pricing of, green use of proceeds bonds that do not comply with the requirements of the EuGB label or the optional disclosures regime, such as the Notes. It could result in reduced liquidity or lower demand or could otherwise affect the market price of the Notes.

While it is the intention of the Issuer to allocate an amount equal to the net proceeds of the Notes for Eligible Green Projects and to report on the use of proceeds as described in "Use of Proceeds" below, there is no contractual obligation to do so. There can be no assurance that any such Eligible Green Projects will be available or capable of being implemented in the manner and timeframe anticipated and, accordingly, that the Issuer will be able to use the proceeds for such Eligible Green Projects as intended. In addition, there can be no assurance that Eligible Green Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. None of a failure by the Issuer to allocate the proceeds of the Notes or to report on the use of proceeds or Eligible Green Projects as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with the Notes or the failure of the Notes to meet investors' expectations requirements regarding any "green", "sustainable", "social" or similar labels will constitute an Event of Default or breach of contract with respect to the Notes.

The net proceeds of the issue of the Notes which, from time to time, are not allocated as funding for Eligible Green Projects are intended by the Issuer to be held pending allocation.

The Issuer does not undertake to ensure that there are at any time sufficient Eligible Green Projects to allow for allocation of a sum equal to the net proceeds of the issue of the Notes in full.

Each prospective investor should have regard to the factors described in the Issuer's Green Financing Framework and the relevant financial information contained in this Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest. The Issuer's Green Financing Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Prospectus. The Issuer's Green Financing Framework does not form part of, nor is incorporated by reference, in this Prospectus.

No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to the Notes

Sustainalytics has issued an independent opinion, dated 7 June 2024, on the Issuer's Green Financing Framework (the "**Second Party Opinion**"). The Second Party Opinion provides an opinion on certain environmental and related considerations is a statement of opinion, not a statement of fact. No representation or assurance is given as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with the issue of the Notes. The Second Party Opinion and any other such opinion or certification is not intended to address any credit, market or other aspects of any investment in the Notes, including without limitation market price, marketability, investor preference or suitability of any security or any other factors that may affect the value of the Notes. The Second Party Opinion and any other opinion or certification is not a recommendation to buy, sell or hold the Notes and is current only as of the date it was issued.

The criteria and/or considerations that formed the basis of the Second Party Opinion and any other such opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Any withdrawal of any such opinion or certification may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. As at the date of this Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference, in this Prospectus.

The Notes are not linked to the performance of the Eligible Green Projects, do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of the Notes

The performance of the Notes is not linked to the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Notes and the Eligible Green Projects. Consequently, neither payments of principal and/or interest on Notes nor any rights of Noteholders shall depend on the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of the Notes shall have no preferential rights or priority against the assets of any Eligible Green Project nor benefit from any arrangements to enhance the performance of the Notes.

LEGAL INVESTMENT CONSIDERATIONS MAY RESTRICT CERTAIN INVESTMENTS

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be

used as collateral for various types of borrowing, and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

INFORMATION INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Prospectus and have been filed with the Central Bank and Euronext Dublin shall be incorporated in, and form part of, this Prospectus:

- i. the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2023, with the accompanying auditors' report, which can be found at:

<https://www.agsmait/documents/43075/767112/GRUPPO+AGSM+AIM+Annual+Financi al+Report+2023+def+ ENG.pdf/72536a63-9be1-2a96-59c9-b852df96bf14?t=1721980483306>

Audited consolidated financial statements of the Issuer	As at 31 December 2023
Consolidated Statement of Financial Position	page 44
Consolidated Statement of Comprehensive Income	page 45
Statement of Cash Flows	pages 46
Consolidated Statement of Changes in Equity for the Year	pages 47
Notes to the Consolidated Statement of Financial Position	pages 59-79
Notes to the Consolidated Income Statement	pages 80-87
Other information	pages 88-93
Independent Auditor's Report	pages 95-100
Report of the Board of Statutory Auditors	pages 147-158

- ii. the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2022, with the accompanying auditors' report, which can be found at:

https://www.agsmait/documents/43075/618940/AGSM AIM_bilancio_finanziario_ENG_1 ow_DEF.pdf/4d232f30-ab68-483a-ae74-c53a8edeec2f?t=1694419814146

Audited consolidated financial statements of the Issuer	As at 31 December 2022
Consolidated Statement of Financial Position	page 54
Consolidated Statement of Comprehensive Income	page 55
Statement of Cash Flows	pages 56-57
Consolidated Statement of Changes in Equity for the Year	pages 58-59
Notes to the Consolidated Statement of Financial Position	pages 73-92
Notes to the Consolidated Income Statement	pages 93-102
Other information	pages 104-109
Independent Auditor's Report	pages 112-118

The page references indicated above correspond to the page references of the PDF document format.

The information incorporated by reference that is not included in the cross-reference lists above is considered as additional information and is not required by the relevant schedules of the Prospectus Regulation.

Copies of documents incorporated by reference in this Prospectus will be electronically available for viewing on the website of the Euronext Dublin (<http://live.euronext.com>) and on the website of the Issuer (www.agsmaim.it/).

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference/included in the cross-reference list in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the website does not form part of this Prospectus. This Prospectus should be read and construed together with the information incorporated by reference herein.

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference herein of such documents shall not create any implication that there has been no change in the affairs of the Issuer or the Group since the date thereof or that the information contained therein is current as at any time subsequent to its date.

USE OF PROCEEDS

An amount equivalent to the net proceeds of the proposed issue of Notes (being Euro 46,000,000) will be applied by the Issuer to finance and/or refinance, in whole or in part, existing and/or future eligible green projects.

According to the definition criteria set out by the International Capital Market Association ("**ICMA**") Green Bond Principles ("**ICMA GBP**"), Notes financing or refinancing eligible green projects ("**Eligible Green Projects**") will be denominated "Green Bonds".

For the purposes of this section, the Eligible Green Projects, which meet the eligibility criteria set out in the Green Financing Framework, may include capital expenditures, research and development and acquisitions of renewable energy (solar and wind) assets. Where feasible, the Company will disclose in its annual reporting, the year of operation of the acquired asset. AGSM AIM intends to prioritise, where possible, newer over older assets.

The Eligible Green Projects constitute expenditures that occurred no earlier than two financial years prior to the year of issuance, the budget year of issuance itself, and up to two financial years following the year of issuance. Eligible Green Projects may include:

- Capital expenditures.
- Research and development.
- Selected operating expenditures.
- Acquisition of pure play assets or companies deriving at least 90% of their revenues from activities which meet the Eligibility Criteria described herein.

Eligible Green Projects are net of customer contributions, any dedicated green funding, project financing, and any State or European subsidies.

AGSM AIM intends to disclose the expected allocation to the green eligible categories, as well as the percentage of proceeds that will be used to finance and/or re-finance new and/or existing projects, prior to the issuance of its notes.

For further information, make reference to the Green Financing Framework and the Second-party Opinion which are available on the Issuer's website at the following link: <https://www.agsmait.it/investitori/green-financing-framework>.

The Green Financing Framework and the Second-party Opinion and any other documentation relevant to Notes issued as "Green Bonds" are subject to review and change and may be amended, updated, supplemented, replaced or withdrawn from time to time. Potential investors in Notes issued as "Green Bonds" should access the latest version of the relevant documentation on the Issuer's website.

For the avoidance of doubt, none of the Green Financing Framework, the Second-party Opinion, or any other certification, report or opinion relating to Notes issued as "Green Bonds" are, or shall be deemed to be, incorporated in and/or form part of this Prospectus.

SELECTED FINANCIAL INFORMATION

The following tables contain consolidated balance sheet and income statement information of the Issuer as at and for the years ended December 31, 2022 and 2023, derived from the Issuer's audited consolidated annual financial statements as at and for the years ended December 31, 2022 and 2023. This information should be read in conjunction with, and is qualified in its entirety by reference to the Issuer's audited consolidated annual financial statements as at and for the years ended December 31, 2022 and 2023, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus. See *"Information Incorporated by Reference"*.

Copies of the above-mentioned annual financial statements of the Issuer are available for inspection by Noteholders, as described in *"General Information – Documents on Display"*.

AGSM AIM S.p.A.
AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS

FINANCIAL POSITION - ASSETS	2023	2022
NON-CURRENT ASSETS		
Intangible assets	427,117,179	419,186,320
Property, plant and equipment	486,355,622	455,668,534
Goodwill	53,045,617	51,620,344
Equity investments	14,948,058	15,561,488
Other non-current financial assets	44,044,081	28,776,169
Deferred tax assets	39,838,913	41,290,946
Other non-current assets	9,086,302	48,262,667
Total non-current assets	1,074,435,773	1,060,366,469
CURRENT ASSETS		
Inventories	21,279,895	29,844,500
Trade receivables	392,610,735	674,706,330
Current financial assets	3,341,172	214,399
Current tax assets	29,165,934	27,908,023
Other current assets	74,262,443	161,530,730
Cash and cash equivalents	26,789,818	18,667,141
Total current assets	547,449,998	912,871,123
Assets held for sale	2,486,290	36,695,415
TOTAL ASSETS	1,624,372,061	2,009,933,006
FINANCIAL POSITION - LIABILITIES		
EQUITY		
Share capital	95,588,235	95,588,235
Legal reserve	16,347,623	13,138,532
Other reserves	520,024,214	497,823,716
Profit (loss) for the year	27,057,327	46,452,476
Group total equity	659,017,400	653,002,959
Minority interests	20,380,649	21,155,477
Total equity	679,398,049	674,158,436
NON-CURRENT LIABILITIES		
Non-current financial liabilities	156,369,847	215,630,722
Employee benefits	20,572,149	24,081,498
Provision for risks and charges	59,647,279	54,679,239
Deferred tax liabilities	31,166,857	32,747,537
Other non-current liabilities	30,447,619	47,451,122
Total non-current liabilities	298,203,750	374,590,117
CURRENT LIABILITIES		
Current financial liabilities	240,852,046	438,468,688
Trade payables	262,476,915	378,398,273
Current tax liabilities	19,742,055	15,993,022
Other current liabilities	123,699,246	106,975,669
Total current liabilities	646,770,262	939,835,652
Liabilities held for sale	-	21,348,801
TOTAL LIABILITIES	1,624,372,061	2,009,933,006

AGSM AIM S.p.A.

AUDITED CONSOLIDATED ANNUAL INCOME STATEMENTS

INCOME STATEMENT	2023	2022
Revenue	2,042,650,075	3,280,468,105
Revenue from sales and services	1,978,012,907	3,195,645,771
Change in inventories	(7,821,288)	9,876,667
Other revenue	72,458,456	74,945,667
Operating costs	1,793,932,258	3,010,508,671
Raw materials and consumables	1,204,785,088	2,583,694,763
Services	554,511,228	372,173,867
Leases and rentals	8,256,914	9,486,517
Other operating costs	26,379,029	45,153,525
Added value	248,717,816	269,959,434
Personnel costs	91,795,789	88,452,269
EBITDA	156,922,027	181,507,165
Amortisation, depreciation, and provisions	92,563,053	97,945,464
Amortisation and depreciation	72,287,519	71,630,757
Write-down of receivables	9,777,871	10,719,625
Other provisions	10,497,663	15,595,082
Net operating income	64,358,974	83,561,701
Financial position	(21,569,994)	(5,050,807)
Income from equity investments	418,291	9,278
Financial income	5,874,810	2,616,744
Financial expenses	(27,799,811)	(9,780,584)
Adjustments to financial assets	(63,284)	2,103,754
Pre-tax profit (loss)	42,788,980	78,510,894
Income taxes	13,886,061	29,597,982
Profit (Loss) from operational activities	28,902,919	48,912,912
Profit (Loss) from discontinued operations, net of tax effects	502,396	478,357
Profit (Loss) for the year	29,405,315	49,391,269
Profit (Loss) attributable to the Parent	27,057,327	46,452,476
Minority interests	2,347,988	2,938,793
Other comprehensive income that will not be subsequently reclassified to profit or loss	2023	2022
Actuarial gains/(losses) for employee benefits	2,194,830	975,802
Tax effect on actuarial gains (losses) for employee benefits	(526,948)	(234,234)
Total actuarial gains (losses) net of the tax effect (B)	1,667,882	741,568
Change in the fair value of cash flow hedging derivatives	19,270,577	(10,025,692)
Tax effect on change in the fair value of cash flow hedging derivatives	(4,624,938)	2,406,166
Total actuarial gains (losses) net of the tax effect (C)	14,645,639	(7,619,525)
Total comprehensive profits (losses) net of tax effect (B) + (C)	16,313,521	(6,877,957)
Total comprehensive income (A) + (B) + (C)	45,718,836	42,513,311

DESCRIPTION OF THE ISSUER AND THE GROUP

OVERVIEW

AGSM AIM S.p.A. ("**AGSM AIM**", the "**Issuer**" or the "**Company**") is a joint stock company limited by shares (*società per azioni*) incorporated in Italy according to the provisions of the Italian Civil Code. Its registered office and principal place of business is at Lungadige Galtarossa 8, 37133, Verona, Italy and it is registered with the Companies' Register of Verona under number 00215120239, Fiscal Code 00215120239 and VAT Number 02770130231. AGSM AIM may be contacted by telephone at +39 045 8677111 and by email at protocollo@pec.agsmait.it.

The Legal Entity Identifier (LEI) of the Company is 815600D77F6DB00A2221.

AGSM AIM was created through the merger pursuant to Articles 2501 et seq. of the Italian Civil Code of Aziende Industriali Municipali Vicenza S.p.A. ("**AIM Vicenza**") into Azienda Generale Servizi Municipali di Verona S.p.A. ("**AGSM Verona**") on 29 December 2020 that became effective on 1 January 2021.

The Company is a Public-Interest Entity ("**PIE**") as the holder of a bond issued on the regulated market of Euronext Dublin.

In accordance with its by-laws, AGSM AIM has been established for a period until 31 December 2100, subject to further extension.

The corporate objectives of AGSM AIM, as provided by Article 4 of its by-laws, is the direct and/or indirect management and operation of public services (*servizi pubblici* pursuant to Italian law), including, *inter alia*, services of general interest (*servizi di interesse generale* pursuant to Italian law) and public utility services (*servizi di pubblica utilità* pursuant to Italian law): generation of electricity; production of electricity and heat for heating networks; public lighting; electricity and gas distribution and metering services; sale of electricity, gas and heat; waste collection, treatment and transport; telecommunications services; and parking management services. AGSM AIM may also carry out, directly and/or indirectly, also through the acquisition of equity interests in other companies, public entities, consortia or enterprises, any other activity which is instrumental, related or complementary to its core business activities, excluding those activities reserved by law to particular categories of parties. The Company may also engage in real estate, commercial, industrial and other transactions that promote the achievement of its corporate purpose, including, *inter alia*, provision of personal guarantees, endorsements (*avalli*) and security interests, only for the benefit of the members of the Group (as defined below), and the direct or indirect acquisition, only for investment and not placement purposes, of holdings in companies operating in the same sector or in analogous or connected segments. AGSM AIM may also, in the context of the Group, carry out lending and, to the extent permitted by the administrative and civil laws, financing activities in favour of the members belonging to the Group, as well as the centralised treasury management, provided however that such activities shall not constitute financial activities with the public.

AGSM AIM is the parent company of the group consisting of AGSM AIM and its subsidiaries (collectively, the "**Group**"). The Group provides integrated multi-utility services mainly in the Veneto Region (in the North-East of Italy). In particular, the Group operates in the sectors of electricity production, distribution and sale; gas distribution and sale; heat production, distribution and sale; environmental services collection and disposal of waste and urban cleaning. The Group also provides other public utility services which include, *inter alia*, telecommunications, , parking services, public lighting and . For further information, see "*Business of the Group*".

As of the date of this Prospectus, AGSM AIM has a share capital of Euro 95,588,235.00 divided into 63,725,490 ordinary shares, with a nominal value of Euro 1.50 each. The breakdown of the share capital is as follows: (i) 61.20 per cent. held by the Municipality of Verona and (ii) 38.80 per cent. held

by the Municipality of Vicenza. The Company's shares are not listed on any market. For further information on the Company's shareholders, see "*Corporate Governance – Shareholders*".

The Group generated total revenue of Euro 2,042,650,075 for the year ended 31 December 2023, compared to Euro 3,280,468,105 for the year ended 31 December 2022, recording a decrease of 37.73 per cent..

HISTORY AND DEVELOPMENT OF THE COMPANY

AGSM AIM was established through a merger by way of incorporation of AIM Vicenza and AGSM Verona on 29 December 2020 pursuant to Article 2501 of the Italian Civil Code which became effective on 1 January 2021 (the "**2021 merger**"). The 2021 merger stemmed from the common development project concentrated in Northeast Italy, with the main objective of sharing strategic lines of growth through the enhancement of individual sector companies, their brands and territorial coverage and through the activation of commercial, industrial and operational synergies.

As a result of the business combination, the Group has enjoyed an important expansion in the scope of its activities compared to those of the two stand-alone companies prior to the 2021 merger, both in terms of business and area covered, while continuing to operate in the public services sector.

Below are set out the most significant events that respectively characterised the two companies.

The foundation of the Azienda Elettrica Comunale dates back to August 1898, which later, in 1931, evolved into AGSM Verona.

In 1906, AIM Vicenza was founded with the intention to operate the distribution of gas and electricity as a municipal company (*azienda municipalizzata*).

At the time, any initiatives undertaken by the municipalities of Verona and Vicenza to provide their respective cities and residents with access to essential services like water, electricity and gas in an integrated manner represented a genuine innovation and a benchmark for the entire country. The origins and development of these two companies over more than a century are thus intimately linked to the territory and history of the cities.

In 1923, the power of the Adige River was harnessed for the first time to generate electricity with the construction of the Chievo dam and the first hydroelectric power plant at Tombetta, where the Camuzzone canal still converges today.

In 1958, AGSM Verona inaugurated an artificial reservoir and a 156-meter-high concrete dam in Raossi di Vallarsa, in the province of Rovereto.

Four years later, in 1962, the San Colombano dam and the homonymous hydroelectric plant were built, which began producing renewable energy in 1965.

In 1966, AGSM Verona built the thermoelectric power plant in Ponti sul Mincio, near Peschiera del Garda, and subsequently upgraded it in 1983 and 2003.

Another significant contribution to energy generation came in 1974 with the construction of the first co-generation plant serving the city of Verona, located in Forte Procolo.

The Agip-Enel joint venture decided to drill a well in the area identified by the AIM Vicenza district heating division, north of Vicenza, for the construction of the urban heating plant. The objective was to utilize geothermal resources, that would be clean and renewable, to integrate and power the new and innovative city district heating system. Following the Forte Procolo co-generation and district heating plant in Verona, which became operational in 1974, four others were established in Golosine (1984), Borgo Venezia (1987), Centrocittà di Basso Acquar (1989) and Borgo Trento (1994).

The construction of the first Zambelli photovoltaic plant in Cerro Veronese dates back to 1984, which was expanded and modernised in 2009. As the first example of European financing, this photovoltaic plant has facilitated further development of innovative technologies for the widespread use of solar energy.

In 2001, a photovoltaic system was installed on the roof of the AGSM Verona headquarters, and in 2009, the integrated photovoltaic roof was constructed at the Bentegodi Stadium, the first of its kind in Italy. The wind farm at Monte Vitalba, in the province of Pisa, began its operation in 2007. Following which additional wind turbines were built in (i) Casoni di Romagna (sixteen wind turbines) in 2008, (ii) the Rivoli Veronese park (four wind turbines) in 2013, and (iii) Affi in 2017 (two wind turbines).

After the 2021 merger, the following corporate reorganisations took place, which led to subsequent mergers of the equity investments of the specified subsidiaries into the leading companies of the respective Business Units to which they belong:

- AIM Energy S.r.l. was merged by incorporation into AGSM AIM Energia S.p.A.;
- Servizi a Rete S.r.l. was demerged in favour of AGSM AIM Smart Solutions S.r.l. and V-Reti S.p.A.;
- Astra Solar S.r.l., Diesse Energia S.r.l., Ecoenergia Vomano S.r.l., Sigma S.r.l., Sphere Energy 1, Sphere Energy 2, TS Energia Due S.r.l., Vinci Energia S.r.l. were merged by incorporation into AGSM AIM Power S.r.l.;
- AIM Mobilità S.r.l. was merged by incorporation into AGSM AIM Smart Solutions S.r.l.; and
- AGSM AIM Ambiente S.r.l. was established.

With effect from 1 January 2022, the parent company AGSM AIM transferred to:

- AGSM AIM Power S.r.l., the power generation business line as well as minority shareholdings in electricity production plants;
- V-Reti S.p.A., the business line relating to electricity distribution networks and plants;
- AGSM AIM Smart Solutions S.r.l., the business line relating to the concessions and management of parking spaces and public lighting, and telecommunications networks and systems; and
- AGSM AIM Calore S.r.l., the business line relating to co-generation and district heating.

Other significant transactions concerned:

The sale of the business unit of SIT S.p.A. (a wholly owned subsidiary of AGSM AIM), responsible for collection of solid urban waste in the Municipality of S. Bonifacio, to Valore Ambiente S.r.l. (another wholly owned subsidiary of AGSM AIM) became effective from 1 February 2023.

With respect to the Market Business Unit, 2V Energy S.r.l. was merged by incorporation into AGSM AIM Energia in 2023 and such merger became effective later the same year.

A list of the other main corporate reorganisations that took place within the Group during 2023 are set out below:

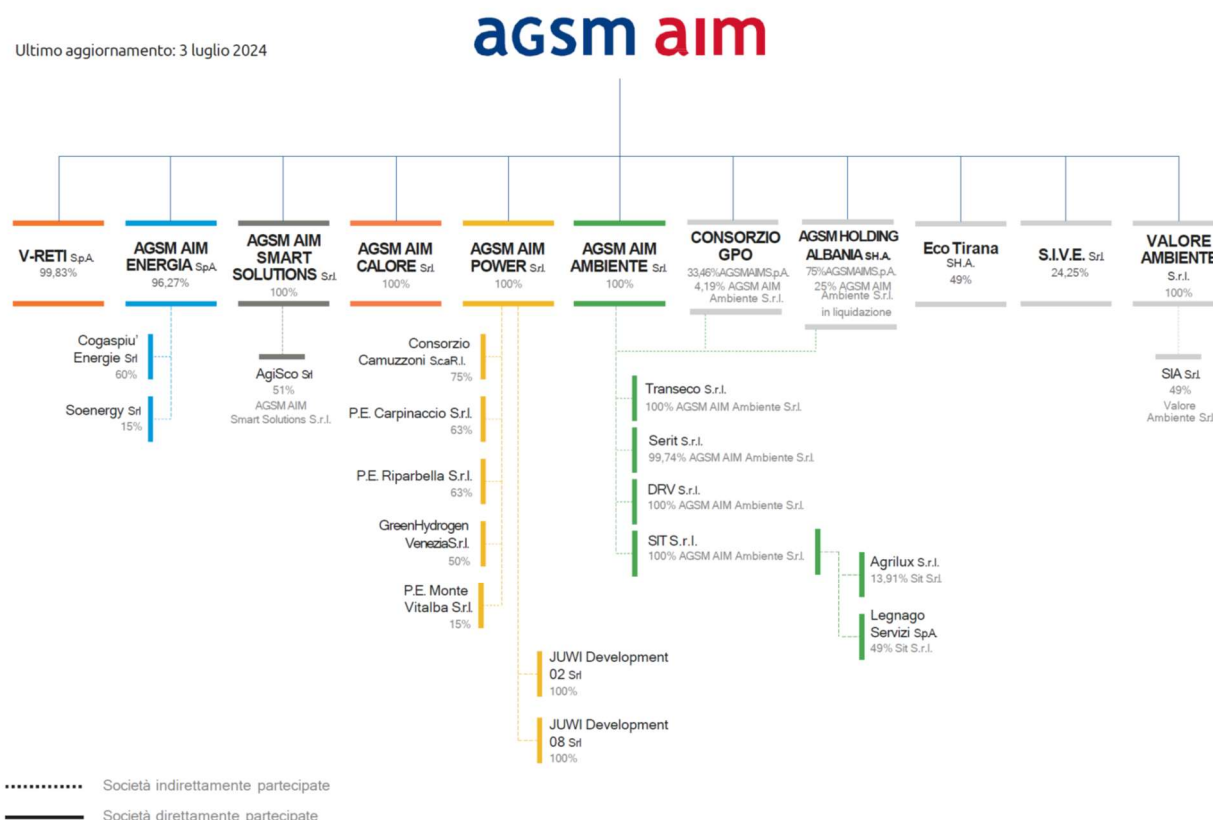
- on 10 January 2023, AGSM AIM POWER S.r.l. acquired the entire share capital of JUWI DEVELOPMENT 02 S.r.l. and JUWI DEVELOPMENT 08 S.r.l.;
- on 27 January 2023, SIT S.p.A. sold its business unit called "Ramo raccolta Vicenza" to Valore Ambiente S.r.l. The disposed business unit provides services for the collection of urban and industrial waste in the Municipality of Vicenza and, until October 2024, in the Municipality of Costabissara;
- in January 2023, two special purpose vehicles were acquired that will construct three photovoltaic plants during 2024 with a total nominal capacity of 12.2 MWp.;
- on 5 April 2023, AGSM AIM Ambiente S.r.l. was the beneficiary of the partial demerger through the spin-off of a well-defined part of the share assets of AMIA VERONA S.p.A.;

- on 24 May 2023, 2V ENERGY SRL was merged by incorporation into AGSM AIM Energia ;
- on 30 August 2023, SIT S.p.A. sold the business unit called "Raccolta San Bonifacio" to SERIT S.r.l.. The disposed business unit provides services for the collection of urban waste in the Municipality of San Bonifacio;
- on 25 September 2023, AGSM AIM transferred for a consideration the share certificate owned by it (equal to 100 per cent. of the share capital in S.I.T. – Società igiene territorio – S.p.A) to AGSM AIM Ambiente S.r.l.;
- on 27 September 2023, AGSM AIM Ambiente S.r.l. acquired the remaining 50 per cent. of the share capital in "D.R.V. S.r.l." becoming its sole shareholder;
- on 5 October 2023, AMIA VERONA S.p.A. sold the business unit called "Ramo TM" concerning waste sorting activity to Transeco S.r.l.;
- on 29 November 2023, AGSM AIM sold its entire stake in AMIA VERONA S.p.A. to AMIAVR S.p.A.;
- on 15 December 2023, AGSM AIM Ambiente S.r.l. acquired the entire share capital in "TRE V Ambiente S.r.l. - Unipersonale"; and
- on 15 December 2023, the business unit called "Ramo gestione sito Le Strillaie" was sold to third parties, consisting of various assets used for the management of the Pump & Treat plant and the leachate purification plant located at the Le Strillaie landfill in Grosseto, as well as the management of the fotovoltaic and biogas recovery plants at the same site.

The transactions listed above were aimed at developing synergies and integration of various business units and operations within the Group to ultimately improve the Group's businesses operations through the enhancement of the brands and territorial coverage by their individual sector companies.

Further corporate reorganisations are expected in the environmental services sector and should be finalised during 2024.

THE GROUP – STRUCTURE DIAGRAM



BUSINESS OF THE GROUP

Introduction

The Group operates mainly in the following areas/sectors: generation of electricity; production of electricity and heat for district heating networks; public lighting; electricity and gas distribution and metering; sale of electricity, gas and heat; waste collection, treatment and transport; telecommunication services; and parking management.

With respect to the aforesaid activities six business units (the "**Business Units**" or "**BUs**") were formed and, as from 1 January 2022, corporate reorganisation processes were started with the establishment of specific companies.

As at the date of this Prospectus, the Group's businesses comprise of (i) fully regulated services managed under "licensed concessionary regimes" (i.e. gas and electricity distribution, electricity production, urban cleaning, waste collection services, public lighting, parking area services) (the "**Regulated Activities**") and (ii) services managed under "free competition" regimes (i.e. gas and electricity sale, district heating, electricity production (with the exception of electricity production through the hydroelectric and thermoelectric plants which is dependent on concessions)) (the "**Liberalised Activities**"). For further information on the regulatory framework, see also "*Regulation*" below.

