2023
Group Annual Report

2023 Consolidated Financial Statements

Veritas spa Veneziana energia risorse idriche territorio ambiente servizi

*Registered office*Santa Croce 489, Venice

Toll-free customer service phone number 800 466 466

www.gruppoveritas.it

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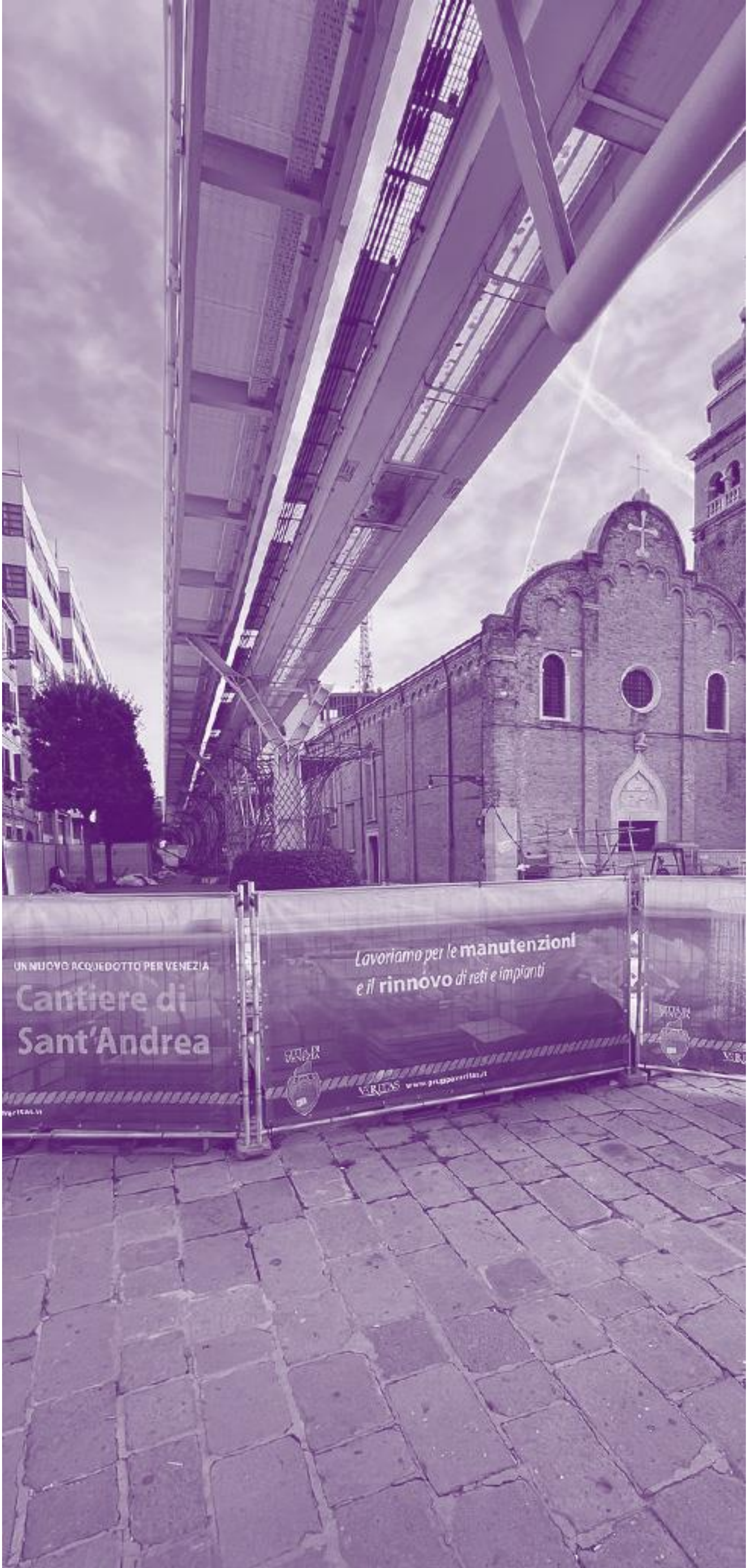
UN NUOVO ACQUEDOTTO PER VENEZIA
Cantiere di
Sant'Andrea
Lavoriamo per le manutenzioni
e il rinnovo di reti e impianti

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Group Annual Report

2.1 Report on operations

2.1.1 Business performance in 2023

Dear Shareholders:

The Veritas spa shareholders' meeting of June 27, 2008 directed the Veritas Group to apply voluntarily Legislative Decree 38 of February 28, 2005, as permitted by Italian law, opting to publish consolidated financial statements compliant with International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS).