Business segments

The Group's activities are currently organised through the following six Business Units:

- Power Business Unit: operates in the production of electricity with thermoelectric, hydroelectric, wind and photovoltaic systems, led by AGSM AIM Power S.r.l.;
- Heat Business Unit: operates in the production of electricity and heat for district heating networks with co-generation plants and thermal energy distribution systems, led by AGSM AIM Calore S.r.l.;
- Networks Business Unit: operates in the gas and electricity distribution and metering sectors, led by V Reti S.p.A.;
- Market Business Unit: active in the sale of electricity, gas and heat in the various market segments, led by AGSM AIM Energia S.p.A. ;
- Smart Business Unit: operates in the public lighting, telecommunications and parking management and sustainable mobility sectors, led by AGSM AIM Smart Solutions S.r.l.;
- Environment Business Unit: operates in the waste collection, treatment and disposal sector, led by AGSM AIM Ambiente S.r.l.. For the environmental services sector, a reorganisation process is still underway and will continue throughout 2024.

Business strategy

The Group's main business strategy pillars, as set out in the 2022-2025 business plan of the Group (the "**Business Plan**"), are as follows:

1. Power:

The Power Business Unit manages the plants for the production of electricity from various energy sources due to a particularly diversified portfolio. More specifically, the Power Business Unit manages

basin and run-of-the-river hydroelectric plants, wind and photovoltaic plants, thermoelectric and co-generation plants.

In 2023, the Group enjoyed a general increase in the production of renewable energy plants, especially for the wind and hydroelectric sectors. The wind sector recorded excellent production, both compared to the previous year and to historical averages, especially in the last three months of 2023, where the plants benefited from favourable weather conditions. As for hydroelectric plants, the first four months of 2023 were affected by the drought that characterised the whole of 2022. From May 2023 onwards, however, the frequent rainfall allowed excellent production in the second half of the year. The photovoltaic sector suffered from malfunctions in the plants in the Marche and Abruzzo, due to tracker damage and damage caused by the typhoon in Abruzzo at the beginning of November. The other photovoltaic systems, on the other hand, performed in line with the previous year and the budget forecasts. Thermoelectric production in the first months of 2023 was affected by the drought in that period, with a reduction in production due to the low hydrometric levels in the Mincio river, used for cooling the turbine. In the following months, the energy scenario, characterised by a low-payoff combination of PUN (Prezzo Unico Nazionale – National Single Price) and PSV (Punto di Scambio virtuale – Virtual Exchange Point) rates and CO2 quotas, had an extremely negative impact. This, combined with a growing supply of electricity from renewable sources (especially for the hydroelectric sector), led to the thermoelectric power plant not being switched on for most of the remaining months of 2023.

As at 31 December 2022, revenue for the period amounted to Euro 252.8 million, and was significantly up (over 55 per cent.) compared to the previous year. As at 31 December 2023, revenue for the period amounted to Euro 70 million, a significant reduction compared to the previous year. This decrease in the Power Business Unit's revenue is attributable to the impact of the energy scenario, which resulted in a drop in sale prices, as well as a sharp reduction in RES (renewable energy sources) incentives in 2023. Analysing the impact of production on revenue, there is a marked contraction in volumes from the thermoelectric source, while there is an increase in volumes for both the wind and hydroelectric sectors. It is important to point out that the regulatory measures that introduced the application of an extraordinary contribution charged to energy companies had a negative impact of Euro 1.2 million on the operating result on the first margin of the Power Business Unit.

The EBITDA (gross operating result) of the Power Business Unit for the 2023 financial year amounted to Euro 22 million, also registering a significant reduction compared to the previous year. In particular, the trend in the value of production was influenced by the energy scenario, the quotation prices of the energy produced and the reduction of RES incentives in 2023, in addition to lower production in the thermoelectric sector. Costs were also impacted by the energy context, with a reduction in gas and electricity costs, lower gas consumption and lower expenses for the cancellation of CO2 quotas.

The investments made during 2023 amounted to Euro 12.2 million, representing 11 per cent. of the Group's total investments. Finally, with regard to first-margin unit revenue, there was a 50 per cent. reduction in the renewable energy sector, from Euro 302/MWh in 2022 to Euro 150/MWh in 2023 and a 44 per cent. reduction in the thermoelectric sector, with prices falling from Euro 345/MWh in 2022 to Euro 192/MWh in 2023.

2. *Heat:*

The Heat Business Unit deals with the production and distribution of heat to customers connected to the district heating network in the municipalities of Verona and Vicenza, through co-generation plants (in Verona and Vicenza) and a geothermal well (in Vicenza) that feed a network of more than 185 km of pipelines and 68,628 equivalent flats.

As at 31 December 2023, the Heat Business Unit's revenue for the period amounted to Euro 67 million, a significant reduction compared to the previous year (Euro 122 million in 2022). This decrease in the Heat Business Unit's revenue was mainly attributable to the impact of the energy scenario, which

resulted in a drop in sale prices for both co-generation and thermal electricity. In addition, production volumes were lower in both sectors.

The Heat Business Unit's EBITDA (gross operating result) in 2023 amounted to Euro 5 million, thus also registering a significant reduction compared to the previous year (Euro 21 million in 2022). In particular, production costs were also impacted by the energy scenario, with a reduction in gas purchase costs, (negatively) offset by the significant increase in gas transport charges and those for CO2 cancellation quotas, which were well above historical averages. In view of the particular situation in market prices, in order not to further affect the cost of district heating borne by households, the company decided to shoulder the expense of these increases and not to transfer them onto the service selling rates. In the first months of 2023, the Heat Business Unit also benefited from a gas consumption tax credit of Euro 3.5 million.

The Heat Business Unit undertook major investments totalling Euro 15 million in 2023. The objective of these investments was the modernisation of the Borgo Trento (VR) and Cricoli (VI) power plants, in order to guarantee a more efficient service. This will result in lower gas consumption and CO2 cancellation quotas, greater electricity production and improved exploitation of the Cricoli geothermal well. In addition, a significant portion of the investments was allocated to the restoration of the co-generators at the Forte Procolo and Cricoli plants.

3. Networks:

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

As at 31 December 2022, revenue for the period amounted to Euro 121.4 million, and the EBITDA amounted to Euro 48.6 million.

As at 31 December 2023, revenue for the period amounted to Euro 125 million, an increase (3 per cent.) compared to the previous year when extraordinary revenue of over Euro 5 million was recorded for gas distribution. The number of active Points of Delivery (POD) of electric energy and the (PDR) gas redelivery points are basically unchanged.

The Network Business Unit's EBITDA amounted to Euro 50 million in 2023, recording an increase of 2 per cent. compared to the previous year.

In 2023, investments reached record levels, with a total of more than Euro 65.4 million. This significant increase compared to 2022 was driven by the acceleration towards energy transition that entails the need to increase the capacity, resilience and efficiency of the energy infrastructure.

Here is an overview of the main investments in 2023:

- Euro 37.8 million regarding the distribution of electricity, which mainly concerned works to develop and increase the capacity of the grid and accommodate new production from renewable sources, new 20 kV medium voltage lines for the Olympic event and for the upgrading of the historic centre and the construction of new primary substations (called "**Marangona**" and "**Pace 2**");
- Euro 22.4 million for the distribution of gas, which mainly concerned the replacement of old pipelines, the modernisation of networks and the safety works on connections, and investment in the innovative Picarro technology for the planned search for natural gas leaks;
- Euro 4.1 million relating to other investments, including, in particular, the implementation of the new ADMS (Advanced Distribution Management System)

platform for the real-time monitoring and management of the electricity network in Verona and Vicenza. This cutting-edge technology is fundamental for the digital transformation of the electricity network, in particular it will improve the management of emergency responses and reduce losses by optimising the network structure.

4. Market:

The Market Business Unit refers to the commercial unit for the sale of natural gas, electricity and district heating. With about 850,000 active supply points and a presence throughout Italy, the Market Business Unit serves households, businesses, entities and the public administration and wholesalers. The Group's Market Business Unit is characterised by a strong customer focus and a commitment to supplying high value-added services.

As regards electricity, in 2023 the Group recorded an increase (+0.38 per cent.) in the number of supplies managed, amounting to 530 thousand as at 31 December 2023, and in total volumes sold (-19.7 per cent.) equal to 4.6 TWh during 2023. This trend is mainly as a result of the reduction in reseller counterparties, a choice made at the end of 2022 with the aim of reducing the Company's risk and credit exposure at a time of particular price tension. In 2023, the gas sector recorded a significant increase in volumes sold compared to 2022 (+27.6 per cent.), closing the financial year with 565 million cubic metres sold and 322 thousand supply points (+1 per cent. increase compared to 2022). There was a slight decrease in the quantities of heat sold, which, given the stability in the number of customers served, was due to the reduction in unit consumption or milder 2023 temperatures compared to the previous year.

The year 2023 showed a decrease in the value of production compared to the year 2022 (-38 per cent.) linked to the sharp reduction in the average prices of energy commodities. In fact, 2022 was characterised by very high prices, with a maximum peak in August 2022 and a gradual reduction in the second part of the year, a trend that was consolidated during 2023.

EBITDA recorded a growth compared to 2022 of Euro 22 million mainly for electricity sales activities that benefited from a significant reduction in costs related to the management of profiles and balancing and the activity, started in the second half of the year, for making the most of and maximising customer base segments with a higher added value, with a redefinition of the product portfolio and pricing.

Investments for the year amounted to Euro 1.7 million and accounted for 1 per cent. of the Group's overall investments.

5. Smart:

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

As at 31 December 2023, revenue for the period amounted to Euro 20 million.

As at 31 December 2023, the Smart Business Unit recorded a profit of Euro 2 million, in line with the previous year, after making amortisation, depreciation, accruals and impairments of Euro 4.8 million.

EBITDA amounted to Euro 7.7 million, equal to 38 per cent. of the value of production.

The margins were positively affected by the improved efficiency of the lighting points and, therefore, the operating margin generated by the Public Lighting division increased by Euro 1.5 million compared to the previous year. The margins of the e-mobility division were also improving, although still negative as it is an activity still under development, due to the payment of the charging service in the later part of 2022.

Investments for the year amounted to Euro 4.6 million and accounted for 4 per cent. of the Group's overall investments.

6. Environment:

The Environment Business Unit handles the collection, processing and recovery of waste. During the 2023 financial year, the Environment Business Unit was subject to several reorganisation processes, the main one being the exit, in November 2023, of the urban waste collection activity carried out by AMIA S.p.a. There were other processes modifying the company structures, in particular SIT sold the "collection" business units to SERIT and Valore Ambiente respectively, while AGSM AIM Ambiente acquired from LeSe the remaining 50 per cent. of the DRV equity investment by proceeding to rent the related activities to the MEG Company. The numbers of the Environment Business Unit are in line with expectations; growth will only be possible after the development of the new plants, which are currently being authorised. The forward-looking view of the Environment Business Unit starts from the awareness that current legislation does not lead to the renewal of waste collection concessions, but, as happened for AMIA, SERIT and Valore Ambiente are also destined, within a few years, to leave the Group, most likely to become "in-house" companies. The role of Environment Business Unit is to develop environmental systems at the service of these companies, as well as of the local water companies for the treatment of various waste flows.

As at 31 December 2023, revenue for the period amounted to Euro 94.6 million, a slight increase (+5 per cent.) compared to the previous year, mainly due to the change in fees. EBITDA amounted to Euro 9.9 million, up (+27 per cent.) on the previous year. The higher revenue was mainly for the management of the environmental health service for Valore Ambiente and Ecotirana, as well as higher revenue from taking waste to the SIA landfill in all cases following the waste pricing update as in the MTR-2 waste tariff method 2nd version.

The investments for the year amounted to Euro 9.9 million, mainly for vehicles and equipment for the collection and sweeping service and for the Biomethane contract, which amounted to Euro 1.6 million.

Sustainability Strategy and Reporting

As an aggregator hub, particularly in the North-East of Italy, and due to the significant critical mass achieved with the merger, AGSM AIM aims to make investments that directly benefit the territories, improve the quality of service offered to citizens, and respond effectively to the challenges faced by the public utility sector. AGSM AIM recognises the value of sustainable development and its role is characterized by both the multi-service nature and the regulatory and economic context of the sector, as well as the different demands that in each area of activity derive from the general objectives of customer satisfaction. The Group aims at careful and responsible innovation as the foundation for looking at the future of the business, generating connections with the surrounding ecosystem and ensuring overall awareness for common benefit.

AGSM AIM has sustainability issues at its core and strongly believes in integrating Environmental, Social and Governance (ESG) criteria. Sustainability is the guiding star for the Group's future development which, in its Business Plan, envisages most of the Euro 600 million in investments being allocated to projects aimed at supporting the transformation strides envisaged for the sector, in regard to green and digital transitions, circular transformation and decarbonisation. AGSM AIM directs its strategies towards a sustainable business model, capable of determining competitive advantages for the Group, integrating economic objectives with environmental aspects that it pursues by sharing the generated value and respect for the environment and the protection of biodiversity. The Group is committed to mitigating the environmental impacts of its activities on the climate, by creating and managing production systems with reduced climate-altering emissions, supported by research and innovation of the best available technologies, as well as by offering its customers the most efficient solutions and technologies aimed at energy optimisation and progressive decarbonisation of consumption, along a path accompanying the ecological transition. During 2022, AGSM AIM started

defining its sustainability plan (the "**Sustainability Plan**") in order to represent the organisation's strategic vision in an organic and integrated manner, combining business growth and economic-financial performance with environmental and social sustainability, so as to enable the creation of value and sustainable success in the long term. Objectives, strategies and measures envisaged in the 2022-2025 Business Plan, are based on sustainability, chosen as a pillar of the Group's growth by 2025 and beyond.

AGSM AIM has defined its sustainability management policy as the set of choices and behaviours that allow the Group to pursue its corporate purpose, guaranteeing its long-term profitability and competitiveness and enhancing the interests of all its stakeholders. The ambition to pursue sustainable success and the daily commitment to ensuring the integration of environmental, social and good governance principles into its business model are essential elements to create value to benefit its stakeholders, with particular attention to the community and the territory in which the Group operates. The Group, intends to continue to conducting its activities in a sustainable manner with a view to the future and orienting the business strategy towards creating value for stakeholders in the medium and long term. In this context, AGSM AIM intends to base its activities on ensuring a sustainable approach in terms of respect for people, the environment and the adoption of good governance practices of the organisation.

The Group has decided to make its own contribution to achieving the goals set out in the United Nations' Global Agenda for Sustainable Developments and its Sustainable Development Goals (the "**SDGs**"). In declaring its charter of commitments for the coming years, AGSM AIM has chosen to link its actions with the SDGs most akin to its core business and strategic lines of action. The strategies and actions envisaged in the Business Plan are aimed at sustainability and traced back to 10 of the 17 Sustainable Development Goals: no poverty, quality education, gender equality, affordable and clean energy, decent work and economic growth, industry innovation and infrastructures, sustainable cities and communities, responsible consumption and production, climate action, peace justice and strong institutions.

Within the framework of the important changes and great growth that have characterised the Group, the Group has consolidated its process for corporate social responsibility by presenting the Consolidated Non-Financial Statement (CNFS) for 2023, in accordance with Legislative Decree 254/16, transposing Directive 2013/34/EU. The CNFS was prepared as a separate document from this Report on Operations.

The CNFS responds to the precise need for transparency towards all stakeholders (e.g. customers, suppliers, employees, users, citizens, local administrations, lenders) and represents a valuable tool to communicate and disseminate the Group's non-financial (environmental, social and economic) performance to the entire area where the Group operates.

The Group also adopts proactive and multi-channel communication as a complementary tool for dialogue with its stakeholders. In this regard, the activity on the main social media channels involves sharing content aimed at disseminating the activities and initiatives carried out by the Group and raising awareness among the stakeholders on sustainability issues. During 2023, AGSM AIM increased the stakeholder engagement process that involved different categories of stakeholders, through a survey aimed at gathering their opinions on the importance of sustainability issues (environmental, social and governance) considered pertinent and potentially relevant for each category. Due to specific free and optional fields provided for and included in the questionnaires, stakeholder engagement activities have also allowed the collection of opinions and suggestions expressed directly by the individual stakeholders on projects and sustainability objectives that the Group should set itself.

The Group has performed an assessment in order to start reporting Scope 3 Green House Gas ("**GHG**") emissions, in particular, with reference to (i) fuel and energy related activities, (ii) employee

commuting and (iii) use of sold products. These Scope 3 categories will be reported in the 2023 Sustainability Report together with Scope 1 and 2 emissions, while further Scope 3 emission categories will be reported in the next years, according to the Greenhouse Gas Protocol Principles.

Furthermore, in the last quarter of 2023, the Company has established an integrated working group specifically dedicated to perform a preliminary impact assessment and gap analysis aimed at defining a detailed action plan to comply with the new regulations on sustainability reporting.

According to the above-described context, the Group is committed to define and pursue its net zero strategy within the next two years.

Green Financing Framework

AGSM AIM has established a Green Financing Framework ("**Framework**"). The Framework is an integral part of the long-term sustainability vision of AGSM AIM and provides a direct link from financing to the relevant Group's activities, developing positive environmental impacts and solutions. The protection of the environment and the commitment to a sustainable development have been AGSM AIM's priorities over the past years and will continue to be for the future. The Framework therefore provides guidance for identifying, measuring, and communicating AGSM AIM's environmental impacts and helps ensuring greater transparency, accountability, and responsibility in investments and sustainable initiatives.

The Framework is established in accordance with the Green Bond Principles 2021 (with June 2022 Appendix) administered by the ICMA ("**ICMA GBP**"), as well as the Green Loan Principles 2023 administered by the APLMA, LMA, and LSTA ("**GLP**"), and their four core components:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of proceeds; and
4. Reporting.

The Framework is also intended to align with the EU Taxonomy Regulation, specifically the Substantial Contribution criteria to climate change mitigation, as laid out in the Delegated Acts on Climate Change Mitigation ("**EU Taxonomy**"), where relevant, possible and on a best effort basis.

AGSM AIM is committed to constantly improving its approach to sustainability and to comply with the best practices in the green finance market. The Framework may therefore be amended or updated to reflect changes in market practice, as well as regulatory developments.

An amount equal to the net proceeds raised from any AGSM AIM's notes issued under the Framework will be allocated to finance and/or re-finance, in whole or in part, new and/or existing projects/assets ("**Eligible Green Projects**" or "**Eligible Green Assets**").

The Eligible Green Projects may include capital expenditures, research and development, selected operating expenditures and acquisitions of renewable energy (solar and wind) assets. Where feasible, AGSM AIM will disclose in its annual reporting, the year of operation of the acquired asset.

The Eligible Green Projects are evaluated, selected, and periodically reviewed by a dedicated green finance committee of AGSM AIM (the "**GF Committee**") which has been established to create the Framework, manage any future updates to the Framework, expand the list of Eligible Green Projects and oversee its implementation, including the evaluation and selection of eligible assets, according to the following steps:

- I. The projects should comply with:

- a) The eligibility criteria described in the present document;
 - b) Where applicable, the technical screening criteria set in the EU Taxonomy Regulation;
 - c) The do no significant harm (DNSH) principle;
 - d) The minimum safeguards criteria; and
 - e) National and international applicable laws and regulations.
- II. The investments and expenditures as far as, EPC (Engineering, Procurement and Construction) and O&M (Operations and Maintenance) activities are expected to adhere to AGSM AIM's internal guidelines, policies, procedures and external standards.

AGSM AIM commits to report annually, and until maturity, on the allocation of the proceeds of the notes issued under the Framework and the relative impacts of the projects, at least at category level. The reporting will be made publicly available on the website (www.agsmaim.it) and in the "Non-financial Report" and reviewed by an independent external auditor.

AGSM AIM will report approximately one year from the date of issuance, and annually thereafter until maturity, on the use of proceeds, including indicatively the following information:

- Overview of outstanding notes.
- Allocated amounts, at least at category level.
- Brief descriptions of the largest and most representative projects from each category, highlighting country of implementation, as well as type and sector of the project.
- Breakdown by types of expenditures.
- The share of new financing and refinancing (in %) of the eligible projects.
- Contribution to the EU environmental objective where applicable.
- The balance of unallocated proceeds at the time of reporting, if any.

AGSM AIM also intends to report annually on the environmental benefits resulting from the Portfolio disbursed from the notes issued, until maturity. In most cases, the environmental indicators linked to the single project will be those calculated in the project evaluation phase, i.e. expected impacts, and where feasible ex-post measurements will be provided.

On a best effort basis, AGSM AIM will align the impact report with the portfolio approach described in the ICMA "Harmonised Framework for Impact Reporting" dated June 2023.

When reporting on the identified outcomes, AGSM AIM may select alternative quantitative or qualitative Key Performance Indicators ("KPI"), to remain relevant to the selected Eligible Green Assets. For all Eligible Green Assets, AGSM AIM may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details.

AGSM AIM is committed to constantly improving its approach to sustainability and to comply with the best practices in the green finance market. The Framework may therefore be amended or updated to reflect changes in market practice, as well as regulatory developments.

Vision, Mission and Values

The Group's goals are to enhance people's quality of life and create value for the territories. To achieve them, AGSM AIM offer a quality service and sustainable management of energy resources. The Group

is guided by innovation, reliability, respect and constant attention to people, the environment and society.

The objectives and actions outlined in the Business Plan are grounded in sustainability, chosen as the cornerstone of the Group's growth strategy. Sustainable development will be pursued concretely through investments to strengthen the Group's green commitment, improve its commercial offering, and invest in the digitisation of gas and electricity networks.

Recognising the importance of designing a new cultural model for the Group, in 2021 AGSM AIM launched the "*VOLT – Valori, Orizzonte, Leadership, e Trasformazione*" project to question which values should inspire the Group's new reality and daily behaviours. The journey continued over the following two years with "*Valori in azione*," which engaged diverse working groups within the company population to facilitate the assimilation of corporate values and transform them from ideas into concrete behaviours and initiatives.

In pursuit of the Group's Mission, a code of ethics has been adopted, which outlines the general principles and behavioural rules to apply in our activities.

OPERATING COMPANIES

AGSM AIM S.p.A.

AGSM AIM acts as the coordinator of activities carried out by its subsidiaries. AGSM AIM also manages a cash pooling system that aims to streamline the dynamics of the Group's inflows and outflows by reducing exposure to banks and optimising the ratios and conditions applied to the various credit lines. During the reorganisation carried out after the 2021 merger, it transferred the technical assets to its subsidiaries (e.g., to AGSM AIM Power S.r.l.), maintaining strategic assets such as the Company's headquarters in its pool of assets. It also owns the assets of the Treviso gas distribution, which at the time was awarded to AIM Vicenza S.p.A. The paragraphs below provide a brief description of AGSM AIM's operating subsidiaries as at the date of this Prospectus.

The 2023 financial statements of AGSM AIM have been prepared in accordance with the International Financial Reporting Standards in force at 31 December 2023. The following table shows the main income statement results achieved in 2023.

INCOME STATEMENT	2023	%	2022	%
Revenue	64,151	100%	72,053	100%
Revenue from sales and services	59,826	93%	63,965	89%
Other revenue	4,325	7%	8,089	11%
Operating costs	48,565	76%	57,198	79%
Raw materials and consumables	2,665	4%	8,375	12%
Services	40,874	64%	42,869	59%
Leases and rentals	2,482	4%	2,022	3%
Other operating costs	2,544	4%	3,933	5%
Added value	15,586	24%	14,855	21%
Personnel costs	18,937	30%	18,099	25%
EBITDA	(3,351)	5%	(3,244)	5%
Amortisation, depreciation, and provisions	12,427	19%	12,484	17%
Amortisation and depreciation	12,095	19%	12,059	17%
Other provisions	332	1%	425	1%
Net operating income	(15,778)	25%	(15,728)	22%
Financial position	54,743	85%	27,566	38%
Income from equity investments	64,083	100%	29,894	41%
Financial income	21,382	33%	5,795	8%
Financial expenses	(30,982)	48%	(8,193)	11%
Adjustments to financial assets	260	0%	70	0%
Pre-tax profit (loss)	38,965	61%	11,838	16%
Income taxes	(4,316)	7%	(2,404)	3%
Profit (loss) from operations	43,282	67%	14,242	20%
Profit (loss) from discontinued operations, net of tax effects	1,255	2%	-	0%
Profit (Loss) for the year	44,537	69%	14,242	20%

- **Revenue** amounted to Euro 64,151 thousand, with a variation of Euro 7,902 thousand (or -11 per cent.) compared to 31 December 2022;
- **added value**, i.e. the difference between revenue and external costs, amounted to Euro 15,586 thousand and was in line with the figure in 2022;
- the **value of amortisation and depreciation** amounted to Euro 12,095 thousand in line with the value in 2022;
- **income from equity investments** amounted to Euro 64,083 thousand, compared to Euro 29,894 thousand in the previous year;
- **net financial charges** amounted to Euro 9,600 thousand compared to Euro 2,398 thousand in 2022;
- **profit (loss) from discontinued operations, net of tax effects**, was attributable to environmental health activities sold during 2023;
- **net profit** amounted to Euro 44,537 thousand compared to Euro 14,242 thousand in 2022.

In 2023, net operating income amounted to Euro -15,778 thousand and was in line with the 2022 value.

The result in terms of net operating income is offset by income from equity investments for an amount of Euro 64,083 thousand, which refers to the 2022 results of the subsidiaries, dividends that are up significantly compared to the value recorded in 2021.

The tax benefit amounted to Euro 4,316 thousand (an increase of Euro 1,912 thousand compared to 2022) and was mainly composed of income from tax consolidation.

AGSM AIM's 2023 net profit amounted to Euro 44,539 thousand, an increase of Euro 30,294 thousand compared to 2022.

The financial position of AGM AIM S.p.A. can be summarised as follows in terms of changes in invested capital and sources of financing:

	2023	%	2022	%
INVESTED CAPITAL				
Net non-current assets				
Intangible assets	81,742		87,735	
Property, plant and equipment	84,125		79,480	
Equity investments and other non-current financial assets	673,138		675,071	
Deferred tax assets/liabilities	3,842		4,635	
Employee benefits	(6,947)		(9,143)	
Provision for risks and charges	(7,316)		(7,678)	
Other non-current assets/liabilities	(10,624)		(14,328)	
Total net non-current assets	817,960	96%	815,773	96%
Net operating capital				
Short-term assets				
Inventories	603		641	
Trade receivables	39,414		34,464	
Other current assets	64,563		73,700	
Total short-term assets	104,580		108,805	
Short-term liabilities				
Trade payables	(20,040)		(33,678)	
Other current liabilities	(54,450)		(45,068)	
Total short-term liabilities	(74,491)		(78,746)	
Total net operating capital	30,089	4%	30,059	4%
TOTAL INVESTED CAPITAL	848,049	100%	845,832	100%
SOURCES OF HEDGING				
Equity				
Share capital	(95,588)		(95,588)	
Legal reserve	(16,348)		(13,139)	
Other reserves	(431,149)		(456,179)	
Profit (loss) for the year	(44,537)		(14,242)	
Total equity	(587,622)	69%	(579,148)	68%
Net Financial Position				
Short-term net financial position	(108,010)		(56,343)	
Medium/long-term net financial position	(152,417)		(210,341)	
Total net financial position	(260,427)	31%	(266,683)	32%
TOTAL SOURCES	(848,049)	100%	(845,832)	100%

AGSM AIM Energia S.p.A.

AGSM AIM Energia S.p.A. ("**AGSM AIM Energia**") is a joint stock company limited by shares (*società per azioni*) incorporated in Italy according to the provisions of the Italian Civil Code.

AGSM AIM Energia is the commercial company of the Company. AGSM Energia operates within the liberalised market, providing offers for electricity, natural gas and heat. Its services cater to domestic customers, condominium, small and medium-sized enterprises, industries, purchasing consortia, organisations, public administrations and wholesalers.

AGSM AIM Power s.r.l.

AGSM AIM Power s.r.l. ("**AGSM AIM Power**") is a limited liability company (*società a responsabilità limitata*) established in 2004.

AGSM AIM Power generates electricity using both renewable sources (hydroelectric, wind, photovoltaic and biogas) and traditional fossil fuels (thermal power). In 2022, the Group's production facilities generated 885 GWh of electricity, with 204 GWh produced from renewable sources (23 per cent.) of the total. In 2023, the Group's production facilities generated 566 GWh of electricity, with 268 GWh produced from renewable sources (47 per cent.) of the total. The primary objective of the Group is to pursue energy transition by increasing the proportion of energy generated from renewable sources year by year.

Through AGSM AIM Power, the Group manages:

- Six hydroelectric plants (Masocorona, San Colombano, Tombetta, Chievo, Belfiore and Valbona) with a total installed capacity of 72.6 MW;
- Six wind farms (Casoni di Romagna, Monte Vitalba, Carpinaccio, Riparbella, Rivoli and Affi) with a total installed capacity of 59.3 MW;
- Twenty-five photovoltaic plants with a combined installed capacity of 21.7 MW; and
- One biogas plant with an installed capacity of 0.9 MW.

The electricity generation is complemented by the Mincio thermal power plant with an installed capacity of 190 MW.

Through this diversified portfolio of energy sources and geographical locations, AGSM AIM Power is equipped to meet the diverse energy needs of the region with expertise and professionalism.

AGSM AIM Ambiente s.r.l.

AGSM AIM Ambiente s.r.l. ("**AGSM AIM Ambiente**") is a limited liability company (*società a responsabilità limitata*) established in 2022.

AGSM AIM Ambiente plays a leading role in the environmental hygiene sector, providing concrete and innovative solutions for waste management. The company oversees the entire waste cycle, from collection to treatment, recovery, reuse and disposal. Additionally, it maintains urban decorum through services such as public area cleaning and green space management.

AGSM AIM Smart Solutions s.r.l.

AGSM AIM Smart Solutions s.r.l. ("**AGSM AIM Smart Solutions**") is a limited liability company (*società a responsabilità limitata*) established in 2012.

AGSM AIM Smart Solutions invests in electric mobility projects and manages public and artistic lighting, telecommunications, surface and underground parking lots, as well as free and paid parking areas in the cities of Verona and Vicenza. The company also offers energy efficiency solutions for buildings.

Innovation and sustainability drive AGSM AIM Smart Solutions' choices, activities and projects. In terms of public lighting, the company manages over 79 thousand light points, with 90 per cent. of them

being LED, ensuring efficiency, energy savings and compliance with light pollution directives. Furthermore, to enhance the smart character of Verona and Vicenza, it is committed to expanding its electric mobility offering by increasing the number of charging points throughout the territory.

AGSM AIM Calore s.r.l.

AGSM AIM Calore s.r.l. ("**AGSM AIM Calore**") is a limited liability company (*società a responsabilità limitata*) established in 2021.

AGSM AIM Calore operates eight co-generation plants, a geothermal well and an extensive district heating network that supplies heat to over 140 thousand residents connected to the municipalities of Verona and Vicenza.

In 2023, AGSM AIM Calore generated 299 GWht of thermal energy and 180 GWh of electricity through its co-generation plants. In 2022, AGSM AIM Calore generated 317 GWht of thermal energy and 219 GWh of electricity through its co-generation plants. The produced heat is distributed through a 184 km district heating network to public buildings, schools, private residences and healthcare facilities, serving a total of 68 thousand equivalent apartments. This enables a more efficient use of energy and improves environmental performance compared to traditional heating systems.

In the coming years, AGSM AIM Calore plans significant investments to further expand the network in the cities of Verona and Vicenza, aiming to increase the sold thermal energy by approximately 300 GWh. Additionally, the geothermal source available in the city of Vicenza will be leveraged as part of the energy transition efforts. These initiatives will position the Group as a leader in building energy management in the respective territories through the provision of an integrated offering.

AGSM AIM Calore operates a geothermal well in the subsurface of Vicenza, approximately 2000 meters deep, extracting water at 68 degrees Celsius.

V-Reti S.p.A.

V-Reti S.p.A. ("**V-Reti**") is a joint stock company limited by shares (*società per azioni*) incorporated in Italy according to the provisions of the Italian Civil Code.

V-Reti oversees the distribution and metering of gas and electricity in the cities of Verona and Vicenza, as well as other municipalities in the Northeast. Its primary aim is to provide customers with reliability and high-quality services.

V-Reti manages 3,228 km of natural gas distribution pipelines, serving approximately 292 thousand users, and 4,513 km of electrical lines, benefiting 313 thousand users. The company is committed to consistently investing in its infrastructure to enhance service efficiency and sustainability.

With its extensive experience in distribution, V-Reti is recognized as a trustworthy company with strong technical expertise. Looking ahead, the company is dedicated to significantly increasing investments to directly benefit the served territories, improve service quality for citizens, and effectively address the challenges facing the public utility services sector.

Through unwavering dedication and presence, V-Reti ensures the uninterrupted operation of electricity and gas distribution networks, striving to maintain the highest safety standards and service continuity levels. To achieve its industrial objectives and add value for its customers, V-Reti places great importance on optimising energy, natural, and territorial resources, while consistently operating with professionalism and perseverance.

Other equity interests

In addition to the above, the Company holds the following equity interests:

- AGSM HOLDING ALBANIA Sha, 75 per cent. directly owned and 25 per cent. indirectly
- Valore Ambiente Srl, 100 per cent. owned
- CogasPiù Energie Srl, 60 per cent. indirectly owned
- Consorzio Industriale Canale G. Camuzzoni di Verona Scarl, 75 per cent. indirectly owned
- Parco Eolico Riparbella Srl, 63 per cent. indirectly owned
- Parco Eolico Carpinaccio Srl, 63 per cent. indirectly owned
- Juwi Development 02 Srl, 100 per cent. indirectly owned
- Juwi Development 08 Srl, 100 per cent. indirectly owned
- TRANSECO Srl, 100 per cent. indirectly owned
- SER.I.T Srl, 99.74 per cent. indirectly owned
- DRV Srl, 100 per cent. indirectly owned
- Società Igiene Territorio S.p.A., 100 per cent. indirectly owned
- Tre V Ambiente Srl, 100 per cent. indirectly owned, incorporated into TRANSECO srl on 1 January 2024
- ECO TIRANA Sha, 49 per cent. directly owned
- Società Intercomunale Ambiente Srl, 49 per cent. indirectly owned
- Amia Verona S.p.A. until 29 November 2023, date of sale of the shareholding to Amia Vr Srl, a company 100 per cent. controlled by the Municipality of Verona
- Soenergy Srl 15.00 per cent indirectly owned
- AgiSco Srl, 51% per cent indirectly owned
- Green Hydrogen Venezia Srl. 50 per cent indirectly owned
- P.E. Monte Vitalba Srl, 15 per cent indirectly owned
- Consorzio GPO 33.46 per cent. directly owned and 4.19 per cent. Indirectly
- S.I.V.E. Srl 24,25 per cent. directly owned
- Agrilux Srl 13.91 per cent indirectly owned by Sit Srl
- Legnago Servizi Spa 49 per cent indirectly by Sit Srl

The management and coordination activity of AGSM AIM has effect mainly through the appointment of the relevant sole director or the boards of directors. AGSM AIM, through its own structures, provides the subsidiaries with support for the proper performance of their management and administrative activities. These circumstances, together with the application of economic conditions established through the application of the so-called cost-plus method, mean that the relationship between each individual company, AGSM AIM and the other subsidiaries is focused on fairness and transparency, compliance with group policies and the search for efficiency and cost-effectiveness. As a result of the management and coordination activity of each company, management is carried out within an economic and financial budget shared by AGSM AIM and in accordance with operational planning and control tools at Group level. The parent company AGSM AIM, within the scope of the law and the provisions of the Articles of Association, also provides support to the company's business through financial support and coordination activities. The management and coordination activity by AGSM AIM is carried out in compliance with the decision-making, management and organisational autonomy of the independent manager, V-Reti S.p.A., which carries out its own assessments on the issues raised.

KEY CONCESSIONS

The table below provides a breakdown of the Group key concessions, through which it carries out its Regulated Activities.

ACTIVITY	CONCESSION	HOLDER	ORIGINAL MATURITY DATE	REGULATED MARKET	NON REGULATED MARKET

Gas Distribution	Municipality of Goito	V-Reti S.p.A.	27/07/2022*	✓	
	Municipality of Val Chiampo	V-Reti S.p.A.	31/08/2024*		
	Municipalities of Verona and Val D'Ilasi	V-Reti S.p.A.	01/06/2030* ***		
	Municipality of Vicenza	V-Reti S.p.A.	31/12/2029* ***		
	Municipalities of Gazzo Padovano, Grantorto and Grumolo D.A.	V-Reti S.p.A.	30/06/2023*		
	Municipality of Villaverla	V-Reti S.p.A.	31/01/2024 *		
	Municipality of Treviso	AGSM AIM	18/05/2027*		
Electricity Distribution	Municipalities of Verona and Grezzana	V-Reti S.p.A.	31/12/2030	✓	
	Municipality of Vicenza	V-Reti S.p.A.	2029		
Hydroelectric Distribution	Locality of Maso Corona/Valbona	AGSM AIM	31/12/2025	✓	
	Hydroelectric power plant of San Colombano	AGSM AIM	31/12/2032		
	Hydroelectric power plant of Belfiore	AGSM POWER S.r.l.	18/02/2039		
	Hydroelectric power plant of Tombetta	Consorzio Industriale Canale G. Camuzzoni di Verona Scarl	31/12/2023*		
Heat Distribution		AGSM AIM CALORE S.r.l.	2029		

Waste Collection Concession	Municipality of Vicenza	AGSM AIM	2025***	✓	
Geothermal Concession	Veneto Region	AGSM AIM CALORE S.r.l.	2049	✓	
Public Lighting	Municipalities in the provinces of Padua (No. 16), Verona (No. 12) and Belluno (No. 20)	AGSM AIM SMART SOLUTION S S.r.l.	Deadlines between 2034 and 2038	✓	
Laying and management of TLC cable ducts	Municipality of Vicenza	AGSM AIM - AGSM AIM SMART SOLUTION S S.r.l.	2031		

* *in prorogatio* regime until new relevant tender.

** after expiration, the concession will be in *prorogatio* regime until new relevant tender.

*** the concession will be subject to in-house management transfer to the Municipality of Vicenza at the expiration.

****in *prorogatio* regime following the Legislative Decree 164/2000 and subsequent regulations.

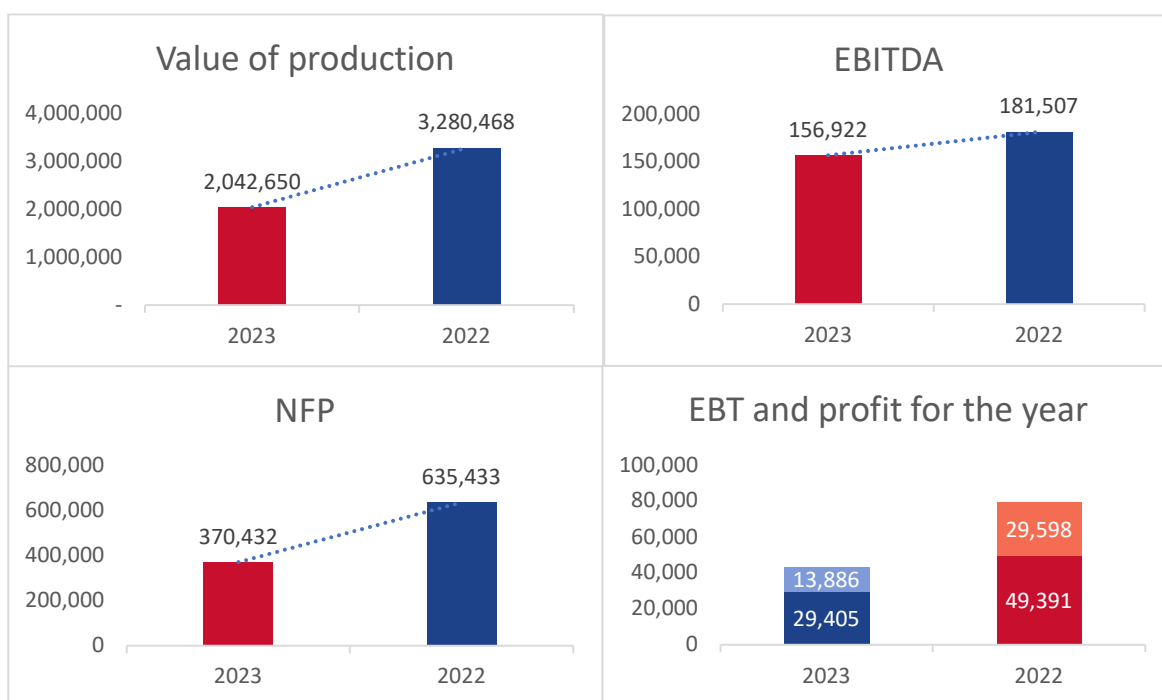
FINANCIAL HIGHLIGHTS AND REVENUES

Financial Highlights and Revenues of the Group

1. Economic position

In 2023, the Group maintained good economic performance from the point of view of operating profitability, despite operating in a market context characterised for the first part of the year by turbulence in the energy market. The reduction in electricity and gas prices led to a reduction in the value of production and consequently in margins in the electricity production and co-generation sector.

The main performance indicators with reference to the results for the financial years 2023 and 2022 are shown below. The values in the graphs below are shown in thousands of Euro.



As mentioned above, the Group's overall profit for the year came to Euro 29,405 thousand, with a return on equity (ROE) of 4,33 per cent.

INCOME STATEMENT	2023	%	2022	%
Revenue	2,042,650	100%	3,280,468	100%
Revenue from sales and services	1,978,013	97%	3,195,646	97%
Change in inventories	(7,821)	0%	9,877	0%
Other revenue	72,458	4%	74,946	2%
Operating costs	1,793,932	88%	3,010,509	92%
Raw materials and consumables	1,204,785	59%	2,583,695	79%
Services	554,511	27%	372,174	11%
Leases and rentals	8,257	0%	9,487	0%
Other operating costs	26,379	1%	45,154	1%
Added value	248,718	12%	269,959	8%
Personnel costs	91,796	4%	88,452	3%
EBITDA	156,922	8%	181,507	6%
Amortisation, depreciation, and provisions	92,563	5%	97,945	3%
Amortisation and depreciation	72,288	4%	71,631	2%
Write-down of receivables	9,778	0%	10,720	0%
Other provisions	10,498	1%	15,595	0%
Net operating income	64,359	3%	83,562	3%
Financial position	(21,570)	1%	(5,051)	0%
Income from equity investments	418	0%	9	0%
Financial income	5,875	0%	2,617	0%
Financial expenses	(27,800)	1%	(9,781)	0%
Adjustments to financial assets	(63)	0%	2,104	0%
Pre-tax profit (loss)	42,789	2%	78,511	2%
Income taxes	13,886	1%	29,598	1%
Profit (loss) from operations	28,903	1%	48,913	1%
Profit (loss) from discontinued operations, net of tax effects	502	0%	478	0%
Profit (Loss) for the year	29,405	1%	49,391	2%

- **Revenue** amounted to Euro 2,042,650 thousand, with a variation of Euro 1,237,818 thousand (or -38 per cent.) compared to 31 December 2022;
- **added value**, i.e. the difference between revenue and external costs, amounted to Euro 248,718 thousand, down by Euro 21,241 thousand on the previous year;
- **EBITDA** was Euro 156,922 thousand, down by Euro 24,585 thousand with a percentage on the value of production amounting to 8 per cent.;
- **amortisation/depreciation and impairment** amounted to Euro 82,065 thousand and provisions amounted to Euro 10,498 thousand;
- **net financial charges** amounted to Euro 21,570 thousand with a strong increase (+327 per cent.) compared to the 2022 figure of Euro 5,051 thousand;
- **pre-tax profit** amounted to Euro 42,789 thousand compared to Euro 78,511 thousand in 2022;
- **profit (loss) from discontinued operations, net of tax effects**, was attributable to environmental health activities sold during 2023;
- **net profit** amounted to Euro 29,405 thousand compared to Euro 49,391 thousand.

The values for the 2022 financial year relating to "Assets held for sale" were reclassified following the application of IFRS5 "Non-current Assets Held for Sale and Discontinued Operations" to the line "Profit (loss) from discontinued operations, net of tax effects" attributable to the activities of the subsidiary AMIA Verona S.p.a., sold during 2023.

2. Financial position

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

	2023	%	2022	%
INVESTED CAPITAL				
Net non-current assets				
Intangible assets	427,117		419,186	
Property, plant and equipment	486,356		455,669	
Goodwill	53,046		51,620	
Equity investments and other non-current financial assets	62,233		44,490	
Deferred tax assets/liabilities	8,672		8,543	
Employee benefits	(20,572)		(24,081)	
Provision for risks and charges	(59,647)		(54,679)	
Other non-current assets/liabilities	(21,361)		812	
Total net non-current assets	935,843	89%	901,559	69%
Net operating capital				
Short-term assets				
Inventories	21,280		29,845	
Trade receivables	392,611		674,706	
Other current assets	106,015		226,197	
Total short-term assets	519,905		930,747	
Short-term liabilities				
Trade payables	(262,477)		(378,398)	
Other current liabilities	(143,441)		(144,317)	
Total short-term liabilities	(405,918)		(522,716)	
Total net operating capital	113,987	11%	408,032	31%
TOTAL INVESTED CAPITAL	1,049,830	100%	1,309,591	100%
SOURCES OF HEDGING				
Equity				
Share capital	(95,588)		(95,588)	
Legal reserve	(16,348)		(13,139)	
Other reserves	(520,024)		(497,824)	
Profit (loss) for the year	(27,057)		(46,452)	
Group total equity	(659,017)		(653,003)	
Minority interests	(20,381)		(21,155)	
Total equity	(679,398)	65%	(674,158)	51%
Net Financial Position				
Short-term net financial position	(214,062)		(419,802)	
Medium/long-term net financial position	(156,370)		(215,631)	
Total net financial position	(370,432)	35%	(635,433)	49%
TOTAL SOURCES	(1,049,830)	100%	(1,309,591)	100%

Compared to the equity and financial position of the previous year, the overall invested capital, equal to Euro 1,049,830 thousand was down (Euro 1,309,591 thousand). The reduction in working capital of Euro 294,045 thousand (from Euro 408,032 thousand to Euro 113,987 thousand) was due to the reduction in tensions on the prices of marketed commodities, for which advance payment was requested in the previous year, and the management focus on payment times and credit management.

The increase in the total of non-current assets of Euro 34,284 thousand was attributable to the significant investment activity as regards Euro 114,904 thousand with amortisation/depreciation of Euro 72,288 thousand.

65 per cent. of net invested capital was financed by equity and the remainder by other sources of financing, mainly provided by the banking system, to support the working capital dynamics caused by the energy scenario.

At the end of the year, the total net financial debt with exposure compliant with the ESMA/31-62-1426 guideline stood at Euro 370,432 thousand. This figure also includes the amounts due to Shareholders for dividends already approved at the end of the year and not yet paid.

It should be noted that the financial position as at 31 December 2022 was restated to take into account the sale of the activity of the subsidiary AMIA Verona S.p.A..

The following tables show the change in the net financial position in 2023 compared to 2022:

NET FINANCIAL DEBT	2023	2022
Cash and cash equivalents	26,789	18,667
Cash and cash equivalents	26,789	18,667
Current account liabilities	(106,100)	(297,188)
Mortgage loans - current portion	(51,248)	(67,623)
Bonds - current portion	(10,054)	(10,071)
Payables for current share of rights of use	(2,450)	(2,454)
Payables for dividends to Municipalities	(71,000)	(61,132)
Current net financial debt	(240,852)	(438,469)
Mortgage loans - non-current portion	(152,398)	(200,886)
Bonds - non-current portion	-	(10,014)
Payables for non-current share of rights of use	(3,972)	(4,598)
Other non-current financial payables	-	(133)
Non-current net financial debt	(156,370)	(215,631)
Total net financial debt	(370,432)	(635,433)

The Group continues to monitor the market in order to optimise the composition of its debt, with the aim of containing the risks related to interest rate trends by also using hedges with suitable financial instruments. The sudden increase in interest rates and the simultaneous need for working capital with an increase in bank debt led to a significant increase in financial charges.

AGSM AIM continued to obtain a credit rating that places it in the "security" area in 2023 as well.

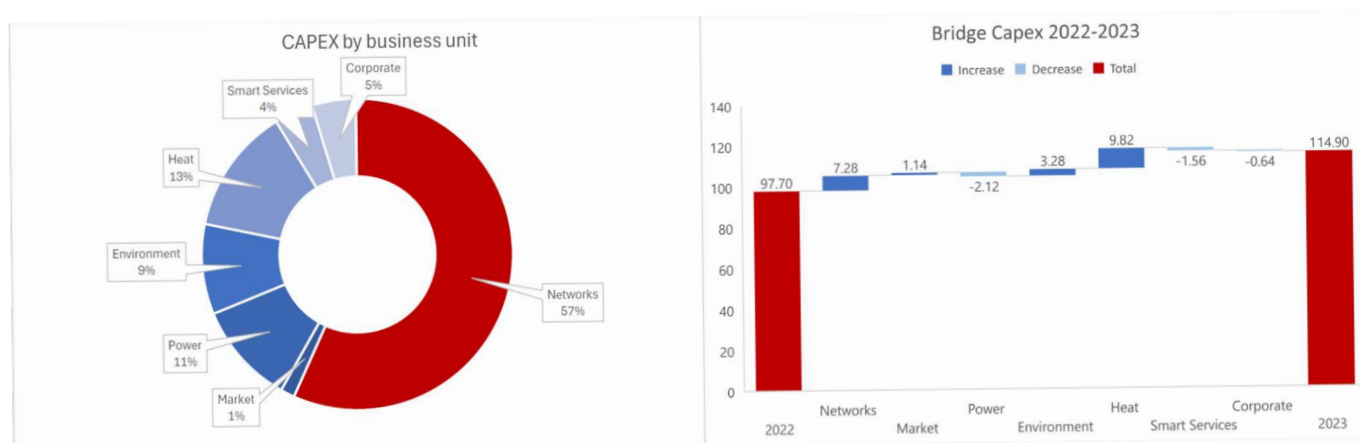
	2023	2022
Cash flow analysis		
Gross self-financing from operations	117,594	187,440
Cash flow from changes in NWC	321,680	(233,724)
Cash flows from other operations	(20,304)	(57,792)
Total operating cash flows	418,970	(104,076)
Cash flow from investment activities	(114,274)	(97,653)
Cash flow from financial activities	(296,573)	189,840
Net cash flow	8,123	(11,889)
Initial cash and cash equivalents	18,667	30,556
Closing cash and cash equivalents	26,790	18,667

3. Investments

Investments, a strategic priority of the Group, amounted to Euro 114,904 thousand in 2023, up by 18 per cent. compared to 2022.

In particular, around Euro 65,400 thousand was invested in the upgrading, extension and digitisation of the networks, Euro 10,800 thousand in the environment sector, mainly intended for the renewal and increase of the vehicle fleet and over Euro 4,600 thousand in smart services, in particular for the renewal of public lighting using LEDs, as well as in the telecommunications network and the electric charging infrastructure. Around Euro 12,200 thousand was invested for renewable generation and co-generation plants. Lastly, in the corporate area, significant investments were also made in ICT and with reference to the corporate assets.

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



FINANCING / FINANCIAL AGREEMENTS

Summarised below are the main terms of the main financial agreements entered into by AGSM AIM.

Bond/Loans	Outstanding Amount as at 30 June 2024	Maturities
Private Placement	10,071,446.70	17/09/2024
Pool financing	122,727,274.00	31/12/2028
EIB n. 312067	16,956,521.70	11/12/2030
EIB n. 83831	14,400,000.00	31/03/2020
EIB n. 83862	2,250,000.00	31/12/2025
Banca di Verona e Vicenza	6,000,000.00	30/04/2025
Banca di Verona e Vicenza	5,359,993.10	31/12/2026
Banco Desio	4,821,240.97	10/11/2025
Banca Etica	6,706,434.10	07/07/2025
Banca Monte dei Paschi	8,571,428,58	30/06/2025
Volksbank	3,700,064.44	26/05/2025
Intesa Sanpaolo	1,000,000.00	31/12/2024
Intesa Sanpaolo	1,643,398.94	31/12/2025
Intesa Sanpaolo	1,272,668.40	31/12/2025
Volksbank	2,463,020.70	29/09/2026
Banca di Verona e Vicenza	4,000,000.00	30/09/2024

LEGAL PROCEEDINGS

From time to time the Group may be subject to various civil, administrative and tax claims and proceedings arising from the Group's operations including employee disputes as well as be subject to inspections by tax authorities or any other authorities (as applicable). AGSM AIM has carried out a review of the ongoing litigations and, where the disputes were likely to result in a negative outcome and where a reasonable estimate of the amount involved could be made, specific provisions were included in the consolidated financial statements. Notwithstanding the foregoing, AGSM AIM believes that none of these proceedings, individually or in the aggregate, will have a material adverse effect on its or the Group's business, financial condition or prospects.

The Group is currently engaged in a dispute with Compago S.r.l. ("**Compago**"), a Group holding company operating in the electricity and gas sector. The dispute originally arose in late 2022 and relates to an aborted transaction of the equity investment in Compago by AGSM AIM Energia, following the changes in the wider market conditions in 2022 and growing controversy in the area of electricity and gas procurement. In 2023, Compago issued a request seeking reimbursement of damages from AGSM AIM Energia (for an amount of around Euro 1,4 million) regarding the aborted transaction, which the Group has rejected as completely unfounded and has been vigorously defending. In April 2024, following a number of meetings between the disputing parties, Compago has expressed its willingness to reach a swift resolution of the ongoing dispute, but it has reserved at the same time, without prejudice, its rights to take legal action in the event of no agreement being reached. The timing of the resolution of this dispute is currently unknown by the Group as at the date of this Prospectus, however the Group considers that an adverse outcome in this dispute is not likely to be material to the Group's operations or cash flows.

INSURANCE

The Group entered into various insurance policies on and in relation to its business and assets with primary standing insurance companies, which provide for terms and conditions in compliance with the best standard market practice and cover against risks usually insured against by prudent companies

carrying on a business similar to the Group and, in any case, against those risks required by applicable law or by contract.

RECENT DEVELOPMENTS

On 21 March 2023, a petition was served pursuant to Article 2409 of the Italian Civil Code by the Board of Statutory Auditors against the directors of AGSM AIM, to report certain breaches of directors' duties and serious irregularities in management – in particular attributable to the CEO Ing. Quaglino – that may cause harm to the company, as well as to the subsidiary AGSM AIM Energia, requesting an inspection and the adoption of appropriate measures to put an end to the damaging conduct. The proposal of three directors to take the company to court, agreeing with the findings of the Board of Statutory Auditors, was rejected by the Board of Directors at its meeting on 17 April 2023 with the other three directors voting against. By order of 4 May 2023, the Court of Venice appointed a special receiver in the proceedings for AGSM AIM, Mr. Renato Pastorelli from Treviso. Subsequently, by decree of 6 July 2023, the Court of Venice rejected the appeal pursuant to Article 2409 of the Italian Civil Code brought by the Board of Statutory Auditors. In its judgment, the Court of Venice, in particular, pointed out that the censures of the Board of Statutory Auditors were promptly responded to by the Board of Directors and that AGSM AIM demonstrated that it had adequately remedied the irregularities highlighted by the Board of Statutory Auditors. In particular, AGSM AIM, by operating a restriction of proxies to CFO, has restored the deficit of information flows. The Court also outlined that the Company continues to take action in order to monitor, also through the use of external bodies, the procedures related to the conferment of appointments.

On 24 January 2024, as part of the wider corporate reorganisation within the Group, AGSM AIM Ambiente S.r.l. was assigned responsibility within the Group for (i) the Business Unit called "Ca' Del Bue", which mainly consists of the real estate located in Verona relating to the treatment plant for organic waste and (ii) for making equity investments in Valore Ambiente S.r.l. (100 per cent.) and Si.Ve. S.r.l. (25 per cent.).

On 26 January 2024, the entire equity investment in Bovolone Attiva S.r.l. was sold by AGSM AIM.

On 10 July 2023, the Board of Directors of AGSM AIM resolved to acquire 49 per cent. of the share capital in Eco Tirana Sha held by AGSM AIM Holding Albania Sh.A., a company to be voluntarily dissolved following the proposed sale. As a result, on 4 April 2024, AGSM AIM and AGSM AIM Holding Albania Sh.A., executed a deed of sale to effect the proposed sale transaction. Once all the post-completion obligations are completed following the sale, the voluntary dissolution of AGSM Holding Albania Sh.A. is to be arranged in 2024.