In accordance with the by-laws and Article 2364 of the Italian Civil Code, because the Group is required to prepare consolidated financial statements under Article 25 of Legislative Decree 127/91, the financial statements must be approved within 180 days from the end of the financial year.

The financial statements of the Veritas Group for the year ended December 31, 2023 show a net profit of € 15,476 thousand, compared with € 7,286 thousand for the previous year.

Including non-controlling interests, the consolidated net profit amounts to € 15,832 thousand, compared with € 6,155 thousand in 2022.

The consolidated financial statements include the financial statements of the parent company, Veritas spa, and of the companies it controls directly or indirectly through its subsidiaries, determining their financial and managerial decisions and obtaining the relative benefits.

Since 2017 the parent company has also prepared separate financial statements compliant with IFRS, under Legislative Decree 38/2005 as it pertains to public interest entities.

The following companies, in accordance with IFRS 10, are included in the scope of consolidation at December 31, 2023:

consolidated companies	registered office	share capital	Dec. 31, 2023 Group's share	Dec. 31, 20 Group's share
Veritas spa (parent company)	Venice	145,397,150		
Eco+Eco Srl	Venice	80,432,024	68.27%	61.29%
Asvo SpA	Portogruaro (Venice)	18,969,650	55.75%	55.75%
Consorzio per la gestione dei servizi comuni – Fusina	Venice	50,000	88.23%	82.05%
Metalrecycling Venice Srl	Venice	1,800,000	68.27%	61.29%
Depuracque servizi srl	Salzano (Venice)	223,080	100.00%	100.00%
Lecher ricerche e analisi srl	Salzano (Venice)	46,800	100.00%	100.00%
Rive Srl	Venice	100,000	70.00%	70.00%
Euroscavi Srl	Badia Polesine (Rome)	10,329	100.00%	0.00%
Ecodistretto trasporti Scarl	Venice	20,000	54.62%	49.03%
Veritas Conegliano Srl	Venice	100,000	72.50%	72.50%

In 2023 the scope of consolidation underwent the following changes with respect to the previous year:

- On June 27, 2023 Consorzio bonifica Fusina came out of liquidation and its name was changed to Consorzio per la gestione dei servizi comuni – Fusina after a shareholder withdrew, the loss was settled and the share capital was reconstituted.
- On July 21, 2023 the entire share capital of Euroscavi srl di Badia Polesine (Rome) was acquired by Lecher ricerche e analisi srl.

  Due to the new ownership, it was included in the Veritas Group's scope of consolidation as of that date.

- To fund the investments laid out in the long-term business plan of subsidiary Eco+Eco, at the end of 2023 a share capital increase with a share premium was decided upon, subscribed by shareholders Veritas spa and Trevisan spa.
  As a result of that increase, the share ownership at December 31, 2023 was as follows: Veritas spa 61.09%, Asvo spa 12.88%, Bioman spa 20.59%, Agrilux srl 2.62%, Savno srl 1.05%, Trevisan spa 0.89%, Idealservice scarl 0.88%.

The following associates are accounted for using the equity method:

companies accounted for using the equity method	registered office	share capital	Group's share Dec. 31, 2023	Group's share Dec. 31, 2022
associates				
Sifa Scpa	Mestre (Venice)	30,000,000	33.17%	33.17%
Ecolegno CM Venezia Srl	Venice	50,000	27.31%	24.52%
OMD Srl	Nervesa della Battaglia (Treviso)	160,000	17.07%	15.32%
Bioenergie italiane srl (formerly Mia energia srl)	Venice	110,000	33.45%	30.03%
9-Tech srl	Eraclea (Venice)	128,200	22.00%	0.00%
Ri.cart srl	Istrana (Treviso)	200,000	30.72%	0.00%
Vier scarl	Venice	100,000	49.00%	49.00%

With respect to changes from the previous year, note that:

- On April 14, 2023 Mia Energia srl (formerly Nuova energia, formerly Mive) changed its name to Bioenergie italiane srl.
- On July 6, 2023, Depuracque servizi srl acquired 22% of 9-Tech srl by way of a share capital increase.
- On December 5, 2023, Ri.cart Venezia srl was founded, with Eco+Eco srl owning 45% of the share capital.