In the context of the approval of the 2023 financial statements by AGSM AIM S.p.A., the Board of Statutory Auditors has issued a report titled: "*Relazione del Collegio Sindacale all'Assemblea dei Soci in occasione dell'approvazione del bilancio di esercizio chiuso al 31 dicembre 2023 redatta ai sensi dell'art. 2429, co. 2, cod. civ.*" dated 22 May 2024. The report states that the Board of Statutory Auditors could not guarantee: "*that the corporate organization fully respects the observance of law, the bylaws and the principles of proper administration; that there is an adequate organizational structure, and that the company is equipped with an efficient garrison of legality.*" See also "*Risk Factors—A failure to maintain and further develop appropriate risk management, compliance and internal control systems could adversely affect the Group*". At the ordinary Shareholders' Meeting held on 12 June 2024 for the approval of the 2023 financial statements of the Issuer, the Chairman Federico Testa, the Vice Chairman Gianfranco Vivian and the Board Member Angela Broglia issued a note "*Intervento a verbale del Presidente prof. Federico Testa, del Vicepresidente dott. Gianfranco Vivian e del Consigliere prof.ssa Angela Broglia*" in which they have emphasized the lack of basis for such statement in the report prepared by the Board of the Statutory Auditors. In their note, the Chairman Federico Testa, the Vice Chairman Gianfranco Vivian and the Board Member Angela Broglia have emphasized the generic nature of such statement as well as an inconsistent approach applied by the

Board of Statutory Auditors, given that this contradicts their previous acts (including the approval of the previous financial statements without any qualifications or any auditors' notes being included in the previous financial statements on the same) as well as other documentation (including any reports) made available to AGSM AIM and issued by the Board of Statutory Auditors of the strategic subsidiaries (AGSM AIM Ambiente S.r.l, AGSM AIM Calore S.r.l., AGSM AIM Energia, AGSM AIM Power Sr.l., AGSM AIM Smart Solution S.r.l., AGSM AIM VReti S.p.A.), court decisions, reports of experts appointed to conduct an assessment on any outstanding issues in the context of the post-merger process.

In particular, with reference to appointment of experts to conduct an assessment on any outstanding issues in the context of the post-merger process, the Company has commissioned a third-party consulting firm to conduct an assessment aimed at understanding the evolution of the integration process between ASGM Verona and AIM Vicenza, as well as identifying any potential areas for improvement and recommending any actions to address any deficiencies. For this purpose, the consulting firm reviewed the integration plan's completion status and evaluated the Risk Management and Internal Control and System. The firm reported evolutionary ideas and actionable steps for each area examined. Specifically, by way of mere example, the following recommendations were made: in the governance area, it was recommended to update of the management and coordination guidelines; in the area of intra-group relationships and intercompany contracts, the completion of intercompany service agreements were advised; in the enterprise process modelling area, mapping the value chain and the business processes of AGSM AIM S.p.A. and its subsidiaries was suggested, detailing their activities, roles, and responsibilities, and advocating for the harmonization of processes and business activities across the Business Units; in the enterprise risk management process area, the recommendation focused on evolving ownership principles and strengthening the cultural model of risk management through training and awareness initiatives on enterprise risk management and the Risk Management and Internal Control and System; in the controlling, key performance indicators ("KPIs"), and reporting area, the suggestions included (i) reviewing and continuously analysing the management information requirements for all AGSM AIM functions and their principal business processes, as well as for the respective Group's Business Units, with the goal of enhancing the reporting and control system, (ii) regulating the flow of information and reports to and from the Group's administrative and control bodies, and (iii) finalizing the cashflow planning process implementation and establishing a monitoring system for indicators to prevent corporate crises.

The new Board of Directors of AGSM AIM was appointed by the Shareholders' Meeting held on 12 June 2024. Following the appointment, the new Board of Directors approved Federico Testa as Chair of the Board; Alessandro Russo as Managing Director and Stefano Fracasso as Vice Chair of the Board. The Board Members of AGSM AIM S.p.A. are Angela Broglia, Pierantonio Dal Lago and Paola Strada. Cinzia Giaretta (Chairman), Alberto Mion and Silvia Zenati were appointed as members to the Board of Statutory Auditors and Gabriella Zoccatelli and Marco Baldini were appointed as deputies. The new Board of Directors will remain in office for a term of the three financial years ending upon the approval of the financial statements for the financial year to be ended on 31 December 2026.

DIVIDEND DISTRIBUTION

As at 31 December 2023, the profits (utili) resulting from the financial statements of AGSM AIM, amounted to Euro 71.0 million euros of which 27,8 by allocation of dividends of the last financial year.

CORPORATE GOVERNANCE

Corporate governance rules for Italian non listed companies, such as AGSM AIM, are provided in the Italian Civil Code and, where applicable, in Legislative Decree No. 58, of 24 February 1998, as amended, and the relevant implementing regulations.

AGSM AIM has adopted a traditional system of corporate governance, which includes a shareholders' meeting, a board of directors and a board of statutory auditors.

Pursuant to its by-laws, the management of AGSM AIM is entrusted to a collective body made up of 6 members (collectively the "**Board of Directors**", each a "**Director**"), appointed by the shareholders' meeting.

Directors are appointed by the shareholders for a term of three financial years and can be reappointed following the expiry of their term.

The Board of Directors has broad powers to carry out the ordinary and extraordinary management of AGSM AIM. It is authorised to carry out all the acts it deems necessary to achieve AGSM AIM's corporate purpose, with the sole exception of those powers expressly reserved to the shareholders' meeting under applicable law or the Company's by-laws.

Pursuant to AGSM AIM's by-laws, the board of statutory auditors is composed of 3 auditors and 2 alternate auditors, each of which must meet the requirements provided for by applicable law and the Company's by-laws (collectively the "**Board of Statutory Auditors**"). The alternate auditors will replace any statutory auditor who resigns, or is otherwise unable to continue to serve as an auditor. The members of the Board of Statutory Auditors are appointed by the shareholders' meeting.

The members of the Board of Statutory Auditors are appointed for a term of three financial years and may be re-elected. They may be removed only upon the occurrence of a just cause (*giusta causa* pursuant to Italian law) and with the approval of an Italian Court.

The Board of Statutory Auditors is the corporate body that, *inter alia*, must oversee AGSM AIM's compliance with applicable laws and by-laws as well as proper administration and verify the adequacy of organisation, administration and accounting reporting systems.

Management

Board of Directors

The shareholder's meeting held on 12 June 2024 appointed the AGSM AIM Board of Directors for a term of three financial years.

Board Members are Federico Testa, Alessandro Russo, Stefano Fracasso, Angela Broglia, Pierantonio Dal Lago, and Paola Strada.

Senior Management

The new Board of Directors appointed Federico Testa as Chair of the Board. Alessandro Russo has been appointed as Managing Director, Stefano Fracasso as Vice Chair of the Board

Committee

The Board of Directors established within itself the following committee (the "**Board Committee**"):

- Executive Committee: is composed of the Chairperson, Vice Chairperson and Chief Executive Officer and has investigative and consulting functions on more complex issues and to which the Board of Directors may delegate certain functions, excluding those that cannot be delegated by law and pursuant to the articles of association, as well as matters delegated to the Chief Executive Officer.

Supervisory Board

In order to implement the provisions of Legislative Decree No. 231 of 8 June 2001, AGSM AIM has established a Supervisory Board, which is currently chaired by Riccardo Borsari and composed of Cinzia Berlingeri and Matteo Corbo

Board of Statutory Auditors

The Board of Statutory Auditors is a control body that oversees that the law and the articles of association are complied with, that the principles of correct management are observed and that the organisational, administrative and accounting system adopted by the Group is adequate and works properly.

The following table sets out the current members of the Board of Statutory Auditors.

Cinzia Giaretta	Chairman
Alberto Mion	Member
Silvia Zenati	Member
Gabriella Zoccatelli	substitute member
Marco Baldini	substitute member

Conflicts of Interest

There are no potential or existing conflicts of interest between the duties of the Board of Directors and the members of the Board of Statutory Auditors to the Company and their private interests or other duties.

Code of Ethics and Model pursuant to Legislative Decree No. 231/2001

The Company has also adopted a code of ethics (the "**Code of Ethics**"), which was first approved, after the merger, by the then Board of Directors on 31 March 2021 and subsequently amended up to 10 July 2023.

In addition, AGSM AIM has also adopted an Organisation Management and Supervision Model (the "**Model**") to ensure conditions of fairness and transparency in the conduct of its business and corporate activities, according to Decree 231, which was last updated and approved by the then Board of Directors on 10 July 2023. The Model provides guidelines to prevent management and employees committing offences which may make the company liable pursuant to the above-mentioned legislative decree.

Shareholders

The share capital of AGSM AIM as at 31 December 2023 amounted to Euro 95,588,235.00, fully paid and consisting of 63,725,490 ordinary shares, with a nominal value of Euro 1.5 each. The breakdown of the share capital is as follows:

- 61.20 per cent. held by the Municipality of Verona; and
- 38.80 per cent. held by the Municipality of Vicenza.

Independent Auditors

The independent auditors ascertain whether the accounting records are properly maintained and record faithfully the results of operations. They also determine whether the statutory financial statements and the consolidated financial statements are consistent with the data contained in the accounting records and the results of their audits and whether they comply with the requirements of the applicable statutes. They may also perform additional reviews required by industry regulations and provide additional services that the board of directors may ask them to perform, provided they are not incompatible with their audit assignment.

The Company's current independent auditors are BDO Italia S.p.A. with registered office at Viale Abruzzi 94 – 20131 Milano, Italy (the "**Independent Auditors**").

BDO Italia S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance ("**MEF**") and registered under No. 167911 in the special register of auditing firms held by MEF in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39, as amended and is also a member of ASSIREVI (*Associazione Italiana Revisori Contabili*), the Italian association of auditing firms. The Independent Auditors have no material interest in the Company. The Independent Auditors' current appointment was conferred for the period 2021-2029 by the Shareholders' meeting held on 24 June 2021.

Employees

As at 31 December 2023 the Group had 1,821 employees, while as at 31 December 2022 the Group had 2,376 employees. Such decrease is mainly attributable to the demerger with AMIA S.p.A.

REGULATION

The principal legislative and regulatory measures applicable to the Issuer's regulated business are summarised below. Although this overview contains the principal information that the Issuer considers material in the context of the issue of the Notes, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations affecting the Issuer's and of the impact it may have on an investment in the Notes and should not rely on this overview only.

OVERVIEW

EU Energy Regulation: the Third Energy Package

The European Union is active in energy regulation by means of its legislative powers, as well as investigations and other actions by the European Commission. A significant portion of Member States' domestic regulation in the electricity and gas sector is imprinted by the EU Legislation. Notably, in 2009 the European institutions adopted the so-called **Third Energy Package** which includes several directives and regulations aimed at completing the liberalisation of both electricity and gas markets. In particular, the Third Energy Package contemplates the separation of supply and production activities from transmission network operations. To achieve this goal, Member States may opt between the following three unbundling options:

- *Full ownership unbundling (TSO)*. This option entails vertically integrated undertakings selling their gas and electricity transmission grids to an independent operator, which will carry out all network operations.
- *Independent System Operator (ISO)*. Under this option, vertically integrated undertakings maintain the ownership of the gas and electricity transmission grids, but they are obliged to designate an independent operator for the management of all network operations.
- *Independent Transmission Operator (ITO)*. This option is a variant of the ISO option albeit vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transmission.

Moreover, the EU Regulation, by means of the Climate Change Package 20-20-20, provides for an energy policy aiming at pushing the Member States to increase the use of renewable sources.

Italian Energy Regulation and the Italian Energy strategy

In Italy, the principles provided under the Third Energy Package (in particular, EU Directives 2009/72/EC, 2009/73/EC and 2008/92/EC), have been implemented by means of Legislative Decree No. 93 of 1 June 2011, published in the Official Gazette on 28 June 2011 (**Legislative Decree 93/2011**), opting for the unbundling of the Transmission System Operator (TSO).

The main provisions of Legislative Decree 93/2011 include:

- (i) unbundling of the ISO, in order to prevent possible market abuses. In the electricity sector, the unbundling between grid ownership and production activity has been confirmed and the ISO is expressly prohibited from operating electricity production plants. For the gas sector, an ITO model has been adopted which, though maintaining a vertically integrated ownership structure, provides for more stringent functional separation rules and wider control and approval powers assigned to the ARERA;
- (ii) more efficient integration of renewable energy sources production into the electrical system; and

- (iii) confirmation of the exemption from the third party access obligation ("**TPA**") in respect of new interconnection infrastructure.

With reference to the electricity sector, the duration of the exemption from the TPA obligation will be set on a case-by-case basis and the exemption will elapse if the relevant works are not started or the relevant infrastructure has not entered into operation within the time limits set out in the relevant exemption measure. With reference to the gas sector, in addition to the time limit set out in the relevant exemption measure, the new rules provide for a 25 years cap for the duration of the exemption and for the activation of an open season procedure in order to assess the interest of third parties in the relevant infrastructure notwithstanding the TPA exemption. The Ministry for Economic Development (*Ministero dello Sviluppo Economico* – **MED**) and the national Regulatory Authority for Electric Energy Gas and Environmental Sectors (*Autorità di Regolazione per Energia, Reti e Ambiente* – **ARERA**) (formerly *Autorità per l'Energia Elettrica il Gas e il Sistema Idrico* – AEEGSI) share the responsibility for the overall supervision and regulation of the Italian electricity sector. In particular, the MED establishes the strategic guidelines and principles for the electricity and gas sector, while the ARERA, regulates tariffs and technical matters.

In addition to regulation by the ARERA, the Antitrust Authority also plays an active role in the energy market in ensuring competition between suppliers and protecting the rights of clients to choose their suppliers.

More than 20 years on since the adoption of the last National Energy Plan, and following wide public debate which began in October 2012, the New National Energy Strategy ("*Nuova Strategia Energetica Nazionale*") was approved in March 2013, aiming at:

- (a) significantly reducing the energy cost gap for consumers and businesses by bringing prices and costs in line with European levels;
- (b) achieving and exceeding the 20-20-20 targets established by the Climate Change Package;
- (c) improving security of supply, especially in the gas sector, and reducing dependency on imports as far as possible; and
- (d) fostering sustainable economic growth by developing the energy sector.

Furthermore, with the purpose to update the provisions and the measures envisaged by the 2013 National Energy Strategy to adapt it to the new scenario of the Italian energy system and, moreover, to implement the obligations deriving from the European legislation, as amended from time to time, the New National Energy Strategy ("*Nuova Strategia Energetica Nazionale*") was approved on 10 November 2017 aimed, within 2030, to:

- (a) increase the Country's competitiveness, continuing to reduce the prices and costs of the energy, bringing them in line with European levels;
- (b) continue to improve the security of supply and the flexibility of energy systems and infrastructures;
- (c) achieve and overcome, in a sustainable way, the environmental goals and the decarbonisation of the energy system, in line with the aims pursued by the COP21 (Accordo di Parigi).

ELECTRICITY REGULATION IN ITALY

At a national level, electricity regulation is very fragmentary. The liberalisation of the electricity sector, in Italy, started in 1999, with Legislative Decree No. 79/1999 (the so-called **Bersani Decree**), implementing the EU Directive 1996/92/EC on the internal electricity market. The Bersani Decree started the transformation process of the electricity sector from a highly monopolistic industry to one

in which energy prices charged by producers are determined by competitive bidding and provided for a gradual liberalisation of the electricity market so that all customers meeting certain consumption thresholds (the "**Eligible Customers**") are now able to contract freely with producers, wholesalers or distributors to purchase electricity. Therefore, the Bersani Decree established a general regulatory framework for the Italian electricity market that gradually introduced competition with respect to electricity production and sales to Eligible Customers, while maintaining a monopolized structure with respect to electricity transmission and distribution to non-Eligible Customers.

The regulatory framework for the Italian electricity sector based on the Bersani Decree has been further amended in the past decade by, *inter alia*, Law No. 239 of 23 August 2004 (known as the **Marzano Law**) and several other provisions implementing European directives on the energy sector, including, in particular, Directive 2003/54/EC and Directive 2001/77/EC, with a view to improving liberalisation and competition. The discipline of separation has been implemented by ARERA with Resolution No. 11/07 concerning the unbundling integrated text.

In the same direction, the regulatory framework on electricity sector has been updated by Law Decree No. 91/2014 transposed into Law No. 116/2014 (the so called **Competitiveness Decree**). In particular, the Competitiveness Decree has endorsed measures aiming at reducing energy costs for small and medium-size Italian companies as well as it has redefined incentives for renewable sources, based on a combination of the residual term for the incentive and its extent in time.

Legislative Decree No. 102/2014, implementing the EU Directive 2012/27/UE, has provided measures to improve energy efficiency and to achieve the primary energy saving national target for the period 2014-2020, by means of three main tools, which are the Energy Efficiency Certificate system, tax deductions and the Energy Efficiency Support Scheme (*Conto Termico*).

Capacity mechanism

In accordance with Legislative Decree No. 379 of 19 December 2003 the availability of electricity capacity must be regulated by a compensation mechanism aimed at assuring adequacy of the system to cover the demand with the necessary reserve margins. This capacity payment shall ensure transparency and shall not cause distortion in the market, while reducing the total costs for consumers. As a consequence of a complex process involving Terna, ARERA and the MED, on 30 June 2014 the MED approved the ministerial decree that establishes the discipline for the provisional system of payments to remunerate producers that make generation capacity available to the electricity system at times of peak demand, known as capacity payments (**Capacity Payments**). Such decree is consistent with the package of measures aimed at reducing energy bills in favour of small and medium companies. The decree also provides that the new mechanism is essential to ensure a reduction of costs of the system charged on consumers. The measure - which is expected to take effect as of 2018/2019 - aims at increasing the competitiveness of the market, at ensuring the safety of the electrical system at minimal cost, and at integrating renewable sources.

In February 2018 the European Commission has finally examined and approved the Italian mechanism for capacity market. However, the actual start of Italian Capacity Market is subject to a ministerial decree to be issued by the MED and not occurred yet.

Production

Article 8 of the Bersani Decree liberalised the regime for electricity production. In order to increase the level of competition in the market, the Bersani Decree provided that, as of 1 January 2003, no single electricity production company shall be allowed to produce or import, directly or indirectly, more than 50 per cent. of the total electricity produced and imported into Italy. Any operator which exceeds such threshold will incur severe fines imposed by the AGCM pursuant to article 15 of Decree Law No. 287 of 10 October 1990.

Authorization procedure for plants powered by renewable sources

Pursuant to Legislative Decree no. 387/2003 (the "**LD 387/2003**"), photovoltaic, hydroelectric and other plants fuelled by renewable sources are authorized through the so called "*autorizzazione unica*" ("**AU**") granted by the Regions (or, as the case may be, by the relevant Province as entrusted by the relevant Region). The AU is issued following the convening of a local authorities meeting (the so called "*Conferenza dei Servizi*"), in order for all the competent authorities to examine contextually the various public interests involved in the relevant proceeding. The AU substitutes all the authorizations, permits and way of leave required to construct, alter, increase the capacity of, totally or partially renovate and/or re-commission plants powered by renewable sources, as well as all relating works and the infrastructures indispensable for constructing and running such plants (including the relevant interconnection facilities). As a general principle, once the AU is achieved, no further approval is needed (provided that however the AU holder fully complies in all respects with all the prescriptions and requirements set forth in such AU and in the permits and authorizations issued in the context of the *Conferenza dei Servizi*).

Furthermore, article 12 of LD 387/2003 provides that (i) solar plants on ground with a capacity not exceeding 20 kW and (ii) wind farm with a capacity not exceeding 60 kW, could be authorized by means of a simplified authorization procedure, namely the "*denuncia di inizio attività*" ("**DIA**"), instead of the more complex AU procedure. It is worth highlighting that according to D.P.R. no. 380/2001 the DIA is a self-certification process whereby the applicant declares that the project in question complies with all relevant requirements and conditions. The competent authority can raise objections against the DIA within 30 days of receipt of the same DIA; should the objection not be raised within the 30-day term - which is mandatory - the authorization shall be deemed granted and the applicant is allowed to start the works (provided that all the authorizations, nihil obstat required in respect to the plant have been attained, e.g. landscape authorization). Both in the case of the AU and DIA procedures, continuing validity of the authorizations is subject to compliance with the prescriptions and requirements imposed therein and/or contained in permits/way of leaves issued by the various competent authorities involved in the authorization procedure (e.g. landscape authorizations, hydrogeological way of leave and so on).

MED Decree dated 9 September 2010 introduced the so called National Guidelines for Renewables plants permitting purposes and, subsequently, Legislative Decree no. 21/2011 replaced the mechanism of the DIA with the so called PAS – having however similar operation.

Promotion of renewable energy

With particular reference to the promotion of electricity generated by renewable sources, in Italy the first incentive mechanism promoting electricity production through non-conventional sources was introduced, in 1992, by means of the so called **CIP-6 Regulation**, issued by the Interministerial Price Committee, an Italian governmental committee. The Bersani Decree introduced the incentive regime based on the so-called- green certificate mechanism, applying to all renewable plants, except solar plants (for which specific incentive regime is provided, see below).

Pursuant to the provisions of Legislative Decree No. 28/2011 (the **Renewable Decree**), implementing EU Directive 2009/28/EC¹, the incentive regime based on Green Certificates is being phased out in favour of an incentive scheme based on feed-in tariffs /premiums and competitive processes for the awarding of incentives to renewable energy plants.

Photovoltaic solar plants benefit from an incentive regime different from the one applicable to plants fuelled by other renewable energy sources. In particular, this incentive regime is based on a feed-in

¹ The Directive 2009/28/EC is aimed at achieving a 20% share of energy from renewable resources in the EU's final consumption of energy in 2020. In light of this objective, for the first time, Member States are assigned mandatory individual targets for the share of renewable energy sources in final energy consumption (for Italy such target is 17%).

premium tariff paid on top of the price of the electricity generated by photovoltaic solar plants (the so called **Conto Energia**). The Conto Energia has been regulated in the past years by several ministerial decrees. The Fifth Conto Energia issued on 5 July 2012 has ceased to be applicable since 6 July 2013, as a consequence of the reaching of the cumulative annual approximate cost of the incentives of 6.7 billion Euro, communicated by the ARERA with Resolution 250/2013/R/EFR. For the time being, no further incentives are granted to new photovoltaic plants. However, a draft of decree introducing new incentive regimes also for PV Plants has been prepared in 2018 and may be issued in the next months.

With regard to photovoltaic plants, Law Decree No. 91 dated 24 June 2014 ("**Spalma-Incentivi Decree**") and its implementing acts issued by the MED, provided three options that had to be chosen by solar electricity producers, having effect from 1 January 2015:

- an extension of the incentivized period;
- the reshaping of the feed-in tariff with initial decrease of payments and subsequent compensation;
- the flat reduction of a percentage of the feed-in tariff.

Several claims have been filed with the Lazio Administrative Tribunal to challenge the provisions of the Ministerial Decrees implementing the Spalma-Incentivi Decree as the claimants deemed that the provisions thereunder were to be considered as having an unjustified "retroactive" effect on rights that has already been fully acquired. In June 2015 the Lazio Administrative Tribunal filed for a constitutional scrutiny, regarding article 26 paragraph. 3, to the Italian Constitutional Court. On 24 January 2017 the Constitutional Court has declared as "not grounded" the query on the constitutional legitimacy of art. 26 paragraph 3 Spalma-Incentivi.

Import

The volume of electricity that can be imported into Italy is limited by:

- (i) the capacity of transmission lines that connect the Italian grid with those of other countries and by concerns relating to the security of the system (currently, a maximum import capacity of approximately 8,040 MW is available to import energy safely); and
- (ii) the threshold established by the Bersani Decree with reference to electricity that can be imported by a single company (no more than 50% of the total electricity imported).

As to the rules for the allocation of interconnection capacity, pursuant to agreements between Terna and neighbouring transmission system operators (**TSOs**), interconnection capacity rights for each border are jointly allocated by explicit auction (on a yearly, monthly and daily basis). Revenues arising from the auctions (which are shared evenly between the TSOs involved) and belonging to Terna are transferred onto clients on a *pro rata* basis by reducing the dispatching charges.

The provisions on exemption from the third-party access obligations for companies investing in new connection infrastructures provided for by Law Decree No. 239 of 29 August 2003 (converted into Law No. 290 of 27 October 2003) have been amended by Article 39 of Legislative Decree 93/2011, as briefly described above.

Recently, the MED has issued the Decree dated 16 January 2015 providing for criteria and conditions applying to electricity imports during 2015 (the **Import Decree**). No further decrees have been issued for following years.

Transmission and distribution

The two others activities related to electricity are "transmission" (*i.e.* the transport of electricity on high and very high voltage interconnected networks from the plants where it was generated or, in the

case of imported energy, from the points of acquisition, to distribution systems) and "distribution" (*i.e.* the transportation and conversion of electric energy, from the transmission grid, on distribution networks of medium and low-voltage for delivery to end-users).

Distribution companies in Italy are licensed by the state to provide distribution services to all clients who request them. These clients are subject to the payment of applicable tariffs.

The Bersani Decree sought to promote the consolidation of the Italian electricity distribution industry by providing for a single distribution licence within each municipality and establishing procedures to consolidate distribution activities under a single operator in municipalities where both Enel S.p.A. (the former monopolist) and a local distribution company were engaged in electricity distribution. The same Decree gave local distribution companies the right to request that Enel S.p.A. sell its distribution networks located in the municipalities where those companies already distributed electricity to at least 20% of the consumers.

The Bersani Decree provides that distribution services shall be performed on the basis of concessions issued by the Ministry of Industry (now the MED). The operators holding concessions have *de facto* authority to manage the service on a monopolistic basis in their area of competence. Pursuant to article 9 of the Bersani Decree, concessions granted within 31 March 2001 to distributors operating at the date of enactment of the same Bersani Decree shall be in force until 31 December 2030; starting from 31 December 2030 new concessions shall be granted through public tenders.

The distribution companies are required to connect to their networks all parties who request connection, without compromising the continuity of the service and in compliance with the applicable technical regulations and provisions. In this regard, the ARERA and Terna have published and approved a standard distribution code ("**Codice di Rete**") which shall be applied and used by local distribution companies and regulate their relationship with the users of the medium and low voltage networks.

Regulated activities are remunerated through the network tariff component, which is set directly by the ARERA at the same level for all operators on the national territory. At the end of 2015, with resolutions 654/2015/R/eel and 646/2015/R/eel, ARERA adopted the new tariff and quality regulation for transmission, distribution and metering services, extending the regulatory period to eight years (2016-2023) from the previous four. Capital expenditures, Depreciation and Operating Costs for providing transmission, distribution and metering services are covered by tariffs set up by ARERA at the beginning of each regulatory period and updated on a yearly basis with inflation and efficiency parameters.

In 2015, with resolution 583/2015/R/com, it was established an overall reform of the "return on invested capital" (WACC), pursued to avoid the extreme rates' volatility experienced during the last years of financial turbulences: with this reform - which applies to the 1 January 2016 - 31 December 2021 period, - ARERA has established a floor to the risk free rate (one of the main component of the WACC formula), considered the minimum reasonable return for infrastructure investments, and has defined a "country risk premium" to isolate the higher return requested by investors to finance companies in high-risk countries (like Italy).

Moreover, the ARERA set a strict regulation concerning functional unbundling in order to guarantee the independence between the separated activities.

Sale of electricity

Pursuant to Section 1, paragraph 2 of the Marzano Law, no governmental licence, consent or permit is required to carry out electricity sale and purchase activities. Electricity is traded in two main markets, which are the wholesale and the retail markets.

The Power Exchange is a marketplace for the spot trading of electricity by producers and consumers under the management of the Gestore dei Mercati Energetici (**GME**); it began operations on 1 April 2004. Producers can sell their electricity on the Power Exchange at the system marginal price defined by hourly auctions. Otherwise they can choose to enter into bilateral contracts, whereby the price is agreed with the other counterparty. Recently the market was enhanced through the commencement of operations of new forward-markets: (i) the forward physical market, (the **MTE**), which is managed by Electricity Market Operator; and (ii) the derivatives financial market, (the **IDEX**), which is managed by Borsa Italiana S.p.A.

As far as the retail market is concerned, on 18 June 2007, the Government adopted Legislative Decree No. 73 of 18 June 2007 (subsequently converted into law through Law No. 125 of 3 August 2007, which came into force on 15 August 2007) in the run up to the opening of the free electricity market to all clients (which took place on 1 July 2007). The measure establishes:

- the obligation for corporate separation between distribution and sales activities for distribution companies having more than 100,000 clients;
- provisions to ensure non-discriminatory access to metering data;
- provisions to ensure the supply of electricity by suitable sales companies, or distribution companies with less than 100,000 customers connected to their network, to Universal Service clients. For these clients (residential clients and small business clients that have not opted for the free market), electricity supply is ensured by the Single Buyer (*i.e.* the largest wholesaler in the market). The standard conditions and reference prices for the service are determined by the ARERA; and
- a Last-Resort Service supplier, selected by tender, for clients not eligible for Universal Service.

In particular, pursuant to Law Decree no. 73 of 18 June 2007, as of 1 July 2007, retail end users have the right to withdraw from existing electricity supply contracts, in accordance with the procedures established by the ARERA, and to select a different electricity supplier. For end users which have opted for free market conditions, the terms and conditions - including the price - of electricity supply contracts may be agreed between the supplier and the relevant end user. For end users that have not opted for free market conditions, the regulated tariffs apply, as set out under the "Testo integrato delle disposizioni dell'autorità per l'energia elettrica e il gas per l'erogazione dei servizi di vendita dell'energia elettrica di maggior tutela e di salvaguardia ai clienti finali ai sensi del decreto legge 18 giugno 2007, n. 73/07" (as subsequently amended and integrated).

Pursuant to Law Decree of 23 December 2013, No.145 ("**Destinazione Italia Decree**"), as enacted into law through Law no. 9 dated 21 February 2014, on the basis of the hourly energy trends on the free market, the ARERA determined by means of Resolution no. 170/2014/R/EEL dated 10 April 2014, the parameters for the calculation of the prices for electricity supply to end users who do not buy electricity on the free market.

In such relation ARERA issued several resolutions concerning the upgrade of the time slots, the installation of electronic measurement devices for telemanagement, the economic conditions for service of greater protection (PED fees), the duties of registration, the postponement of the terms of application of PED not-onehour payments to costumers, the beginning and the conclusion of the procedure for the issuance of measures related to how to apply different PED fees during a period of time to costumers who need a service of greater protection, the regulation of the economic orders of the settlement service and the distribution of the sale service of electricity to the final customer. Lastly, ARERA Resolutions No. 562 and No. 564/2013 redefined the last resort suppliers criteria and a new bid occurred and on 22 November 2013 the Single Buyer published the outcomes of the bid identifying the Last Resort Supplier for each geographical area for the 2014 – 2016 period.

Furthermore ARERA by means of Decision no. 369/2016/R/EEL dated 7 July 2016, establishes a new regulated regime for "protected customers" (the so-called "*tutela simile*") which will be effective from 1 January 2017 and thereafter will replace the "*servizio di maggior tutela*" and, in any case, no later than the 30 June 2018 (as implemented by the Decision no. 541/2016/R/EEL dated 29 September 2016). The "*tutela simile*" contracts will be offered only by electricity suppliers which meet the financial and dimensional requirements set out under ARERA Resolution no. 369/2016/R/EEL. The characteristics of the "*tutela simile*" contracts will not be freely determined by each electricity supplier, but will have to be consistent with the predefined ARERA principles concerning duration, payments and termination. The suppliers must in any case offer to the potential clients the "*tutela simile*" offer, as possible alternative to free market conditions. The price of the electricity supply will be substantially in line with that under the "*servizio di maggior tutela*" (save for a one-off bonus which will be quantified by the supply company in favour of the end user on the first invoice).

In addition, for retail transactions supply contracts are entered into directly with end customers and, therefore, the contract rules for the safeguard of consumer rights also apply (i.e. Legislative Decree of 6 September 2005, no. 206), together with the safeguard regulation and rules approved by the ARERA.

With regard to wholesale transactions, these may be carried out over the counter or on the Power Exchange market, or may consist of purchases by the Single Buyer.

NATURAL GAS REGULATION IN ITALY

Italian regulations enacted in May 2000 (Legislative Decree No. 164 of 23 May 2000, the **Letta Decree**) implementing EU directives on gas sector liberalisation (1998/30/EC) introduced competition into the Italian natural gas market through the liberalisation of the import, export, transport, dispatching, and sale of gas. The liberalisation process was successively strengthened by EU Directive 2003/55/EC and by EU Directive 2009/73/EC on natural gas internal market, comprised in the Third Energy Package as implemented in Italy by Legislative Decree 93/2011, which introduced, on the one hand, stricter unbundling obligations on companies operating in the gas transport, distribution and sale sectors and, on the other hand, incentives for new import infrastructure. The authorities responsible for turning this regulation into practice are the MED and the ARERA.

Pursuant to the Letta Decree, no single operator was allowed to import gas (for the purpose of selling such gas, directly or through subsidiaries, holding companies or companies controlled by the same holding company) in a quantity exceeding a specified percentage of the total domestic gas consumption, set at 75% in 2002 and decreasing by two percentage points each year thereafter, to 61% in 2010. At the same time, until that date, no single operator is allowed to hold a market share higher than 50% of domestic sales to final clients, directly or through subsidiaries, holding companies or companies controlled by the same holding company.

Law No. 99/2009 foresees the constitution of a market exchange for the supply and sale of natural gas, managed by GME.

GME organises and manages the natural gas market (the **MGAS**). In the MGAS, parties authorised to carry out transactions at the "*Punto Virtuale di Scambio*" (PSV – Virtual Trading Point) may make spot purchases and sales of natural gas quantities. In the MGAS, GME plays the role of central counterparty of the transactions concluded by market participants. The MGAS consists of a Day-Ahead Gas Market (MGP-GAS), a Intra-Day Gas Market (MI-GAS) and a Forward Gas Market (MT-GAS).

Transportation and dispatch

According to the Letta Decree, transporting and dispatching gas is considered an activity of public interest. Companies involved in these activities must guarantee access on a non-discriminatory basis to users who request it, provided that the connection works required are technically and economically

feasible. Companies that carry out transport and dispatch activities govern the flow of gas and the auxiliary services needed for the system to function, including modulation. These companies are also responsible for the strategic storage of gas under MED directives² and they must ensure compliance with any other obligations aimed at guaranteeing the safety, reliability, efficiency and lowest cost of the service and of supplies.

From 1 January 2002, only operators that have no other activities in the gas production process, except for storage activities, may transport and dispatch gas. Even so, all such storage and transportation activities must be accounted for separately.

Snam Rete Gas S.p.A. owns and operates approximately 95% of the Italian gas transport network.

Storage

Pursuant to the Letta Decree, as modified by Law Decree No. 179/2012, storage activities are conducted under concessions, granted by the MED, which have terms of 30 years and may be extended for one further ten-year period. Operators are required to provide storage services to third parties upon request, with priority for residential clients, provided that they have enough capacity and that providing such storage services are economically and technically feasible.

The ARERA regulates the storage tariff system establishing the criteria for the determination of tariffs for each regulatory period.

By means of ARERA resolution No. 75, dated 1 July 2003, as subsequently amended, ARERA issued the "SNAM Gas Grid Code" ("**Codice di rete SNAM**"), which provides for detailed rules and procedures concerning the dispatching and balancing services in order to ensure the efficiency of the gas transmission grid. Most important, the companies which provide transport and dispatching services may not refuse to connect to the gas distribution network users who are compliant with the ARERA rules. In particular, access may be refused for one of the three following reasons: (i) lack of capacity or interconnection, (ii) when granting access would prevent the undertaking from carrying out the public-service obligations assigned pursuant to the applicable law and regulations, and (iii) in case of serious economic and financial difficulties related to take-or-pay contracts entered into by the undertaking before the Letta Decree.

Distribution

Pursuant to the Letta Decree, distribution activity is considered as a public service and may be carried out only by companies which do not already provide other services in the gas sector, as sale, dispatching or storage activities.

The Letta Decree established that gas distribution must be operated only by operators selected through public tenders for gas distribution concessions for periods not exceeding 12 years. Licensees of distribution networks are obliged to grant access to any third party that so requests on the basis of tariffs set by the ARERA and in compliance with its network code. The ARERA, in July 2004, adopted Resolution No. 138/2004 (as subsequently amended by many ARERA resolutions), which sets the criteria for access to distribution services and for the drafting of the network codes by distribution operators, introducing special measures for the operations of interconnection points between transportation and distribution networks.

The operation of the gas distribution service is regulated by a concession agreement which provides, *inter alia*, the rules for the operation of the service by the concessionaire, the obligations and rights of the concessionaires on the assets, the quality service targets, the economic terms and conditions, consequences in case of defaults, conditions for the termination of the concession, etc. Nevertheless,

² Legislative Decree No. 93/2011 abolished the ratio imports/strategic storage = 10%.

outgoing operators are still required to continue providing the service, within the limits of the ordinary administration, until the date of the new assignments.

Prior to the implementation of the reform of the gas distribution sector started with the Letta Decree, all gas distribution concessions were awarded by Municipal Authorities. Subsequently Article 46-*bis* of Law Decree 159/2007 introduced the principle that gas distribution services must be rendered within wider geographical areas and no longer at a municipal level.

A first decree (Ministerial Decree dated 19 January 2011) setting out the criteria for establishing the territorial jurisdictions was published on 31 March 2011 and a second decree (Ministerial Decree dated 18 October 2011) defining the composition of the so-called *Ambiti Territoriali Minimi* (ATEMs) was published on 28 October 2011.

On 12 November 2011, the MED adopted decree No. 226/2011, regulating the new tender procedure for the awarding of the distribution concessions within the ATEMs (**Tenders Decree**). According to Article 12 of the Tenders Decree, the selection is made on the basis of the most economically convenient offer, calculated through the combination of three parameters (economic conditions, security and quality criteria and network development plans). A specific score is assigned to each of the aforementioned parameters by a commission of five independent members, on the basis of the sub-criteria and specifications established in the call for bids.

The terms originally expected to begin and carry out the tenders, however, were subject to numerous deferrals. Recently, Law No. 21/2016, the conversion law of Law Decree No. 210/2015 (so called "*milleproroghe*" decree) has extended the terms for the publication of calls for tenders for the concession of natural gas services. Therefore, currently the deadline to launch the tenders in the first group of ATEMs expired on 11 July 2016. The deadlines to launch the tenders in the second, fourth and sixth group of ATEMs (i.e. groups including the territory of Vicenza Province) expired respectively on 11 September 2016 and 11 December 2016 (ATEM Vicenza 1 and ATEM Vicenza 2) and 11 March 2017 (ATEM Vicenza 4), 11 September 2017 (ATEM Vicenza 3)³. Deadlines expiration entitles the Region to replace the ATEM and set the tenders itself.

According to Article 15, Paragraph 5, of the Letta Decree, as amended by Law Decree No. 69/2013, deadlines for Municipalities for the choice of the awarding authority for new tenders was renewed for an additional four months (*i.e.* until February 2014)⁴. Such terms have been extended by means of Law Decree No. 210/2015 converted into Law No. 21/2016.

At the expiration of the old concessions, the plants should have been transferred to the Municipalities upon the payment of an indemnity in favour to the outgoing concessionaire. Such indemnity may be paid by the new concessionaire or by the Municipalities themselves.

In several cases, there are disputes (pending before Administrative and Ordinary Courts) between the parties regarding the quantification of the indemnity and the related assessment is assigned to an arbitrators panel. Regarding the investments held by the previous concessionaire on the plants transferred to the new concessionaire, based on Article 24, Paragraph 1, of Legislative Decree 93/2011, the new concessionaire is required to step in to the existing guarantees and financing obligations or, as an alternative, to discharge them by paying to the previous concessionaire an amount equal to the repayment value (the **Repayment Value**) of the plants transferred.

The Repayment Value is due to the previous concessionaire at the expiration of the concession and is equal, for the first round of tenders, to the residual industrial value, then to the value of net fixed assets of locality (*immobilizzazioni nette di località*) of the distribution service, including construction in

³ Source: MED – UNMIG unmig.sviluppoeconomico.gov.it/dgsaie/ambiti/norme/date_potere_sostitutivo_regione_210dl2015.pdf

⁴ Such renewal applies only to the Municipalities in the ATEMs whose deadline has expired in October 2013.

progress, net of public or private contributions, calculated using the methodology of the current tariff adjustment and on the basis of the consistency of the plants at the time of their transfer.

By a Ministerial Decree dated 5 February 2013 a master service agreement for the distribution of natural gas was approved in compliance with the provisions of article 14 of Legislative Decree n. 164 of 23 May 2000. In particular, such master service agreement covers in detail all aspects of the concessionary regime, the mutual obligations of the parties, the duration of the agreement – established in a maximum of twelve years, the termination provisions, and provides that the outgoing operator transfers the ownership of its plants to the incoming operator upon payment by this latter of the compensation figure provided for under article 14, paragraph 8 of the Letta Decree.

The **Destinazione Italia Decree** introduced a dual methodology enhancement of networks (i) RAB ("Regulatory Asset Base") value that is recognized by ARERA for the calculation of capital costs in the rates (ii) Industrial Residual Value (VIR) to be calculated by the method of enhancement of the forward net of the physical-technical degradation of the reconstruction cost of the facilities, net of government grants.

The amount of the VIR must be inserted in the call for tenders as defined by the municipalities grantors. If the VIR value is 10% higher than the RAB, the local authority must provide detailed feedback to ARERA before publication of the notice. With the Law 21/2016 has been decided the further extension of the period for publication of the contract notice. Currently several ATEMs are publishing their tender notices. This reform provides for the publication of 74 invitations to tender in 2016, 98 in 2017 and five in 2018 and 2019. As of today, on the basis of the calendar set forth with Law 21/2016, 82 ATEM invitations to tender should have been published; further 14 ATEM invitations to tender should have been published by 11 March 2017 and further 17 by 11 April 2017, for a total of 103. Actually only 15 invitations to tender have already been published⁵, and they either have been challenged before the competent TAR or extended by the relevant contracting authorities.

Costs for providing distribution and metering services are covered by tariffs fixed by the ARERA at the beginning of each reference period and updated on a yearly basis by applying defined mechanisms. Tariff reference periods used to have a length of 4 years, while the current tariff reference period has been set in 6 years from 2014.

Pursuant to Resolution No. ARG/gas 573/2013 (so called **RTDG**), the ARERA defined the methodology for determining the distribution tariffs for the 2014-2019 regulatory period. The mandatory distribution tariff is composed of eight parameters covering, *inter alia*, general system charges, retail sale costs, etc. Pursuant to Article 28 of the RTDG the national territory is divided into six tariff areas each one having its own mandatory distribution tariff.

ARERA Resolution No. 367/2014/R/gas (i) replaced the former RTDG and introduced a new one and (ii) defined the applicable tariffs for distribution and metering for the regulatory period 2014-2019. The ARERA each year sets the relevant tariffs for the distribution service, which must be applied by the distribution companies to the clients. ARERA Resolutions No 177/2018, dated 29 March 2018, has determined the provisional reference rates for distribution services and gas metering for the year 2018.

From the year 2016 the return on capital will be defined following the new regulation adopted with resolution 583/2015/R/com, as described in "*Electricity Regulation in Italy – Transmission and Distribution*" above.

Recently, ARERA has published the consultation document No. 456/2016 relevant to the criteria for the recognition of costs related to investments in the natural gas distribution networks, starting from 2018 through the standard cost mechanism. In the consultation document, ARERA has expressed the

⁵ Source: <http://www.utiliteam.it/news/gare-gas-stato-bandi-pubblicati/>

orientation of establishing a technical round table between the distribution companies, also through trade associations, and the offices of the ARERA for the purpose of defining a pricelist for the recognition of costs related to the investments in the networks for the distribution of natural gas from the investment which will be made in 2018. With resolution No. 904/2017/R/gas dated 27 December 2017 finally regulated the costs related to the distribution grid metering and the timing for the application of the evaluation of the investments on the basis of the standard costs – criterion.

Natural gas distribution companies (together with electricity distribution companies) are required under the Bersani Decree to implement energy efficiency measures for end users and deliver to the ARERA by May 31 of each year a certain number of TEE ("**White Certificates**"). Distribution companies may also buy TEEs from third parties.

Sale of natural gas

The Letta Decree distinguishes between wholesale activity and retail sale activity. Since 1 January 2002, only companies that are not engaged in any other activity in the natural gas sector, other than as importers, drillers or wholesalers, have been entitled to sell gas to retail customers.

Sale of gas to end-users requires authorisation from the MED, which can only be refused on objective and non-discriminatory grounds. Pursuant to article 17 of the Letta Decree companies that intend to sell gas to end users must obtain a license from the MED. Such authorisation is issued on the basis of criteria set by the MED, provided that the company meets certain requirements (*e.g.* appropriate technical and financial capacity) and may only be refused on objective and non-discriminatory grounds. Starting from 1 January 2012, companies authorised to sell gas are included the specific list managed by the MED and published on its website pursuant to Article 17 of Legislative Decree 164/2000.

Until 31 December 2002, only certain large consumers – gas eligible clients – were able to freely choose their suppliers of natural gas. During the same period, clients, mainly residential, who did not qualify as gas eligible clients, were obliged to purchase gas from distributors operating in their local area at a tariff set by the ARERA. Since 1 January 2003, retail customers have been able to choose between supplies of natural gas carried out on a free market basis or on a regulated basis. In the free market, the terms and conditions - including the price - of gas supply contracts are agreed between the supplier and the relevant end customer.

Law No. 99/2009 provides for the constitution of a market exchange for the supply and sale of natural gas and for the Electricity Market Operator, in compliance with the principles of transparency, competition and non-discrimination, to be designated as manager of the natural gas exchange market. Law No. 99/2009 also establishes 'Last-Resort Service' provisions for residential clients. In this regard, the Single Buyer would be responsible for ensuring annual supplies up to 200,000 cubic metres to final residential clients.

Law No. 99/2009 and the MED Decree dated 3 September 2009 transfer responsibility for selecting suppliers of last resort to the Single Buyer. Every year, the ARERA established the procedure for selecting suppliers of last resort for natural gas.

MED Decree of 18 March 2010 established a trading platform for the exchange of gas imports (P-Gas), managed by the Energy Market Operator. The gas exchange started in October 2010, with the Energy Market Operator acting as central counterparty ((A) the M-Gas platform, formed of: (i) day ahead market - MGP-Gas, and (ii) intraday market - MI-Gas, and (B) the forward gas market – MT Gas). The gas balancing market on the PB-Gas platform started in December 2011, which was managed by the Energy Market Operator, with Snam Rete Gas S.p.A. acting as central counterparty. On the gas balancing market, an ex-post gas exchange session takes place which is aimed at balancing the whole gas system and shipper positions (the part of the supply chain in which gas is produced or

imported or bought from domestic producers or other shippers) through the purchase and sale of stored gas. On the PB-Gas platform, which is accessible to all operators, operators may acquire, on the basis of economic merit, the necessary resources to balance their positions and ensure the constant balance of the network, for the purposes of ensuring system security.

Regulated tariffs ("*servizio di maggior tutela*") are set out under the "*Testo integrato delle attività di vendita al dettaglio di gas naturale e gas diversi dal gas naturale e distribuiti a mezzo di reti urbane*" (the "**TIVG**"), as amended by ARERA Resolution No. 672/2014/r/gas. Pursuant to the TIVG, regulated tariffs apply to retail customers who do not opt for free market tariffs as well as to households where gas consumption does not exceed 200,000 Smc/year. The regulated tariff is composed of different cost elements relating to the specific services provided (i.e. transport, distribution, metering, marketing activities). Invoices to end customers must show the breakdown of such costs. In addition to the TIVG, transactions involving retail customers are also subject to rules for the safeguard of consumer rights (i.e. Legislative Decree of 6 September 2005, No. 206).

Heating service

Until year 2014 district heating activities were not subject to specific regulation in Italy. District heating supply agreements were only subject to the general provisions of the Italian Civil Code. Through the European Directive 2012/27/EU dated 25 October 2012 (hereinafter the "**Directive 2012/27/EU**"), the European Commission has introduced new provisions in order to contain and make more efficient the consumptions for heating, air conditioning and for the supply of hot domestic water ("**HDW**") in civil buildings.

District heating supply agreements are subject to the general provisions of the Italian Civil Code. However, in January 2012 the Antitrust Authority started a cognitive survey regarding the district heating market. The survey ended in March 2014 and analysed the possible competition constraints inside the regional heating markets. The final report issued by the Antitrust Authority wishes for the prompt adoption of a more homogenous national regulatory framework, although this regulation should not distort the competition.

Legislative Decree No. 102/2014, implementing the EU Directive 2012/27/UE, has attributed the regulatory power for heating/cooling service to the national Regulatory Authority for Electricity, Gas and Water (ARERA).

The principles and the goal of the regulatory activity of the ARERA in the years 2015-2018 have been listed in a document, called "strategic framework ("*quadro strategico per il quadriennio 2015-2018*")", approved after the consultation of the relevant stakeholders by the ARERA with the Decision 3/2015/A dated 15 January 2015. The goal of the ARERA was to show that the relevant principles in the district heating sector are common with the principles of the other regulated energetic sectors.

The consultation had the goal of identifying the case law and legislative framework and the issues in relation to the regulatory functions attributed to the ARERA. The results of that consultation allow the ARERA to identify the priority action lines in the regulatory process of the ARERA. The new regulations that shall be implemented by ARERA in the following years, as established by the Decision of the ARERA 19/2015/R/TLR dated 29 January 2015, will concern:

- the definition of the relevant standard of technical and commercial quality, continuity, safety, of the district heating service, of the plant and of the energy counting systems;
- the criteria and the modalities of the supply of the meters to the end users as well the modalities by which the end user can assign the supply of the service to another retail company;

- the tariff of the heat assignment pursuant to the Legislative Decree 102/2014, the criteria for the determination of the connection to the district heating network fees and the modalities of the disconnection to the district heating network;
- non-discriminatory conditions for the connection to the network of new cogeneration plants;
- the measurement, the calculation, and invoicing of the energetic consumption to end users and their right to access to relevant invoicing documentation;
- "census" of the relevant stakeholders of the district heating sector, of the network's infrastructures and of the plants; and
- the transparency in relation to the price and the contractual conditions of the district heating service.

In the period January 2015 – March 2016, according to the "strategic framework", especially in the second semester of the year 2015, began the following regulatory processes of the ARERA:

- the definition of the informational obligations subject operating in the district heating sector and the registration obligation of the infrastructural grids to the "district heating and district air conditioning territorial register" ("*Anagrafica Territoriale Teleriscaldamento e Teleraffrescamento*"), as specified in Decision of the ARERA 339/2015/R/TLR and amended by Decision of the ARERA 25/2015/R/TLR;
- the collection of information on the price invoiced to end users, began in November 2015 pursuant to the Decision of the ARERA 578/2015/R/TLR dated 26 November 2015 (as subsequently amended with Decision 643/2015/R/TLR), and directed to build an informative basis on the modalities for the determination and adjournment of the price and fees in this sector as well as on their publicity and availability to the public; and
- the beginning of the regulatory activities in the field of the measurement of the heat, thanks to a research project, developed in collaboration between the University of Cassino, the offices of the European Commission and the Italian MED.

As a consequence the ARERA is expected to issue a new decision on the topics provided by Article 9 of Legislative Decree 102/2014. Part of such topics have been regulated by ARERA resolutions nos. 117/2015/R/gas and 87/2016/R/eel.

ENVIRONMENTAL REGULATION IN ITALY

Energy Efficiency

In Italy, the regulatory framework on energy efficiency is in force as from 2005 and was originally regulated by two Ministerial Decrees enacted in July 2004. Under energy efficiency regulation, electricity and gas distributors are required to achieve end-use energy efficiency targets, with reductions in primary energy consumption.

The above-mentioned Ministerial Decrees provided that distributors who are required to achieve energy saving must deliver the ARERA a quantity of the so-called "energy efficiency certificates" (TEE) or "white certificates" equal to their energy saving obligation. The energy efficiency certificates, of a unit value of 1 TOE, are issued by the national Energy Services Operator (GSE) (after the certification of the energy savings provided by the Authority) in favour of the distributors and their subsidiaries and in favour of companies operating in the energy service sector (so called ESCOs, energy service companies) and, from 2008, also in favour of companies with "energy manager" pursuant to Law No. 10 of 16 January 1991, upon implementation of projects improving energy efficiency. This kind of project includes measures aimed at reducing the quantity of primary energy

required to meet the customers' energy demand or to reduce energy consumption. If the resulting energy efficiency certificates are not sufficient, distributors (being subject to the obligation above) may purchase the remaining energy efficiency certificates on the market. The methods for assessing the energy saving achieved by the individual measures implemented are included in the guidelines issued by the ARERA (No. 9/11) in accordance with the Ministerial Decrees of 20 July 2004. On 3 July 2008, Legislative Decree No. 115 of 30 May 2008 implementing Directive 2006/32/EC on energy end-use efficiency and energy services was published in the Italian Official Gazette. Such decree further extended the obligations of electricity and gas distributors to retail energy sales companies.

Recently, the regulation framework has been modified by the Ministerial Decree dated 11 January 2017 which defined new national targets for the energy savings referred to gas and electricity distribution companies for the 2017 to 2020 period. The above mentioned Ministerial Decree has introduced new entities admitted to the filing of projects to be granted with the white certificates incentive regime.

The main innovation regards the ownership of the incentives (White Certificates) and the introduction of a standard-agreement aimed at regulating the relationships between the entity which performs the efficiency interventions and the entity which benefit from such interventions and the GSE. The standard-agreement has been then published by the GSE on 25 July 2017. It should be also noted that on 5 September 2011, the MED issued a decree providing for a special incentive regime for co-generation power plants (so called, high efficiency co-generation). Such incentives (granted for a ten-year period or for a 15-year period with reference to co-generation plants with a district heating) cannot be aggregated with energy efficiency certificates. Such Decree was partially amended by the Decree dated 8 August 2012, which modified the definition of "reconstruction" provided therein.

Emission Trading Scheme

With specific reference to emissions trading and, particularly, in relation to CO₂ Emissions, both the European Union and Italy are signatories to the so called Kyoto Protocol setting legally binding targets for reduction of emissions in the context of the United Nations Framework Convention on Climate Change (UNFCCC). The Kyoto Protocol established an international carbon market to trade emission permits, allowing parties to comply with reduction targets in a cost efficient way.

On 13 October 2003 the European Parliament and the Council passed Directive No. 2003/87/EC (hereinafter also referred to as the "**Emission Directive**"), which establishes a scheme for greenhouse gas emission allowance trading within the Community. The EU ETS works on the 'cap and trade' principle. A 'cap', or limit, is set on the total amount of certain greenhouse gases that can be emitted by the factories, power plants and other installations in the system. The cap is reduced over time so that total emissions fall. Within the cap, companies receive or buy emission allowances which they can trade with one another as needed. The limit on the total number of allowances available ensures that they have a value. After each year a company must surrender enough allowances to cover all its emissions, otherwise heavy fines are imposed. If a company reduces its emissions, it can keep the spare allowances to cover its future needs or else sell them to another company that is short of allowances. The flexibility that trading brings ensures that emissions are cut where it costs least to do so.

The EU ETS is now in its third phase, running from 2013 to 2020. A major revision of the Emission Directive, introduced by means of Directive No. 2009/29/EC in order to strengthen the system, means the third phase is significantly different from former phases. Main changes include: (a) the provision of a single EU-wide cap on emissions applicable in place of the previous system of national caps; (b) the choice of auctioning (as opposed to free allocation) as default method for allocating allowances⁶;

⁶ In 2013 more than 40% of allowances should have been auctioned, and this share will rise progressively each year.

and (c) the application of harmonised allocation rules for those allowances still given away for free according to ambitious EU-wide benchmarks of emissions performance.

The Emission Directive was originally implemented by means of Legislative Decree dated 4 April 2006, No. 216. Following the 2009 major revision, Legislative Decree No. 216/2006 was repealed and replaced by Legislative Decree 13 March 2013, No. 30, in force from 5 April 2013. Legislative Decree No. 30/2013 appoints the "National committee on implementation of Directive No. 2003/87/EC", instituted within the Ministry for the Environment, as national authority responsible for implementing the Emission Directive.

Landfill disposal

Regarding landfill disposal, Legislative Decree No. 36 of 13 January 2003 (**Decree 36/2003**) implemented Council Directive No. 1999/31/EC (the so called **Landfill Directive**), aimed at preventing, or reducing to any possible extent, the negative environmental effects of landfill.

Decree 36/2003 requires companies that operate a landfill to carry out a series of activities concerning collection, storage and disposal of the percolate, for a period of 30 years after closure of the landfill. The price applied by the operator for landfill disposal must cover the costs for landfill management for at least 30 years after closure.

Site Remediation

In Italy the Legislative Decree No. 152/2006 (the so called **Environmental Code**) sets out the legal framework on remediation of contaminated sites. The regulation envisages three kinds of liabilities burdening the responsible person/entity of a polluting or pollution-risk event: (i) civil liability, (ii) obligations towards public authorities and (iii) criminal liability.

Pursuant to the Environmental Code, the polluter (and also the owner of the site) has the duty to immediately notify the competent authorities of a polluting or pollution-risk event and to adopt spontaneously a number of measures within the deadlines established by law, in order to prevent further consequences of the contamination event. On the other hand, the owner of the site has no direct duties of remediation and clean-up.

In the event the polluter does not carry out the clean-up and remediation works, the competent Authorities can directly take care of the same. However, when the Authorities perform directly clean-up and remediation works, the same shall identify the polluter and manage to recover by the same the costs borne for the clean-up. Should the polluter not be identified or being insolvent, the Authorities shall adopt a resolution which has the effect of imposing on the relevant property a so called *onere reale*: i.e., an obligation *propter rem* which obliges whatever owner of the land to repay the cost borne by the Authorities to carry out the clean-up and remediation works. For this reason the *onere reale* is recorded on the cadastral register and can be enforced against any party purchasing the land. In order to avoid the imposition of the *onere reale*, the owner of a polluted site might be interested in carrying out directly the relevant works.

The Environmental Code introduces real threshold concentration values for contamination (CSC). If these values are exceeded, it is mandatory to proceed with further investigations, performing a site characterisation and a site-specific risk assessment. If the risk assessment reveals the absence of unacceptable risk, the site is declared "not contaminated"; however, in such cases, a monitoring programme may be required. Environmental Code requires a risk assessment if analytical results, collected during the preliminary investigation, exceed the contamination threshold values (CSC). In August 2011, through Legislative Decree No. 121/2011, certain crimes connected to the execution of

remediation activities have been included in Legislative Decree No. 231/2001 (**Decree 231**)⁷. More recently a further crime related to omitted remediation of contaminated sites has been added to the criminal code by means of Law No. 68/2015.

Air pollution

The Environmental Code also provides for a regulatory framework concerning the air emission and the relevant measures aimed at reducing the air pollution.

The breach of the set of rules provided for the Environmental Code and regarding the air pollution reduction may entail administrative and criminal sanctions.

In August 2011, certain crimes connected to the exceeding of the air emission limits (set forth by the Environmental Code or by the relevant air emission authorisation) have been included in Decree 231. The above-mentioned Law No. 68/2015 added the crimes of environmental pollution and environmental disaster to punish breaches of the set of rules regarding air pollution.

REGULATIONS APPLICABLE TO THE SUPPLY OF PUBLIC SERVICES

The supply of local public services in Italy has been regulated through several provisions (specifically Article 23-bis of Decree No. 112/2008). Almost all such provisions have been repealed after a referendum held on 12 and 13 June 2011 (the **Referendum**).

Following the Referendum results, a new regulation on the matter was adopted (Article 4 of Law Decree No. 138 of 13 August 2011, converted into Law No. 148 of 14 September 2011, as subsequently amended) which was however declared unconstitutional by the Constitutional Court, with judgment No. 199 of 17-20 July 2012.

As of today, public services shall be awarded according to European Law principles. Therefore, local Authorities can arrange public services through: (i) third parties selected by public procurement procedures and (ii) by direct or *in-house* provision, whenever the market is unable to meet the needs of the community and make use of entities fully controlled by the local authority and exclusively engaged in the relevant activity. More precisely, according to European Union law, there are three accepted forms of public services awards (which, in fact, are almost the same as originally provided for in Decree No. 267/2000):

- (a) public tender for the selection of public service providers;
- (b) direct granting of public services to a public private partnership (PPP), a cooperative venture between public authorities and private enterprise, where private partner is chosen by a public tender procedure;
- (c) the so called *in house providing*, which is direct granting of public services to fully-public companies on the following conditions: (i) companies are 100% controlled by the awarding public entities, which shall exercise a control of similar content to that exercised over their own departments (*i.e.*, "*controllo analogo*"); and (ii) companies shall provide their main activity in favour of the awarding public entities (*i.e.*, *attività prevalente*).

⁷ Decree 231 provides that a company is responsible for certain offences (not only crimes) committed by its executives, directors, agents and/or employees in the interest or to the benefit of that company. The list of offences has been steadily increasing along the years and now covers, *inter alia*, health and safety, environment, computer crimes, etc. To avoid (or reduce) its responsibility, the company may adopt a set of rules and procedures aimed at preventing offences. Such set of rules and procedures is commonly referred to in Italy as **Model 231**. The company must take action to implement its Model 231 and supervise compliance with it. The distinctive features of a Model 231 are: (i) the identification of the business areas/operations which are considered "at risk" (where an offence could be committed); (ii) the adoption of adequate rules to prevent those risks; (iii) the appointment of a corporate body that will supervise compliance, collect information (also on the basis of anonymous notifications by employees/agents) and suggest updating ("Compliance Officer"); and (iv) a disciplinary system to sanction the breaches ("Disciplinary System").

Competitors allowed to enter into such procurement procedures and entitled to become public services managers, are:

- (1) **private operators**, who may be selected to operate the service through a public tender procedure aimed at entrusting the whole public service; in this case, private operators take the form of joint-stock companies and are incorporated under Italian law;
- (2) **private operators**, who can also be in charge of the management of the service by purchasing shares in a public company and becoming a private partner of the latter. Even in this case, the alienation of the shares will take place through public tenders (whereas the service will be granted directly to the public/private enterprise set up once the private partner has been chosen through a public tender); in this regard, private operators in the procurement procedure must demonstrate their economic and financial standing, their suitability to pursue the professional activity in question and their technical and/or professional ability; actually, the percentage share of the company to be granted through public tender is established at discretion of the Public Administration. Nevertheless, and although the Italian legislation on mixed public/private enterprise has been repealed, it is believed that the private partner should still have operational, as well as economic capacity in light of EU legislation;
- (3) **public companies**, wholly owned by public entities can be granted public services through the *in-house providing*. This procedure excludes private operators and competitors.

On 20 October 2012 entered into force Law Decree No. 179/2012 which, however, does not apply to (i) gas distribution; (ii) distribution of electricity and (iii) municipal pharmacies, but includes, by way of example, water and waste services. However, the terms of effectiveness of the competitiveness measures contained in the Legislative Decree No. 179/2012 have been postponed until 31 December 2016, by means of the Law Decree No. 210/2015, converted into Law No. 21/2016.

On 15 January 2014 the European Parliament approved the text of a new Directive (EU Directive No. 2014/23) regulating procedures for awarding concessions. The Directive comes into force 20 days after publication in the Official Journal of the European Union and must be implemented by Member States within 24 months. The EU Directive was implemented by the Legislative Decree No. 50/2016 (the so-called "**Public Agreement Code**"). The provisions of the Public Agreement Code have been recently amended by means of the Legislative Decree No. 56 dated 19 April 2017 ("**Legislative Decree No. 56/2017**"), which came into force on 20 May 2017, in order to correct certain mistakes and inconsistencies of the original version of the Public Agreement Code. Each reference to the Legislative Decree shall be read as the Public Agreement Code as amended by means of the Legislative Decree No. 56/2017.

Delegation Law 124/2015 approved the so-called "Public Administration Reform" (or "**Madia Reform**", from the name of the Minister that promoted it), a comprehensive reform aimed at creating a single system of reference rules in the field of public companies and public services of general interest. The implementing decree, though approved by the Council of Ministers, was then not promulgated also following the pronouncement of the Constitutional Court No. 251/2016 on the Delegation Law No. 124/2015. Thus, the main reference rules in the public service sector remain Italian Legislative Decree No. 422 of 18 November 1997 (the "**Burlando Decree**") and EU Regulation 1370/2007.

WASTE – RELATED SERVICE

The Waste Framework Directive

At European level Directive 2008/98/EC, as subsequently amended (the "**Waste Framework Directive**") abrogates the preceding Directive 2006/12/EC on waste and Directives 75/439/EEC and 91/689/EEC regarding waste oils and hazardous waste, respectively. The revised Waste Framework

Directive, in force as of 12 December 2010, introduces new provisions in order to boost waste prevention and recycling and clarifies key concepts, namely the definitions of waste, recovery and disposal and sets forth the appropriate procedures applicable to by-products and waste.

In general, the Waste Framework Directive sets objectives with deadlines regarding the minimum proportion of waste to be prepared for re-use and recycling. These guidelines for waste management are meant to prevent waste generation, to encourage re-use and to ensure safe disposal by establishing a new "waste hierarchy" for the treatment of waste. In addition, the authorization process for landfill site management proposes stringent technical requirements for waste disposed in landfills, aimed to reduce waste amounts disposed of in landfill.

According to the Waste Framework Directive, waste is defined as "any substance or object, which the holder discards, or intends or is required to discard". Waste not covered by the Waste Directive includes, among other things, gaseous effluents dispersed into the atmosphere, radioactive waste, decommissioned explosive and other substances or objects, such as wastewater, animal by-products and waste resulting from prospecting, extraction, treatment and storage of mineral resources and the working of quarries to the extent they are covered by other EU legislation.

Waste classification is based on the European List of Waste (Commission Decision 2000/532/EC) and Annex III to the Waste Directive and relies on the distinctions between municipal and special waste, and hazardous and non-hazardous waste.

The Waste Framework Directive requires that any establishment or undertaking intending to carry out waste treatment obtains a permit from the competent authority, which may be granted for a limited period and may be renewable.

The Environmental Code

The Italian legal framework governing the Group's operations is mainly set forth under the Environmental Code, which governs, among other things, the management of waste in general and the granting of the permits for the opening and management of treatment plants and landfills in particular.

The Environmental Code is based on the following key principles:

- wastes are classified according to their origin (as urban waste or special waste) and their dangerousness (hazardous waste and non-hazardous waste);
- each region will be divided into ATOs and a Waste District Authority will be established for each ATO (*Autorità di Ambito Territoriale Ottimale* or **AATOs**), which, as for water services, has now been repealed, pursuant to Law No. 191 of 26 March 2009 (Article 2, paragraph 186 *bis*), by a Local Waste Authority, to be identified by means of regional Law. Such Authority is responsible for organising, awarding and supervising integrated urban waste management services (collection, transport, recycling and disposal of urban waste);
- the Local Waste Authority shall draft a district plan, in accordance with the criteria set out by the relevant regional government;
- the municipalities' responsibilities relating to integrated waste management will be transferred to the Local Waste Authorities (nevertheless, pursuant to Articles 198 and 204 of the Environmental Code, pending the establishment of the ATO and the awarding of the new tenders by the Local Waste Authorities, municipalities will retain the power to manage urban waste management service);
- a phasing-out of landfills as a disposal system for waste materials;

- the order of priority of the procedures through which waste can be managed will be the following: (i) preparation for reuse; (ii) recycling; (iii) recovery, including energy generation; and (iv) disposal; and
- simplifying administrative procedures by means the introduction of a single authorisation for the construction and operation of waste storage, treatment, landfill and incineration plants as well as general waste management.

Article 200 of the Environmental Code provides for the organization of the municipal waste management system at a local level based on identification, by the Italian Regions and within each of them, of "Optimal Territorial Districts" ("*Ambiti Territoriali Ottimali*" or "ATOs" and each an "ATO"), within which the waste services are to be managed. The system (which includes the collection, transportation, treatment and disposal of waste, including street cleaning and the control of the former activities), was managed by a public authority especially set up ("**Autorità d'Ambito**") and entrusted to the entity that is awarded the tender called for by the competent ATO. That provision has been repealed from the Environmental Code by art. 186 *bis* of Law n. 191/2009.

According to article 202 of the Environmental Code, urban waste management services consist of collection, transport and recycling of urban waste, and may even include the disposal activity. The inclusion of the disposal activities in the urban waste management services is conditional upon the decision of the Local Waste Authority to include in the urban waste management service also the construction and operation of the relevant disposal plants. Should the disposal plants not be in the ownership of the Public Entities, the owner shall ensure to the concessionaire of the urban waste management services the access to the disposal plant.

Under the Environmental Code, companies producing waste are responsible and chargeable for waste storing, transportation, recycling and disposal. Legislative Decree No. 205 of 3 December 2010, amending the Environmental Code rules concerning the paper-based waste management system, introduced the new electronic waste monitoring system (the **SISTRI**), which according to Article 11 of Law Decree No. 101/2013 (converted in Law No. 125/2013) has become operative: (i) from 1 October 2013 for the hazardous waste management (transport, recycling and disposal) operators and for those whose management activities have in turn produced other hazardous wastes; (ii) from 3 March 2014 for, *inter alia*, the hazardous waste producers.

Article 208 of the Environmental Code provides that the realization and operations of new waste disposal or recovery installations as well as their substantial modifications are subject to a permit issued by the competent Region, after verification of the environmental and territorial compatibility of the project. The authorization is issued or denied within 150 days of the application. The permit has a ten-year duration and may be renewed upon filing of the relevant application at least 180 days prior to the expiration.

Also, with respect to waste management, from August 2011, according to the rules set forth by Legislative Decree No. 121/2011, some crimes concerning waste disposal have been introduced within Decree 231.

The waste tariff mechanism has been subject to several changes over the time.

Currently the applicable regulation is represented by Law No. 147/2013 (the so called "*Legge di Stabilità 2014*"), as amended by Law Decree No. 16/2014 converted into Law No. 68/2014, replaced TARES with a new waste tariff (the so-called "**TARI**"), which shall be payable by anyone who owns or holds title to any premises or outdoor areas likely to generate waste from January 2014. Even TARI shall be regulated by Presidential Decree dated 27 April 1999, No. 158. Alternatively, in accordance with the principle of 'the polluter pays', the Municipality shall calculate TARI on the basis of (i) the

amount and quality of the waste produced per unit area (ii) the activities which have generated wastes and (iii) the cost of service on waste.

Moreover, Law Decree dated 6 March 2014, No. 16, (as converted into Law no. 68/2014) has specified that waste management operators could continue to collect the new tariff, instead of the Municipality.

PUBLIC PARKING AREAS

The Group is active in business sectors which are deemed as services of general economic interest ("SGEI") as management of public parking areas.

Pursuant to Article 106 of the Treaty on the functioning of the European Union, a SGEI is a commercial service of general economic utility subject to public-service obligations. This means that such kind of service must be provided to the final users in any case (i.e. even when there is no economic profitability to provide the service), as it is considered as necessary to meet essential needs of final users (see Communication of the European Commission 2001/C 17/04). Therefore, public service obligations may be imposed by the public authorities on the body entity providing a service (airlines, road or rail carriers, energy producers and so on), either nationally or regionally. In this connection, it is worth noting that in the Republic of Italy the interruption or the trouble in the provision of such kind of public services is subject to the application of a criminal sanction (imprisonment up to one year).

A SGEI may be also deemed as a "universal service", which concept refers to the set of general interest demands services to which all users should be entitled to have access to, at a certain quality and at an affordable price.

According to the applicable EU rules, free market and competition rules apply to undertakings responsible for managing SGEIs so long as these rules do not prevent them from accomplishing their tasks in the general interest. This means that a SGEI must be provided by an entity which has to be distinct and separate from the competent authority who is entitled to award the SGEI itself.

According to the Italian case law (see State Council No. 4599/2014) SGEI may be provided alternatively by means of:

- private entity identified as a consequence of a public awarding procedure;
- PPP (public-private partnership) and, therefore, by means of a so -called mixed company, where the private shareholder is identified as a consequence of a public awarding procedure aiming both at indicating the private shareholder and at awarding the service to the PPP entity;
- direct awarding (without a prior public awarding procedure) to an in house entity, which is an entity formally separate from the competent public authority but on which such public authority exercise a control comparable to the which exercised on its own services.

With specific reference to the local public transport service, there are many layers of particularly complex regulations (European, national and regional levels) to be considered.

At the European level, Regulation No. 1370/2007 sets out the general principle according to which the competent authorities (even local) have to ensure the provision of services on a continuous basis by entering into public service agreement with economic operators – selected by means of non-discriminatory procedures – aiming at providing sufficient level of public transport services.

Please note that some provision of the Regulation No. 1370/2007 (in particular those regarding the participation to the tender procedures) have been subject to the Court of Justice interpretation as a consequence of reference for a preliminary ruling made by the State Council in May 2017.

At the national level the public transport framework regulation has been set forth with the Burlando Decree regarding the general criteria for the awarding of a public transport service, that are the same as those indicated by the case law. The legal instrument used to award the carrying out of a local public transport service is a service agreement, to be entered into by and between a regulatory authority/public entity and an operator.

Please note that the regulatory authority/public entity has the faculty to choose among different kind of service agreements, that may be distinguished depending on the costs and the risks (industrial and commercial) sharing method, between the operator and the authority. In particular the possible methods are the following:

- (i) net cost (*i.e.* both the industrial and the commercial risks have to be borne by the operator, who is paid with a fee agreed in advance and equal to the difference between the exercise costs and the expected revenues);
- (ii) gross-cost (*i.e.* only the industrial risk has to be borne by the operator, who is paid with a fee exclusively depending on the costs on the basis of a certain revenues generated); and or
- (iii) management agreement (*i.e.* both the industrial and the commercial risks have to be borne by the authority, who pays the operator for the management on its behalf of the service).

The service agreement discipline may regard as well the transfer of public functions and, in certain cases, of assets which are functional to the service itself. Pursuant to Article 18 of the Burlando Decree letter e), the outgoing operator has the obligation to transfer the essential assets (*i.e.*, assets used and essential for the performance of a public service. The qualification as "essential" is attributed to the relevant asset by the awarding authority when it is decided to award the service on the market because the list of assets qualified as essential is determined *ex ante*) to the incumbent operator, who is obliged to purchase them and pay for them, at their market value. For assets and goods not qualified as "essential" on the contrary, the outgoing operator has the faculty (and not the duty) to make them available to the incumbent operator, who may at its discretion purchase them or not. In this respect it is worth to note that since such assets are used for the performance of a public service, they may not be distracted from the operation of the services, until the awarding authority will not consider such assets as no more essential for the operation of the service and approve the transfer at issue.

Please note that the provider of a SGEI is not entitled to be fully reimbursed by the public authorities of the costs borne to provide the service (so called subsidy cap), but has the right to be partly repaid by applying tariff (so called tariff cap, that has significant consequences on the economic and financial balance).

Pursuant to Article 17 of the Burlando Decree, economic compensations paid by the public authorities to the service providers are determined on the basis of the standard costs criterium, that has to be taken into consideration also by the awarding authorities in order to define the price in the awarding documents considering also the income from tariffs and those deriving from the eventual management of further complementary services. This rule aims at limiting public expenses.

Specifically considering the structural difficulty in self-financing the service, also demonstrated by all the international analysis, not just for the Italian situation, given the social nature of the service as well, it is necessary to also consider the rule of public financing that impact the disbursement of grants to cover costs. With the establishment of the National Fund for Government Contribution to Local Public Transport Costs (art. Article 16-*bis* of Law Decree 95/2012, as replaced by Article 1, paragraph 301 of the Stability Law 2013), fuelled by the co-participation in the proceeds deriving from excise duties on transport diesel and on petrol, it was intended to provide stability and cover 75% of the sectors needs, leaving the remaining 25% to be covered by the Regions, also by using a portion of the equalisation fund that they benefit from.

In this field, Law Decree No. 50 dated 24 April 2017 (converted in law No. 96 dated 21 June 2017 published in the Italian Official Gazette on 23 June 2017) was issued, regarding investments and financing of the public transport sector and, particularly, the accessibility to the national fund for the contribution of the State in the financing of the public local services, provided that the public local service has been awarded by means of a public procedure. Please note that the Law Decree no. 50/2017 has been converted in law no. 95/2017 published in the Official Gazette on 23 June 2017.

Moreover, at the national level, the Law Decree No. 201/2011 (converted into Law No. 214/2011) and Law Decree No. 1/2012 (converted into Law No. 27/2012) are applicable to the public transport sector, regarding the establishment of an independent supervisory authority in the transportation sector in Italy (the "**Independent Regulatory Authority**" or "**ART**", acronym of "*Autorità di Regolazione dei Trasporti*"). The Independent Regulatory Authority is entrusted, inter alia, with powers of economic regulation in relation to the railways, motorways and marine sectors. The Decree of the President of the Republic of 9 August 2013 appointed three members of the ART for a term of seven years. As far as economic regulatory powers are concerned, in October 2014 ART issued guidelines for tariff setting. Moreover in 2015 ART issued regulatory measures aiming at defining tenders' criteria and mechanism for the assignment of local transport service concessions and assets (Resolution No. 49/2015) ("**ART Resolution 49/15**"). In particular, the ART issued the guidelines for the drafting of the tender documentation and relevant service contracts relating to the tenders for the awarding of local transport services. ART Resolution 49/15 provides specific indications as to: (i) the criteria to identify the assets that are to be considered as "instrumental" to the service, which include, inter alia, the rail network, infrastructures, equipment, rolling stock, as well as all hardware and software necessary for the control and management of the network; (ii) the criteria to be applied in order to qualify the assets as essential, indispensable or commercial; (iii) the way the assets qualified as essential and indispensable are to be made available to the awarded service operator; (iv) the criteria to determine the termination value to be paid to the outgoing concessionaire by the new service operator in relation to the indispensable assets owned by the outgoing concessionaire and that must be made available to the new operator; (v) the time to be granted to the new operator to obtain the rolling stock from the relevant manufacturers; (vi) the treatment applicable to the employees of the outgoing concessionaire.

With specific reference to the Veneto Region, Regional Law no. 25/1998 regarding "*Discipline and organization of local public transport*" as subsequently amended aims to the "*development and improvement of the system of Regional and local public transport within its territory, promoting, with the participation of the Local authorities, interventions aimed at coordinating the modes of transport and the realization of a integrated mobility system and related infrastructure*" (see article 1, paragraph 1).

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes, which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to Notes in definitive form to the extent described in the section of this Prospectus entitled "Summary of Provisions relating to the Notes in Global Form".

The €46,000,000 5.537% Senior Unsecured Fixed Rate Green Notes due 7 August 2031 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes) of AGSM AIM S.p.A. (the "**Issuer**") are issued subject to and with the benefit of a fiscal agency agreement dated 7 August 2024 (such agreement as amended and/or supplemented and/or restated from time to time, the "**Fiscal Agency Agreement**") made between the Issuer and Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**" which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (in such capacity, the "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).

Certain provisions of these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Fiscal Agency Agreement. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Coupons**") appertaining to the Notes in definitive form (whether or not attached to the relevant Notes) (the "**Couponholders**") are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours by the Noteholders and Couponholders at the Specified Offices (as defined in the Fiscal Agency Agreement) of each of the Paying Agents.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Notes are in bearer form, serially numbered and in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, with Coupons attached on issue.

1.2 Title

Title to the Notes and the Coupons passes by delivery. The holder of any Note or Coupon will (except as required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. STATUS

The Notes and the Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons shall, save for such exceptions as may be provided by applicable law and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally with its other outstanding unsecured and unsubordinated obligations from time to time.

3. NEGATIVE PLEDGE

So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and procures that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Indebtedness (as defined below) or (ii) any guarantee and/or indemnity in relation to any Indebtedness, without (a) at the same time or prior thereto securing the Notes and the Coupons equally and rateably therewith or (b) providing such other security for the Notes and the Coupons as may be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

4. DEFINITIONS

For the purposes of these Conditions:

"Accounting Principles" means the International Financial Reporting Standards, as adopted by the European Union, or accounting principles adopted by the Issuer from time to time.

"Authorised Signatories" and each an **"Authorised Signatory"** means any person who is a director (*amministratore*), the general manager (*direttore generale*), chief financial officer, or any attorney to whom a special power of attorney has been granted by any of the foregoing persons.

"Business Day" means:

- (i) for the purposes of Condition 8.3, any day on which the TARGET System is open; and
- (ii) for any other purpose:
 - (a) in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place; or
 - (b) in the case of payment by credit or transfer to a Euro account, a TARGET Settlement Day.

"Calculation Amount" means €1,000.

"Certification Date" means a date falling not later than 45 calendar days after the approval by the Issuer's board of directors (or equivalent body) of the relevant consolidated financial statements and, in any event, no later than six months after the end of the Relevant Period.

"Concession" means any agreement between a public entity (such as, *inter alios*, municipalities, provinces or regions and their relevant authorities governing the optimal territorial areas – *ambiti territoriali ottimali*) and the Issuer or any of its Subsidiaries by means of which such entity is entrusted with the management of local public services of economic relevance pursuant to Article 3-bis of Law Decree 13 August 2011, No. 138 as amended whose relevant tariffs are regulated by the competent authorities, or any agreement by means of which the Issuer or any of its Subsidiaries are entitled to carry out public local services or services of public interest or are entitled to realize public works or works of public interest (including but not limited to the Relevant Concessions).

"Compliance Certificate" means a certificate of the Issuer duly signed by two Authorised Signatories, substantially in the form annexed to the Fiscal Agency Agreement:

- (i) confirming as of the Certification Date that its audited IFRS consolidated financial statements in respect of the last Relevant Period give a true and fair view of the consolidated financial position of the Issuer and the Group as of the end of such Relevant Period and of the results of its operations during such period;
- (ii) setting out the amount of the Consolidated Gross Financial Debt, Consolidated Net Financial Debt and Shareholders' Equity as of the Determination Date and the Group's Consolidated EBITDA and Finance Charges for the Relevant Period, in each case together with relevant calculations, and confirming as of the Certification Date that it is in compliance with the covenants contained in Condition 5.2 (*Financial Covenants*);
- (iii) to the best of the Issuer's knowledge, having made all due enquiry, that there have been no Change of Control Put Event, Concession Event or Sale of Assets Event as of the date of the relevant Compliance Certificate;
- (iv) that, to the best of the Issuer's knowledge, having made all due enquiries, there have been no events, developments or circumstances that would reasonably be expected to materially affect (i) its ability to certify such compliance on the basis of the Issuer's or (if applicable) the Group's financial condition as of the Certification Date and its results of operations since the Determination Date and (ii) the ability of the Issuer to perform its obligations under the Notes;
- (v) confirming as of the Certification Date that the status of the Notes remains as described at Condition 2 (*Status*); and
- (vi) confirming as of the Certification Date that the Issuer has complied with the provisions of Condition 3 (*Negative Pledge*).

"Consolidated EBITDA" means, in respect of any Relevant Period, the relevant Subsidiary's or the Group's, as applicable, consolidated profit for the year before income tax, finance expense, finance income and amortization, depreciation and impairment and provisions in respect of that Relevant Period, each as shown in, or determined by reference to, such entity's latest audited consolidated financial statements.

"Consolidated EBITDA – Finance Charges Ratio" means the ratio of (i) Consolidated EBITDA to (ii) Finance Charges for the Relevant Period.

"Consolidated Gross Financial Debt" means the sum of the following items:

- (i) total liabilities for loans and borrowings; plus
- (ii) other financial liabilities (including liabilities for leasing agreements, factoring agreements, bond issuances and any other financial instrument which is classified as debt); plus
- (iii) liabilities under speculative derivative instruments, plus
- (iv) any other indebtedness which constitutes Financial Indebtedness,

in each case, without double counting, as shown in, or determined by reference to, the Group's latest audited annual consolidated financial statements.

"Consolidated Net Financial Debt" means the sum of the following items:

- (i) total liabilities for loans and borrowings; plus
- (ii) other financial liabilities (including liabilities for leasing agreements, factoring agreements, bond issuances and any other financial instrument which is classified as debt); plus
- (iii) liabilities under speculative derivative instruments, plus
- (iv) any other indebtedness which constitutes Financial Indebtedness, less
- (v) available cash (*disponibilità finanziarie*) and cash equivalents (where "cash equivalents" means cash at banks and all financial assets that can be liquidated within 30 calendar days),

in each case, without double counting, as shown in, or determined by reference to, the Group's latest audited annual consolidated financial statements.

"Consolidated Total Assets" means, at any time, in respect of any Relevant Period, the total consolidated assets of the relevant entity as shown in, or determined by reference to, its latest annual audited consolidated financial statements.

"Current Security Interest" means the Security Interests listed in Annex 2 hereto provided that the same shall not be increased.

"Determination Date" means 31 December in each year.

"EBITDA" means, in respect of any Relevant Period, the profit for the year of the relevant Subsidiary's or the Group's, as applicable, before income tax, finance expense, finance income and amortization, depreciation and impairment and provisions each as shown in, or determined by reference to, such entity's latest audited financial statements.

"Environment Business Unit Reorganization" means the reorganisation, demerger or restructuring from the Group of the following companies: Valore Ambiente S.r.l., Società Intercomunale Ambiente S.r.l. and Serit S.p.A., including transfer of the relevant quotaholding / shareholding in favour of the Municipality of Vicenza, and/ or as the case may be, any other municipalities.

"Euro" or **"euro"** or **"€"** means the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended.

"Event of Default" has the meaning given to that term in Condition 12 (*Events of Default*).

"Finance Charges" means, at any time, in respect of any Relevant Period, the total consolidated finance charges actually incurred by the Group, as shown in the Group's latest audited annual consolidated financial statements.

"Financial Indebtedness" means

- (a) amounts owed to banks or other financial institutions or persons or companies;
- (b) any indebtedness arising from the use of loans or arrangements for the discounting of invoices or securitization transactions;

- (c) any debt arising from the placement of bond issues or similar instruments;
- (d) the amount of any debt in connection with finance leases;
- (e) receivables assigned or discounted (save for any receivables assigned on a non-recourse basis or recognised as such under the accounting principles);
- (f) differentials due from time to time on the relevant maturity date with respect to financial instruments related to transactions of commercial nature or related to any derivative transaction suitable for hedging the risk of fluctuations in the interest rate of loans (including interest rate swaps, interest rate swaps with floors and/or interest rate caps, or a combination thereof) and, if the financial instruments related to transactions of a commercial nature or related to such derivative transactions are extinguished early, the related mark-to-market value;
- (g) the amount of any financial transaction that has the effect of a loan and is classified as borrowings under applicable accounting principles adopted in preparing consolidated financial statements, including borrowings from shareholders or affiliates (including dividends resolved upon but not paid); and
- (h) monetary obligations of any other nature for which payment is deferred for a period of more than 180 days beyond the contractual due date,

in each case, without double counting, as shown in, or determined by reference to, the Group's latest audited annual consolidated financial statements.

"Future Concessions" means any Concession that will be granted to the Issuer or any of its Subsidiaries after the Issue Date or any Concession of which the Issuer or any of its Subsidiaries will become the holder as a consequence of an Extraordinary Transaction or a Permitted Reorganisation.

"Consolidated Net Financial Debt – Consolidated EBITDA Ratio" means the ratio of (i) Consolidated Net Financial Debt as of the Determination Date to (ii) Consolidated EBITDA for the Relevant Period.

"Group" means the Issuer and its Subsidiaries from time to time (if any).

"Indebtedness" means (i) any indebtedness from time to time outstanding (whether being principal, premium or interest) of any Person for or in respect of money borrowed or raised including (without limitation) any indebtedness for or in respect of amounts borrowed or raised under any transaction (including, without limitation, any forward sale or purchase agreement) having substantially the commercial effect of a borrowing or otherwise classified as borrowings in accordance with applicable law or generally accepted accounting principles applicable from time to time; and (ii) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraph (i) above.

"Interest Payment Date" means 7 February and 7 August in each year.

"Interest Period" means the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date up to the Maturity Date.

"Italian Civil Code" means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.

"Material Subsidiary" means (a) each of AGSM AIM Energia S.p.A., AGSM AIM Power S.r.l., AIM Calore S.r.l., V Reti S.p.A., AGSM AIM Smart Solutions S.r.l. and AGSM AIM Ambiente S.r.l. and (b), at any time, any Subsidiary of the Issuer (other than AGSM AIM

Energia S.p.A., AGSM AIM Power S.r.l., AIM Calore S.r.l., V Reti S.p.A., AGSM AIM Smart Solutions S.r.l. and AGSM AIM Ambiente S.r.l.) which in terms of EBITDA or Consolidated EBITDA (if such Subsidiary has its own consolidated Subsidiaries) accounts for 5 per cent. or more of the Group's Consolidated EBITDA or, in terms of Total Assets or Consolidated Total Assets (if such Subsidiary has its own consolidated Subsidiaries) 10 per cent. of the Group's Consolidated Total Assets and, for these purposes:

- (i) the Group's Consolidated EBITDA and Consolidated Total Assets will be determined by reference to its then latest annual audited consolidated financial statements (the "**Relevant Consolidated Financial Statements**"); and
- (ii) the EBITDA or Consolidated EBITDA and Total Assets or Consolidated Total Assets of each Subsidiary will be determined by reference to the annual financial statements (whether or not audited) of such Subsidiary, in each case upon which the Relevant Consolidated Financial Statements have been based, provided that: (a) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the EBITDA or Consolidated EBITDA and Total Assets or Consolidated Total Assets of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited); (b) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the EBITDA or Consolidated EBITDA and Total Assets or Consolidated Total Assets of, or represented by, any Person, business or assets subsequently acquired or disposed of; and (c) where a Subsidiary (the "**Intermediate Holding Company**") has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary.

"**Maturity Date**" means 7 August 2031.

"**Consolidated Net Financial Debt-Shareholders' Equity Ratio**" means the ratio of (i) Consolidated Net Financial Debt to (ii) Shareholders' Equity, in each case as at the Determination Date.

"**No Default Certificate**" means the certificate to be delivered on each Certification Date and duly signed by two Authorised Signatories of the Issuer, certifying that no Event of Default has occurred during that Relevant Period and/or is continuing as of the date of the relevant certificate or (if an Event of Default is continuing) the steps, if any, being taken to remedy it.

"**Permitted Reorganisation**" means,

- (i) in the case of any Subsidiary, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby, in one transaction or series of transactions, the assets and undertaking of such Subsidiary are (in whole or in part) transferred, sold, contributed, assigned or otherwise vested in the Issuer and/or another Subsidiary of the Issuer; or
- (ii) in the case of the Issuer, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby, in one transaction or series of transactions, all or substantially all of the Issuer's assets and undertaking are transferred, sold, contributed, assigned or otherwise vested in a body corporate, including any Subsidiary, that is in good standing, validly organised and existing under the laws of the Republic of Italy, and such body corporate (A) assumes as principal debtor the obligations of the Issuer

under the Conditions in respect of the Notes and (B) continues substantially to carry on the business of the Issuer as conducted as the date of such transaction; or

- (iii) any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring whilst solvent or other similar arrangement on terms previously approved by an Extraordinary Resolution; or
- (iii) the Environment Business Unit Reorganization.

"Permitted Security Interest" means:

- (i) any Current Security Interest; or
- (ii) any Security Interest arising by operation of law in the ordinary course of business of the Issuer or a Subsidiary (not arising as a result of any default or omission by the Issuer or that Subsidiary); or
- (iii) any Security Interest created by a Person which becomes a Subsidiary after the Issue Date, where such Security Interest already exists at the time that Person becomes a Subsidiary provided that (A) such Security Interest was not created in connection with or in contemplation of that Person becoming a Subsidiary, (B) the aggregate principal amount of Indebtedness secured by such Security Interest is not increased and no additional assets become subject to such Security Interest, in both cases either in connection with or in contemplation of that Person becoming a Subsidiary or at any time thereafter; or
- (iv) any Security Interest created by a Person and/or any of its Subsidiaries which, after the Issue Date, is/are, in one transaction or series of transactions falling within the scope of the definition of Permitted Reorganisation, merged, demerged, amalgamated, consolidated, or the subject of other similar transactions, with the Issuer and/or any of its Subsidiaries in a body corporate that is in good standing, validly organised and existing under the laws of the Republic of Italy (each such transaction, a **"Extraordinary Transaction"**), where such Security Interest already existed at the time when the relevant Extraordinary Transaction is completed provided that (A) the Security Interest was not created in connection with or in contemplation of the relevant Extraordinary Transaction and (B) in connection with or in contemplation of that Extraordinary Transaction and thereafter the aggregate principal amount of Indebtedness secured by such Security Interest is not increased; or
- (v) any Security Interest (a **"New Security Interest"**) created in substitution for any existing Security Interest permitted under paragraphs (i) and (ii) above (an **"Existing Security Interest"**), provided that (A) the principal amount secured by the New Security Interest does not at any time exceed the principal amount secured by the Existing Security Interest, and (B) other than by reason of general market trends beyond the control of the Issuer, the relevant Subsidiary or the Person merging with the Issuer, the value of the assets over which the New Security Interest subsists does not at any time exceed the value of the assets over which the Existing Security Interest subsisted; or
- (vi) any Security Interest securing any Project Finance Indebtedness; or
- (vii) any assignments or discount *pro soluto* of receivables due; or

- (viii) any netting or set-off arrangement entered into by the Issuer or any of its Subsidiaries in the ordinary course of its or their banking arrangements for the purpose of netting debit and credit balances; or
- (ix) any Security Interest which is created in connection with, or pursuant to, a securitisation, or like arrangement whereby (i) the payment obligations in respect of the instruments representing the Indebtedness secured by the relevant Security Interest are to be discharged solely from the revenues generated by the assets over which such Security Interest is created (including, without limitation, receivables) and (ii) the holders of such instruments have no recourse in relation to such Indebtedness against any assets of any member of the Group; or
- (x) any Security Interest is created in order to participate in a tender for the awarding of the gas distribution service provided that the aggregate principal amount of Indebtedness secured by such Security Interest does not exceed an amount equal to Euro 150 million; or
- (xi) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer or any of its Subsidiaries in the ordinary course of business and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer or that Subsidiary; or
- (xii) any Security Interest not falling within paragraphs (i) to (xii) above, provided that the aggregate principal amount of Indebtedness secured by such Security Interest does not exceed at any time Euro 30 million.

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"Project" means the ownership, acquisition (in each case, in whole or in part), development, restructuring, leasing, maintenance and/or operation of an asset or assets, and the equity participations in the company(ies) (any such company, a **"Project Company"**) holding, directly and/or indirectly, such asset or assets and/or operating the relevant business.

"Project Finance Indebtedness" means any present or future Indebtedness assumed by a Person (the **"relevant debtor"**) to finance or refinance, directly and/or indirectly, a Project, whereby (A) the claims of the creditors under such Indebtedness (the **"relevant creditors"**) against the relevant debtor are limited to (i) the amount of cash flow or net cash flow generated by and through the Project during the tenor of such Indebtedness and/or (ii) the amount of proceeds deriving from the enforcement of any Security Interest given by the relevant debtor over the Project to secure such Indebtedness and/or (iii) the value of the net assets (*Patrimonio Netto*) of the Project Company(ies) up to the date on which the Project becomes operational, and (B) without prejudice to paragraph (A)(iii) above, the relevant creditors have no recourse whatsoever against any assets of any member of the Group other than the Project and such Security Interest.

"Relevant Concessions" means the Concessions listed in Annex 1 hereto.

"Relevant Date" means whichever is the later of (A) the date on which a payment first becomes due and (B) if the full amount payable has not been received in by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that

effect shall have been given to the Noteholders and Couponholders in accordance with Condition 13 (*Notices*).

"Relevant Jurisdiction" means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject by reason of its tax residence or a permanent establishment maintained therein in respect of payments made by it of principal and interest on the Notes or the Coupons.

"Relevant Period" means a 12-month period ending on (and including) a Determination Date.

"Security Interest" means any mortgage, charge, pledge, lien, other encumbrance or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any jurisdiction.

"Shareholders' Equity" means the shareholders' equity of the Issuer (*patrimonio netto*), as shown in, or determined by reference to, the Group's latest audited consolidated annual financial statements, in each case less any dividends paid, declared, recommended or approved.

"Subsidiary" means, in respect of any Person at any particular time, any *società controllata*, as defined in Article 2359, paragraph 1, No. 1) and No. 2), of the Italian Civil Code.

"Substantial Part" means:

- (i) in the case of Condition 12(e) (*Cessation of business*), Condition 12(f) paragraph (iii) (*Insolvency/Composition*) and Condition 12(g) (*Enforcement proceedings*), business, undertakings or assets, as the case may be, representing 25 per cent. or more of the Group's Consolidated EBITDA or Consolidated Total Assets; and
- (ii) in the case of paragraph (iv) of Condition 12(f) (*Insolvency/Composition*), Indebtedness representing 25 per cent. or more by value of the whole,

in each case determined at any particular time by reference to the Group's then latest audited consolidated annual financial statements.

"T2" means the real time gross settlement system operated by the Eurosystem or any successor system.

"TARGET Settlement Day" means any day on which the T2 system is open for the settlement of payments in euro.

"TARGET System" means the T2 system.

"Total Assets" means, at any time, in respect of any Relevant Period, the total assets of a relevant entity as shown in, or determined by reference to, its then latest audited separate financial statements.

Save as the context otherwise provides, any reference in these Conditions to a provision of law, decree or regulation is a reference to that provision as amended or re-enacted.

5. COVENANTS

5.1 Information covenants

For so long as any Notes remain outstanding, the Issuer will:

- (a) inform the Noteholders immediately by means of a notice given in accordance with Condition 13 (*Notices*) of the occurrence of any Event of Default;
- (b) deliver the No Default Certificate to the Fiscal Agent for delivery to the Noteholders on each Certification Date;
- (c) no later than the Certification Date, deliver to the Fiscal Agent for delivery to the Noteholders an electronic copy of the Group's annual IFRS consolidated financial statements translated into English. The Issuer shall ensure that each set of such annual IFRS consolidated financial statements is:
 - (a) audited by independent auditors;
 - (b) accompanied by a list of the Issuer's Subsidiaries including such Subsidiaries nominated as Material Subsidiaries; and
 - (c) accompanied by a Compliance Certificate; and
- (d) deliver to the Fiscal Agent for delivery to the Noteholders an electronic copy of the Issuer's latest sustainability report no later than 45 calendar days after its approval by the Issuer's board of directors (or equivalent body).

So long as any of the Notes remains outstanding, the Issuer shall make such IFRS audited consolidated financial statements and the accompanying Compliance Certificate for the relevant Relevant Period, and the Issuer's latest sustainability report, available for inspection free of charge by any Noteholder on its website (www.agsmaim.it/), at its own registered office and at the Specified Office of the Fiscal Agent.

5.2 Financial Covenants

So long as any Note remains outstanding, the Issuer shall ensure that, as of each Determination Date:

- (i) the Group's Consolidated Net Financial Debt – Consolidated EBITDA Ratio is no more than 4.5; and
- (ii) the Group's Consolidated EBITDA – Finance Charges Ratio is more than 4.5; and
- (iii) the Group's Consolidated Net Financial Debt-Shareholders' Equity Ratio is no more than 1.2.

The financial ratios set out in this Condition 5.2 shall be tested as of each Determination Date following approval by the Issuer's board of directors (or equivalent body) of the Group's annual consolidated financial statements, so that the financial ratios will be tested once in each financial year based on the previous Relevant Period, as calculated and evidenced by the Compliance Certificate in relation to such Relevant Period delivered pursuant to Condition 5.1

(c) above and for the first time in respect of the 12-month period ending on (and including) 31 December 2024.

5.3 Listing

The Issuer shall, for so long as any Notes remain outstanding, use all reasonable endeavours to maintain a listing of the Notes on the regulated market of Euronext Dublin or another regulated market on a stock exchange in the European Economic Area provided, however, that, if it is impracticable or unduly burdensome to maintain such admission, the Issuer shall use all reasonable endeavours to procure and maintain admission to trading of the Notes on a major securities market which is either a regulated market or a multilateral trading platform for the purposes of the Markets in Financial Instruments Directive 2004/39/EC situated or operating in the European Economic Area.

5.4 Accounting policies

The Issuer shall ensure that each set of International Financial Reporting Standards consolidated financial statements delivered pursuant to Condition 5.1 is prepared using accounting policies, practices and procedures consistent with those applied in the preparation of the immediately preceding annual consolidated financial statements of the Group unless, in relation to any such set of consolidated financial statements, the Issuer provides the Fiscal Agent, for inspection by the Noteholders, with: (i) a description of any material changes in accounting policies, practices and procedures; (ii) sufficient information to make an accurate comparison between such consolidated financial statements and the previous consolidated financial statements; and (iii) sufficient information to enable Noteholders to determine whether Condition 5.2 (*Financial Covenants*) has been complied with.

6. INTEREST

6.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their principal amount outstanding from and including the Issue Date at the rate of 5.537 per cent. per annum, payable semi-annually in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). The first payment shall be made on 7 February 2025.

Interest in respect of any Note shall be calculated per Calculation Amount. The amount of interest payable per Calculation Amount for any Interest Period shall be equal to the product of 5.537 per cent. and the Calculation Amount.

6.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such events, it shall continue to bear interest at the rate specified in Condition 6.1 (both before and after judgment) until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note are received by or on behalf of the relevant Noteholder; and
- (b) the day falling seven calendar days after the Fiscal Agent has notified the Noteholders of receipt of all sums due in respect all Notes up to that seventh calendar day (except to

the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 13 (*Notices*).

6.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction used will be the actual number of days in the relevant period from and including the date from which interest begins to accrue to but excluding the date on which it falls due divided by (b) the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

7. PAYMENTS

7.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note or Coupon will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the Specified Office of any Paying Agent by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to the TARGET System. Payments of principal or interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

7.2 Payments subject to applicable laws

All payments in respect of principal and interest on the Notes made in accordance with these Conditions shall be subject to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) where applicable, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto ("**FATCA**").

Conditions 7.2(i) and (ii) shall not apply to any Noteholder in the case in which a Noteholder shall be required to pay any additional amounts referred to therein.

7.3 Surrender of unmatured Coupons

Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time before the expiry of ten years after the Relevant Date in respect of the relevant Note (whether or not the relevant Coupon would otherwise have become void pursuant to Condition 10 (*Prescription*)) or, if later, five years after the date on which the relevant Coupon would have become due, but not thereafter.

7.4 Payments on a Business Day

A Note or Coupon may only be presented for payment on a day which is a Business Day in the place of presentation (and, in the case of transfer to a Euro account, in a city in which banks have access to the TARGET System). If the due date for payment of any amount in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment of the amount due until the next succeeding Business Day and no further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this Condition 7 falling after the due date.

7.5 Paying Agents

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, appoint additional or other Paying Agents and appoint a successor fiscal agent, provided it will at all times maintain:

- (a) a Fiscal Agent; and
- (b) for so long as the Notes are listed on any stock exchange or admitted to trading by any relevant authority, a Paying Agent (which may be the Fiscal Agent) having its Specified Office in such place as may be required by applicable laws and regulations or the rules and regulations of the relevant stock exchange.

Notice of any change in the Paying Agents or their Specified Offices will promptly be given to the Noteholders in accordance with Condition 13 (*Notices*).

7.6 Partial Payments

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

8. REDEMPTION AND PURCHASE

8.1 Final Redemption

Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer on the Maturity Date, subject as provided in Condition 7 (*Payments*).

8.2 Redemption for Taxation Reasons

If:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 9 (*Taxation*); and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount outstanding together with interest accrued to but excluding the relevant date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Fiscal Agent to make available at its Specified Office to the Noteholders (i) a certificate signed by two Authorised Signatories of the Issuer stating the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem as described in this Condition 8.2 have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

8.3 Redemption at the option of the Issuer

The Notes may be redeemed at the option of the Issuer in whole, but not in part on any date (the "**Call Settlement Date**"), at an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage of its principal amount), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the yield to the Par Call Date on such Notes on the Reference Date is equal to the sum of (x) the Reference Bond Rate at the Quotation Time on the Reference Date plus (y) the Redemption Margin, as determined solely by the Determination Agent (the "**Make Whole Redemption Price**"), on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes specified in such notice on the Call Settlement Date at the Make Whole Redemption Price plus accrued interest up to (but excluding) such date), *provided however that* if the Call Settlement Date occurs on or after 7 February 2031 (the "**Par Call Date**") the Make Whole Redemption Price will be equal to 100 per cent. of the principal amount of the Notes.

Where:

"**DA Selected Bond**" means the government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the Remaining Term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in determining the redemption price of corporate debt securities denominated in the same currency as the Notes and with a comparable remaining maturity to the Remaining Term of the Notes;

"**Determination Agent**" means an independent adviser, investment bank or financial institution of recognised standing selected by the Issuer;

"**Quotation Time**" means 11am CET Frankfurt time;

"**Reference Bond**" means DBR 0% due 15 August 2031 (DE0001102564) or if this is no longer outstanding on the Reference Date, the DA Selected Bond;

"**Reference Bond Price**" means, with respect to the Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after

excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations;

"Reference Bond Rate" means, with respect to any Reference Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) for the Remaining Term or interpolated yield for the Remaining Term (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reference Date;

"Reference Date" means the date falling three London Business Days prior to the Call Settlement Date;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer (following, where practicable, consultation with the Determination Agent, if applicable), or their affiliates, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and the Reference Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

"Redemption Margin" means 1 per cent.; and

"Remaining Term" means the term to the Par Call Date.

8.4 Redemption at the Option of the Noteholders

If a Put Event occurs, then the Noteholders shall have the option (a **"Put Option"**) within 30 Business Days of a Put Event Notice (as defined below) being given to the Noteholders (the **"Exercise Period"**) to give to the Issuer through a Paying Agent a Put Notice (as defined below) requiring the Issuer to redeem or purchase Notes held by such Noteholder on the Put Event Redemption Date (as defined below). The Issuer will, on such Put Event Redemption Date, redeem or repurchase at their principal amount outstanding, all, but not part only, of the Notes which are the subject of the Put Notice, together with interest accrued and unpaid to but excluding the Put Event Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **"Put Event Notice"**) to the Noteholders in accordance with Condition 13 (*Notices*), which notice shall (i) refer specifically to this Condition 8.3, (ii) describe in reasonable detail the event or circumstances resulting in the Put Event, (iii) specify the Put Event Redemption Date and (iv) offer to redeem or purchase, on the Put Event Redemption Date, all Notes at their principal amount together with interest accrued thereon to the Put Event Redemption Date. For so long as the Notes are listed on the regulated market of Euronext Dublin and the rules of such exchange so require, the Issuer shall also notify Euronext Dublin promptly of any Put Event. The Issuer shall redeem or purchase on the Put Event Redemption Date all of the Notes held by Noteholders that require the redemption at the price specified above. If any Noteholder does not require early redemption during the Exercise Period, such Noteholder shall be deemed to have waived its rights under this Condition 8.3 to require early redemption of all Notes held by such Noteholder in respect of such Put Event but not in respect of any subsequent Put Event.

To exercise the Put Option provided in this Condition 8.3, the holder of the Notes must deliver at the Specified Office of any Paying Agent, on any Business Day during the Exercise Period, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Notes are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the Specified Office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 8.3 accompanied by such Notes or evidence satisfactory to the Paying Agent concerned that such Notes will, following the delivery of the Put Notice, be held to its order or under its control. Upon delivery of a Put Notice and up to and including the Put Event Redemption Date, no transfer of title to the Notes for which the Put Option has been delivered will be allowed. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the Put Event Redemption Date, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

"acting in concert" means a group of Persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, either directly or indirectly, through the acquisition of shares in the Issuer by any of them, to obtain or strengthen their control over the Issuer (provided that, for the sake of clarity, the Persons voting in the same or consistent manner at any general meeting of the Issuer will not be considered to be acting in concert by virtue of any exercising their votes in such manner);

"Change of Control Put Event" will occur if any Person or a group of Persons acting in concert (in each case, other than a Reference Shareholder and/or any person or persons acting in concert with a Reference Shareholder or the Reference Shareholders, provided that such Reference Shareholder(s) maintain the Control of the Issuer) (i) holds 50.01 per cent. or more of the share capital of the Issuer and/or (ii) obtains Control of the Issuer.

"Concession Event" shall be deemed to occur if the Consolidated EBITDA of the Group deriving from the Relevant Concessions and the Future Concessions represents less than 28 per cent. of the total Consolidated EBITDA of the Group for the Relevant Period as shown in, or determined by reference to, its latest audited annual consolidated financial statements.

"Control" means the power to direct the management and policies of a Person, whether through the ownership of voting rights, by contract or otherwise, pursuant to Article 2359 of the Italian Civil Code.

"Put Event" means the occurrence of (i) a Change of Control Put Event or (ii) a Concession Event or (iii) a Sale of Assets Event.

"Put Event Redemption Date" means the date specified in the Put Event Notice, being a date not less than 30 nor more than 60 calendar days after the expiry of the Exercise Period.

"Reference Shareholder" means (i) the Municipality of Verona, and (ii) the Municipality of Vicenza, or any consortium or company directly or indirectly controlled by either or both of (i) and/or (ii), and for the purposes of this definition, "consortium" means a consortium incorporated pursuant to Article 31 of Legislative Decree No. 267 of 18 August 2000, as amended.

"Sale of Assets Event" shall be deemed to occur if at any time (i) the Issuer and/or any of its Material Subsidiaries is required by applicable law to sell, transfer, contribute, assign or otherwise dispose of assets represents more than 30 per cent. of the total Consolidated EBITDA or of the Total Assets of the Group for the Relevant Period as shown in, or determined by

reference to, its latest audited annual consolidated financial statements, or (ii) if such assets are expropriated (*espropriati* pursuant to Italian law) on the basis of an order of a public authority having jurisdiction over the Issuer or the relevant Material Subsidiary.

8.5 No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 8.1 to 8.3 above.

8.6 Purchases

The Issuer or any of its Subsidiaries may at any time purchase Notes in any manner and at any price in the open market or otherwise at any price and such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation, *provided that* if the Notes are to be cancelled, they are purchased together with all unmatured Coupons appertaining to the Notes are purchased with such Notes). Where permitted by applicable law and regulation, all Notes purchased pursuant to this Condition 8.6 may be cancelled or held, reissue or resold at the discretion of the relevant purchaser.

8.7 Cancellations

All Notes which are redeemed and any unmatured Coupons attached to or surrendered with them shall be cancelled and all Notes so cancelled and any Notes cancelled pursuant to Condition (8.6) (*Purchase*) above (together with all unmatured Coupons cancelled with them) may not be reissued or resold. Any Notes so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meeting of Noteholders. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.6 above and any unmatured Coupons shall not be reissued or resold.

8.8 Final Notices

Upon the expiry of any notice as is referred in Conditions 8.2, 8.3 and 8.4, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Conditions. If a notice of redemption is given by the Issuer pursuant to these Conditions and a Noteholder delivers a Put Notice pursuant to Condition 8.4, the first in time of such notices shall prevail.

9. TAXATION

9.1 Payment without Withholding

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes or the Coupons in the absence of such withholding or deduction; except that no additional amounts shall be payable in respect of any Note or Coupon:

- (a) presented for payment by, or by a third party on behalf of, the holder who is liable to such Taxes in respect of such Note or Coupon by reason of it having some connection with the Relevant Jurisdiction other than a mere holding of the Note or the Coupon; or
- (b) presented for payment in the Relevant Jurisdiction; or
- (c) presented for payment by or on behalf of a holder of Notes or Coupons who would have been able to avoid such withholding or deduction by making a declaration or any other statement, including but not limited to, a declaration of residence or non-residence, but fails to do so; or
- (d) requested more than 30 days after the Relevant Date except to the extent that a holder of such Note or Coupon would have been entitled to such additional amounts on presenting such payment Note or Coupon for payment on the last day of the period of 30 days; or
- (e) in relation to any payment or deduction on principal, interest or other proceeds of any Note on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (the "**Decree No. 239**") or future similar law and any related implementing regulations (each as amended or supplemented from time to time); or
- (f) in circumstances in which the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents; or
- (g) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities according to Article 6 of Decree No. 239; or
- (h) where such withholding or deduction is required to be made pursuant to FATCA if the withholding is imposed under those rules as a result of the failure by any person other than the Issuer to establish that they are able to receive payments free of such withholding.

9.2 Additional Amounts

Any reference in these Conditions to any amounts of principal and interest in respect of the Notes and the Coupons shall be deemed also to refer to any additional amounts which may be payable under this Condition 9.

10. PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date, subject to provisions of Condition 7 (*Payments*).

11. REPLACEMENT OF NOTES AND COUPONS

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. EVENTS OF DEFAULT

If any of the following events occurs:

- (a) *Non-payment*: if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 5 Business Days; or
- (b) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations or undertakings under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 calendar days following the earlier of: (i) service by any Noteholder, either to the Issuer or to the Specified Office of the Fiscal Agent, of written notice addressed to the Issuer requiring the same to be remedied; and (ii) the Issuer becoming otherwise aware of such breach; or
- (c) *Cross-default*: if (i) any Indebtedness of the Issuer or any of its Material Subsidiaries is declared (or is capable of being declared) to be due and repayable prior to its stated maturity by reason of any event of default (however described); or (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any applicable grace period; or (iii) any Security Interest given by the Issuer or any of its Material Subsidiaries for any Indebtedness is (or becomes capable of being) enforced; provided that the aggregate amount of the Indebtedness, in respect of which one or more of the events mentioned in this Condition 12 (c) (*Cross-default*) have occurred individually or in the aggregate equals or exceeds Euro 5,000,000 (or its equivalent in any other currency); or
- (d) *Winding up, etc.*: if an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries save (i) for the purposes of a solvent reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Noteholders, or (ii) pursuant to a Permitted Reorganisation; or
- (e) *Cessation of business*: if the Issuer or any of its Material Subsidiaries ceases or announces that it shall cease to carry on all or a Substantial Part of its business, otherwise than for the purposes of a Permitted Reorganisation, *provided that*, neither the occurrence of a Concession Event nor of a Sale of Assets Event shall give rise to an Event of Default under this Condition 12(e) (*Cessation of business*); or
- (f) *Insolvency/Composition*: if the Issuer or any of its Material Subsidiaries:

- (i) is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due; or
 - (ii) stops or suspends (or threatens to stop or suspend) payment of, or admits its inability to pay its Indebtedness for an amount in excess of Euro 5,000,000 (or its equivalent in other currencies); or
 - (iii) becomes subject to or initiates any liquidation, insolvency, composition, reorganisation or other similar proceedings or application is made for the appointment of an administrative or other receiver, administrator, liquidator or other similar official or an administrative or other receiver, administrator, liquidator or other similar official is appointed in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a Substantial Part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a Substantial Part of the undertaking or assets of any of them; or
 - (iv) proposes or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors in respect of any of its Indebtedness, or a moratorium is agreed or declared or comes into effect in respect of or affecting all or a Substantial Part of (or of a particular type of) the Indebtedness of the Issuer or any of its Material Subsidiaries; or
- (g) *Enforcement proceedings / Security Interests enforced*: if (i) a Security Interest created by the Issuer or any Material Subsidiary to secure Indebtedness in excess of Euro 5,000,000 (or its equivalent in other currencies) becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar Person) unless discharged or stayed within 45 calendar days or (ii) a distress, attachment, execution or other legal process is levied or enforced on or against all or a Substantial Part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 45 calendar days; or
- (h) *Unsatisfied judgment*: if one or more judgment(s) or order(s) for the payment of any amount in excess of Euro 5,000,000 (or its equivalent in other currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Material Subsidiaries, becomes enforceable in a jurisdiction where the Issuer or any of its Material Subsidiaries are incorporated and continue(s) unsatisfied and unstayed for a period of 45 calendar days after the date(s) thereof or, if later, the date therein specified for payment; or
- (i) *Unlawfulness*: if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any such obligations cease or will cease to be legal, valid, binding and enforceable; or
- (j) *Analogous event*: if any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraph (d) (*Winding up, etc.*) and in paragraphs from (f) (*Insolvency/Composition*) to (i) (*Unlawfulness*) of this Condition 12 (*Events of Default*),

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and

payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

13. NOTICES

Notices to Noteholders will be valid if published in a reputable leading English language daily newspaper published in London with an international circulation (which is expected to be the Financial Times) and (so long as the Notes are admitted to trading on Euronext Dublin and it is a requirement of applicable laws or regulations or the rules of Euronext Dublin) a leading newspaper having general circulation in the Republic of Ireland and on the Euronext Live website (<https://live.euronext.com/>) or, if such publication shall not be practicable, in a leading English language daily newspaper of general circulation in Europe (which is expected to be the Financial Times). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 13.

14. MEETING OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE; MODIFICATION

14.1 Meetings of Noteholders

Subject to compliance with mandatory provisions of Italian law applicable from time to time, the Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider any matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or Coupons.

All meetings of the Noteholders will be held in accordance with applicable provisions of Italian law in force at the time and the By-laws (*statuto*) of the Issuer in force from time to time. The Issuer (through its board of directors (*consiglio di amministrazione*) or, as the case may be, its sole director (*amministratore unico*), and/or the Noteholders' Representative may convene a meeting of Noteholders at any time at their discretion and the Issuer and the Noteholders' Representative shall be obliged to do so upon request in writing of the Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes at the time outstanding.

A meeting of Noteholders will be validly held (i) in case of initial meeting, if there are one or more voters present that hold or represent holders of at least 50 per cent. of the aggregate principal amount of the outstanding Notes, and (ii) in case of any adjourned meeting, if there are one or more voters present that hold or represent holders of more than one-third of the aggregate principal amount of the outstanding Notes; provided, however, that Italian law and/or the Issuer's by-laws (to the extent permitted under Italian law) may provide for different (including higher) quorums. The majority required to pass a resolution will be: (i) in case of initial meeting, one or more voters that hold or represent holders of more than one-half of the aggregate principal amount of the outstanding Notes, and (ii) in case of any adjourned meeting, one or more voters that hold or represent holders of more than two-third of the aggregate principal amount of the outstanding Notes represented at the meeting.

Certain proposals listed in the Fiscal Agency Agreement (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons) may only be sanctioned by a resolution passed at a meeting (including adjourned meetings as provided under Article 2415 of the Italian Civil Code) of Noteholders by the higher of (i) one or more persons holding or representing not less

than one half of the aggregate principal amount of the Notes at the time outstanding, and (ii) one or more persons holding or representing not less than two thirds of the aggregate principal amount of the outstanding Notes represented at the meeting, *provided that* the Issuer's By-laws (*statuto*) may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for higher majorities.

Directors and statutory auditors of the Issuer shall be entitled to attend the Noteholders' meetings but not participate or vote with reference to the Notes held by the Issuer. Any resolution duly passed at any such meeting shall be binding on all the Noteholders and on all Couponholders, whether or not they are present at the meeting or voted in favour or against the resolution.

14.2 Noteholders' Representative

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or the "**Noteholders' Representative**") may be appointed, *inter alia*, to represent the interests of Noteholders, such appointment to be made by an Extraordinary Resolution to be passed by a meeting of Noteholders or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

14.3 Modification

The Notes, the Coupons and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error and it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Fiscal Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply with mandatory laws, legislation, rules and regulations of the Republic of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution.

15. ROUNDING

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), all figures resulting from such calculations will be rounded, if necessary, to the nearest euro cent (with half a euro cent being rounded upwards).

16. FURTHER ISSUES

The Issuer may, provided that the Noteholders provide their consent pursuant to an Extraordinary Resolution and in accordance with the Fiscal Agency Agreement, create and issue further notes having the same terms and conditions as those of the Notes in all respects (or in all respects except for the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

The Fiscal Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Fiscal Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law. Condition 14 (*Meetings of Noteholders, Noteholders' Representative; Modification*) and the provisions of the Fiscal Agency Agreement concerning the meetings of Noteholders are subject to compliance with mandatory provisions of Italian law.

18.2 Submission to Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes or the Coupons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition 18.2 is for the benefit of each of the Noteholders and Couponholders and shall not limit the right of any of them, to the extent this is allowed by law, to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

18.3 Agent for Service of Process

The Issuer irrevocably appoints Law Debenture Corporate Services Limited, whose registered office is at 100 Wood Street, London EC2V 7EX, as its agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment in accordance with Condition 13 (*Notices*). The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.

ANNEX 1**List of Relevant Concessions**

ACTIVITY	CONCESSION	HOLDER	ORIGINAL MATURITY DATE
Gas Distribution	Municipalities of Verona and Val D'Ilasi	V-Reti S.p.A.	<i>Prorogatio regime</i>
Gas Distribution	Municipality of Vicenza	V-Reti S.p.A.	<i>Prorogatio regime</i>
Gas Distribution	Municipality of Treviso	AGSM AIM	<i>Prorogatio regime</i>
Electricity Distribution	Municipalities of Verona and Grezzana	V-Reti S.p.A.	2030
Electricity Distribution	Municipality of Vicenza	V-Reti S.p.A.	2030

ANNEX 2

List of Current Security Interest

1. Mortgage loan for the purchase of the building located in San Biagio where is the registered office of AIM Vicenza S.p.A. and other areas for an outstanding amount of Euro 1,272,668,40. In particular the mortgage has been taken over the building for an amount of Euro 22 million as specified below:
 - a. sheet 4 parcel 18, sub. 4 located in Contrada Ped. San Biagio;
 - b. sheet 4 parcel 18 urban entity (ente urbano) hectares 1 ares 61 e centiares 27;
 - c. sheet 19 parcel 426 Seminativo Arboreo class 4 area of hectares 3 ares 50 centiares 72;
and
 - d. sheet 19 parcel 323 Seminativo Arborero class 3 of ares 12 centiares 40.
2. Pledge over CARPINACCIO's quotas to guarantee the full and correct reimbursement of the facility with, as at 30 June 2022, an outstanding **amount** equal to Euro 1,000,000 (expiring on 31 December 2024).
3. Privilege under art. 46 of Legislative Decree 385/1993 for 16 wind turbines constituting the wind farm in the municipalities of Monterezenio anche Castedelrio in Casoni di Romagna (MO) for an amount of € 36,000,000.00. The financing has been duly repaid by the end of the mortgage on 31/03/2021. The notarial phase for the discharge of the liens is in progress.
4. The assignment of security and/or pledge granted in favour of the guarantors under the EIB Facilities Agreements to secure indemnities and reimbursement obligations assumed by the Issuer in favour of such parties in accordance with the EIB Facilities Agreements and the ancillary documentation. "EIB Facilities Agreements" means:
 - a. the Euro 30,000,000 facilities agreements entered into between the Issuer, as borrower, and the European investment bank, as lender, on 8 July 2014 outstanding amount Euro 14,400,000.00;
 - b. the Euro 15,000,000 facilities agreements entered into between the Issuer, as borrower, and the European investment bank, as lender, on 8 July 2014 - outstanding amount Euro 2,250,000.00; and
 - c. the Euro 105,000,000 facility agreement entered into between the Issuer, as borrower, and the European investment bank, as lender, on 21 December 2012 – outstanding amount Euro 16,956,521.70.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Temporary Global Note and the Permanent Global Note contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Conditions of the Notes set out in this Prospectus. Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg. The Global Notes will be issued in NGN form. On 13 June 2006, the European Central Bank (the "ECB") announced that notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystem"), provided that certain other criteria are fulfilled. At the same time, the ECB also announced that arrangements for notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006, and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006, will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The following is a summary of certain of those provisions:

Exchange for Permanent Global Note and Definitive Notes

- (i) The Temporary Global Note will be exchangeable, in whole or in part, for the Permanent Global Note not earlier than 40 days after the Issue Date (the "**Exchange Date**") upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.
- (ii) The Permanent Global Note is exchangeable in whole, but not in part, for Definitive Notes in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof, up to and including €199,000 each, only if (a) it is held on behalf of Euroclear or Clearstream, Luxembourg, and any such Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or (b) an Event of Default (as defined in Condition 12 (*Events of Default*)) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR100,000 and higher integral multiples of EUR1,000, notwithstanding that no Definitive Notes will be issued with a denomination above EUR199,000.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with the relevant Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of such Permanent Global Note against the surrender of such Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (i) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of a Permanent Global Notes for Definitive Notes; or
- (ii) a Permanent Global Note (or any part of it) has become due and payable in accordance with the relevant terms and conditions or the date for final redemption of the relevant Notes has occurred and, in either case, payment in full of the amount of principal falling due with all

accrued interest thereon has not been made to the bearer in accordance with the terms of the relevant Permanent Global Notes on the due date for payment,

then such Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of such Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of such Permanent Global Note or others may have under a deed of covenant relating to the relevant Notes dated 7 August 2024 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in such Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments

No payment will be made on the Temporary Global Note on or after the Exchange Date unless exchange for an interest in the Permanent Global Note is improperly withheld or refused, provided that, in the case of an improper withholding of, or refusal to exchange, an interest in the Permanent Global Note, a certificate of non-U.S. beneficial ownership has been properly provided.

Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation for endorsement and, if no further payment fails to be made in respect of the Notes, surrender of the Permanent Global Note to or to the order of any Paying Agent as shall have been notified to the Noteholders for such purpose, and may be made, at the direction of the holder of the Permanent Global Note, to the relevant Clearing Systems for credit to the account or accounts of the accountholder or accountholders appearing in the records of the relevant Clearing System as having Notes credited to them. The Issuer shall procure that a record of each payment made in respect of the Permanent Global Note shall be made by the relevant Clearing Systems.

Payments on Business Days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**business day**" means any day on which the TARGET System is open.

Notices

Notices shall be given as provided in Condition 13 (*Notices*), save that so long as the Notes are represented by the Temporary Global Note or Permanent Global Note and the Temporary Global Note or Permanent Global Note is held on behalf of a Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the relevant Clearing System for communication to the relevant Accountholders (as defined below) rather than by publication as required by Condition 13 (*Notices*), provided, however, that so long as the Notes are admitted to trading on the Euronext Dublin and the rules of the Euronext Dublin so require, such notices will also be published in a leading newspaper having general circulation in the Republic of Ireland or be published on the website of the Euronext Dublin (<http://live.euronext.com>). Any notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the date on which such notice is delivered to the relevant Clearing System.

Purchase and Cancellation

Cancellation of any Note to be cancelled following its purchase by the Issuer will be effected by a reduction in the principal amount of the relevant Global Note.

Prescription

Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 4 (*Definitions*)).

Redemption at the Option of the Noteholders

The Noteholders' option in Condition 8.3 (*Redemption at the Option of the Noteholders*) may be exercised by the holder of the Permanent Global Note giving notice to the Fiscal Agent in respect of the principal amount of Notes in respect of which the option is exercised within the time limits specified in Condition 8.3 (*Redemption at the Option of the Noteholders*).

Redemption for Taxation Reasons

The option of the Issuer provided for in Condition 8.2 (*Redemption for Taxation Reasons*) shall be exercised by the Issuer giving notice to the Noteholders and the relevant central securities depositories ("ICSDs") within the time limits set out in, and containing the information required by, the relevant Condition.

Authentication and Effectuation

Neither the Temporary Global Note nor the Permanent Global Note shall become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Fiscal Agent and effectuated by the entity appointed as Common Safekeeper by Euroclear and/or Clearstream, Luxembourg.

Accountholders

For so long as any of the Notes is represented by the Permanent Global Note or by the Permanent Global Note and Temporary Global Note and such Global Note(s) is/are held on behalf of the relevant Clearing Systems, each person (other than a relevant Clearing System) who is, for the time, being shown in the records of a relevant Clearing System as the holder of a particular principal amount of Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 8.3 (*Redemption at the Option of the Noteholders*) and Condition 12 (*Events of Default*)) other than with respect to the payment of principal and interest on the Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the Permanent Global Note in accordance with and subject to its terms. Each Accountholder must look solely to the relevant Clearing Systems for its share of each payment made to the bearer of the Permanent Global Note.

Eligibility of the Notes for Eurosystem Monetary Policy

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are upon issue deposited with one of the ICSDs as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (Eurosystem Eligible Collateral) either upon

issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the ECB from time to time. As of the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not currently expected to satisfy the requirements for Eurosystem eligibility.

Calculation of Interest

The calculation of any interest amount in respect of any Note which is represented by the Temporary Global Note or the Permanent Global Note will be calculated on the aggregate outstanding nominal amount of the Notes represented by the Temporary Global Note or the Permanent Global Note (as the case may be) and not by reference to the Calculation Amount.

TAXATION

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

ITALIAN TAXATION

Tax changes

Law No. 111 of 9 August 2023, published in the Official Gazette No. 189 of 14 August 2023 ("**Law 111**"), delegated the Italian Government to enact, within twenty-four months from its publication, one or more legislative decrees implementing the reform of the Italian tax system (the "**Tax Reform**").

According to Law 111, the Tax Reform is expected to significantly change the tax regimes of financial instruments and capital markets. The nature, extent, and impact of these changes cannot be foreseen and/or assessed with certainty at the date of this Prospectus.

As a result, the information provided in this Prospectus may not comply with the future tax landscape.

Prospective purchasers of the Notes should be aware that the prospected changes to the tax regime of interest income and capital gains could lead to an increased tax cost for the prospected purchasers of the Notes and, consequently, result in a lower return of their investment.

Prospective purchasers of the Notes should consult their own tax advisors regarding the tax consequences described above.

Interest on the Notes

Italian Legislative Decree No. 239 of April 1, 1996, as amended and supplemented ("**Decree No. 239**"), regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from Notes to the extent that, *inter alia*, the:

- (i) Notes are listed on a qualifying regulated market or on a multilateral trading platform of EU Member States and of the States party to the EEA Agreement included in the list of States allowing an adequate exchange of information with the Italian tax authorities, as indicated by the Italian Ministerial Decree of September 4, 1996, as ultimately amended by Ministerial Decree of March 23, 2017 and possibly further amended by future decrees issued pursuant to Article 11 par. 4 (c) of Decree No. 239 (the "**White List States**"); or
- (ii) Notes are subscribed for by, held by and transferred among qualified investors only (as defined under Article 100 of the Italian Securities Act).

The provisions of Decree No. 239 only apply to Notes which qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Italian Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree No. 917**"). Pursuant to Article 44, paragraph 2, letter c), of

Decree No. 917, for securities to qualify as *titoli similari alle obbligazioni* (securities similar to bonds), they must (i) incorporate an unconditional obligation to pay at maturity an amount not lower than their nominal value or principal amount ("*valore nominale*") and (ii) attribute to the holders no direct or indirect right to control or participate to the management of the Issuer.

Italian Resident Noteholders

Where an Italian resident Noteholder is the beneficial owner of the Notes and is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless they have opted for the application of the *risparmio gestito* regime – see under "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution other than companies, and trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities;
or
- (d) an investor exempt from Italian corporate income taxation,

Interest relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. In the event that the Noteholders described under paragraphs (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and the relevant Interest must be included in their relevant income tax return. As a consequence, the Interest will be subject to ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the taxation on income due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Where an Italian resident Noteholder is the beneficial owner of the Notes and is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. It must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate taxation (**IRES**) (and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, and Italian real estate SICAFs (together, the **Real Estate Funds**) are subject neither to *imposta sostitutiva* nor to any

other income tax in the hands of a Real Estate Fund. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the Real Estate Fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF ("*Società di investimento a capitale fisso*") or a SICAV ("*Società di investimento a capital variabile*") established in Italy (together, the **Fund**) and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax up to 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**).

Where an Italian resident Noteholders is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (**SIMs**), fiduciary companies, *società di gestione del risparmio* (**SGRs**), stock brokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**), as subsequently amended and integrated.

An Intermediary (a) must (i) be resident in Italy or (ii) be a permanent establishment in Italy of a non-Italian resident financial intermediary or (iii) an entity or company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance, having appointed an Italian representative for the purposes of Decree No. 239; and (b) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited. Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying Interest to a Noteholder or, absent that, by the Issuer.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident, without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner (certain types of institutional investors are deemed to be beneficial owners by operation of law) is:

- (a) resident, for tax purposes, in a White List State; or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or

- (d) an "institutional investor", whether or not subject to tax, which is established in a White List State.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to Interest paid to Noteholders who do not qualify for the exemption.

Noteholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Noteholder.

Atypical Securities

Interest payments relating to Notes that are not deemed to be bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares (*azioni o titoli similari alle azioni*) pursuant to Article 44 of Decree No. 917, may be subject to a withholding tax currently levied at the rate of 26%.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

Subject to certain limitations and requirements (including minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the withholding tax on Interest relating to the Notes that are classified as atypical securities, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Capital gains tax

Italian resident Holders of the Notes

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. The Noteholders may set off any losses with their gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian Noteholders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the above mentioned Italian resident Noteholders holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, Noteholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to:
 - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholders or using funds provided by the Noteholders for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholders are not required to declare the capital gains in the annual tax return.

- (c) In the "*risparmio gestito*" regime, any capital gains realised by Italian Noteholders under (i) to (iii) above who have entrusted the management of their financial assets (including the Notes) to

an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholders are not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Any capital gains realised by a Noteholder who is a Fund will neither be subject to *imposta sostitutiva* on capital gains, nor to any other income tax in the hands of the relevant Noteholders; the Collective Investment Fund Tax will be levied on proceeds distributed by the Fund or received by certain categories of unitholders upon redemption or disposal of the units.

Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the Real Estate Fund. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the Real Estate Fund.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gain realised on the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Non-Italian resident Holders of the Notes

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes traded on regulated markets (according to the meaning identified by the Italian tax authorities in Circular Letter No. 32/E of December 23, 2020) are not subject to the *imposta sostitutiva*. The exemption applies provided that the non-Italian resident Noteholders, in certain cases, file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders, without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the beneficial owner (certain types of institutional investor are deemed to be beneficial owners by operation of law) is:

- (a) resident in a White List State;
- (b) an international entity or body set up in accordance with international agreements which have entered into force in Italy;

- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a White List State.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders, without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent. However, Noteholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.

Inheritance and gift taxes

Transfers of any valuable asset (including the Notes or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding, for each beneficiary, Euro 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding, for each beneficiary, Euro 100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in paragraphs (a), (b) and (c) on the value exceeding, for each beneficiary, Euro 1,500,000.

The transfer of financial instruments (including the Notes) as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 200.00 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in "case of use (*caso d'uso*), in case of "explicit reference" (*enunciazione*) or in case of voluntary registration (*registrazione volontaria*).

Stamp Duty

Pursuant to Article 13 of the tariff attached to Presidential Decree No. 642 of 26 October 1972 (Decree No. 642), as subsequently amended, a **proportional stamp duty** applies on an annual basis to any periodic reporting **communications** which may be sent by a **financial intermediary** to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.20 per cent.; this stamp duty is determined on the basis of the market value or –

if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty cannot exceed Euro 14,000.00 if the Noteholder is not an individual.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods less than 12 months, the stamp duty is payable on a pro-rata basis.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the stamp duty applies to any investor who is a client - regardless of the fiscal residence of the investor - (as defined in the regulations issued by the Bank of Italy on 9 February 2011, as subsequently amended, supplemented and restated) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad

According to Article 19 of Law Decree No. 201 of December 6, 2011, converted with Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals, non-commercial entities and certain non-business partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent (the "IVAFE"). The IVAFE rate is increased to 0.40 per cent. in case of financial products held in states or territories listed as having a privileged tax regime under Ministerial Decree of 4 May 1999. The wealth tax cannot exceed Euro 14,000.00 for taxpayers different from individuals. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does not apply.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does apply.

Tax Monitoring

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-commercial entities and certain non-business partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax the amount of investments (including the Notes) directly or indirectly held abroad. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a Euro 15,000 threshold throughout the year.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, in a subscription agreement dated 2 August 2024 (the "**Subscription Agreement**") and made between the Issuer and the Joint Lead Managers, upon the terms and subject to the conditions contained therein, agreed to subscribe and pay for the Notes at their issue price of 100 per cent. of their principal amount. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Each Joint Lead Manager has represented, warranted and agreed that it will, to the best of its knowledge and belief, comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); and/or
 - (ii) a customer within the meaning of Directive (EU) 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); and/or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No

600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

United Kingdom Securities Laws

Other UK regulatory restrictions

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done in relation to any Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Republic of Italy

The offering of the Notes has not been cleared by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined under Article 2, paragraph 1, letter e), of the Prospectus Regulation and Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Financial Act**"), as implemented by Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**CONSOB Regulation No. 11971**") and Article 35, paragraph 1, letter (d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended ("**CONSOB Regulation No. 20307**");
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of the Italian Financial Act and CONSOB Regulation No. 11971, and any other applicable Italian laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restriction under (i) and (ii) above and must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, CONSOB Regulation No. 20307, Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**") and any other applicable laws or regulations;
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, with regard, inter alia, to the reporting obligations required; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes. The creation and issue of the Notes has been authorised by a resolution of the extraordinary Shareholders meeting of the Issuer dated 24 April 2024 and registered at the Companies Register of Verona on 30 April 2024, as implemented by the decision (*determina*) dated 31 July 2024, registered in the Companies' Register of Verona on 1 August 2024.

Listing and Admission to Trading

Application has been made for the Notes to be admitted to the official list and trading on the regulated market of Euronext Dublin. Admission is expected to take effect on or about the Issue Date.

Expenses Related to Admission to Trading

The total expenses related to admission to trading on the regulated market of Euronext Dublin are estimated at €7,240 (including all fees payable to maturity).

Legal and Arbitration Proceedings

Save as disclosed in "*Description of the Issuer – Legal Proceedings*", neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The financial statements of the Issuer as of and for the years ended 31 December 2022 and 2023 have been audited by BDO Italia S.p.A.

BDO Italia S.p.A. with registered office at Viale Abruzzi n. 94, 20131, Milan, Italy, is registered under No. 167911 in the Register of Legal Auditors (*Registro dei Revisori Legali*) held by the Ministry of the Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39, as amended.

Material Adverse Change / Significant change

Save as disclosed in "*Description of the Issuer –Recent developments*", since 31 December 2023 there has been no material adverse change in the prospects of the Issuer or the Group and no significant change in the financial performance or financial position of the Issuer or the Group.

Documents on Display

For so long as any of the Notes are outstanding, copies of the following documents may be inspected in electronic format during normal business hours at the specified office of each Paying Agent:

- (a) the by-laws of the Issuer;
- (b) the Fiscal Agency Agreement;
- (c) the Deed of Covenant;
- (d) the audited consolidated Financial Statements for the years ended 31 December 2022 and 2023; and

(f) the most recently published audited consolidated annual financial statements of the Issuer.

A copy of this Prospectus and of the documents incorporated by reference will also be electronically available for viewing on the website of the Euronext Dublin (<http://live.euronext.com>) and on the Issuer's website (www.agsmmain.it).

The Issuer's Green Financing Framework will be available for viewing on the Issuer's website (www.agsmmain.it). For the avoidance of doubt the Issuer's Green Financing Framework is not incorporated in and does not form part of the Prospectus.

Clearing Systems, ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L 1855 Luxembourg, Grand Duchy of Luxembourg.

The International Securities Identification Number for the Notes is XS2856134858 and the Common Code is 2856134858.

Yield

Based on the issue price of 100 per cent. of the principal amount of the Notes, the yield on the Notes is 5.537 per cent. on a semi-annual basis. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Potential Conflicts of Interest

Certain of the Joint Lead Managers have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Joint Lead Managers and their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Furthermore, certain of the Joint Lead Managers and/or their respective affiliates have a significant lending relationship with the Issuer and certain subsidiary companies within the Group and has provided the Issuer with investment banking services in the last twelve months.

For the purpose of this paragraph, the word "affiliates" also includes parent companies.

Irish Listing Agent

Walkers Listing Service Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission to the official list or trading on the regulated market of the Euronext Dublin for the purposes of the Prospectus Regulation.

Post-issuance information

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

Validity of the Prospectus and Prospectus Supplements

This Prospectus is valid for twelve months. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus after the end of the offer or admission to trading of the Notes.

REGISTERED OFFICE OF THE ISSUER

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20121 Milan
Italy

Mediobanca – Banca di Credito Finanziario S.p.A.

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To the Joint Lead Managers as to Italian and English law:

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