Veritas spa's subscribed and paid-in share capital at December 31, 2023 amounts to € 145,397 thousand, unchanged since the previous year.

The Group provides local public services, waste management, and water treatment and distribution in the 51 shareholder municipalities belonging to the optimal territorial ambits (OTAs) of the provinces of Venice and Treviso. The population served is more than 920,000, equal to almost the entire metropolitan area of Venice and 18% of the residents of the Veneto region, plus some 35 million tourists who visit Venice, the surrounding areas, and the Jesolo, Eraclea, and Chioggia coastlines each year (except during the two-year Covid emergency), for a total of more than 1 million population equivalent.

After merging with Asi in 2017, Veritas has been providing integrated water services in 36 municipalities.

Regarding the integrated waste management service, Veritas spa covers the territories under the jurisdiction of the three companies operating before the 2007 merger (Vesta Spa, Acm Spa, and Asp Spa), to which the following municipalities have been added over time: Cavarzere, Cona, San Donà di Piave, Fossalta di Piave, Mogliano Veneto, Ceggia, Eraclea, Jesolo, Musile di Piave, Noventa di Piave, and Torre di Mosto. Asvo Spa covers its eleven shareholder municipalities, which are also shareholders of Veritas.

2023 featured a partial recovery from the emergency stemming from critical macroeconomic situations deriving from general increases in prices, and thus in interest rates, that had affected 2022 due to the Russo-Ukraine war, which had caused prices of electricity, natural gas and fuel to surge.

In 2023, the Group made substantial investments funded by government grants and other forms of financing, including those guaranteed by government agencies.

Specifically, in 2023 the parent company took out an additional € 10 million mortgage loan backed by a guarantee from the Italian Export Credit Agency ("Sace") under the terms of Decree Law 50/2022, Article 15 (the "Aid Decree"), received the second € 20 million payment of the € 50 million loan from the European Investment Bank stipulated in 2022, and took out other mortgage loans totaling € 47 million.
At the beginning of 2023, the subsidiary Rive contracted two new loans totaling € 7.6 million restructured with Intesa Sanpaolo that included the contextual repayment of the existing € 4.5 million three mortgage loan.
The subsidiary Eco+Eco took out a new € 10 million loan from Cassa di Risparmio di Bolzano backed by a Sace guarantee.

The following table shows the Veritas Group's key performance data for 2023 and the previous year, in thousands of euros; it also shows each item as a percentage of total net revenue for both periods.

key performance figures (in thousands of euros)	2023	%	2022	%
total net revenue	**511,086**	**100.0%**	**501,688**	**100.0%**
personnel costs	-176,878	-34.6%	-179,193	-35.7%
other operating costs and provisions	-239,361	-46.8%	-243,854	-48.6%
EBITDA	**94,847**	**18.6%**	**78,641**	**15.7%**
amortization, depreciation and impairment losses	-55,656	-10.9%	-55,029	-11.0%
provisions for risks and charges	-1,879	-0.4%	-4,121	-0.8%
operating profit	**37,312**	**7.3%**	**19,491**	**3.9%**
share of investments accounted for using the equity method		0.0%	-7	0.0%
finance costs/(income)	-16,233	-3.2%	-14,039	-2.8%
profit before tax	**21,079**	**4.1%**	**5,445**	**1.1%**
income tax for the year	-5,248	-1.0%	710	0.1%
profit for the year from continuing operations	**15,831**	**3.1%**	**6,155**	**1.2%**
profit for the year from discontinued operations		0.0%		0.0%
consolidated profit for the year	**15,831**	**3.1%**	**6,155**	**1.2%**
profit for the year attributable to non-controlling interests	356	0.1%	-1,131	-0.2%
Group net profit	**15,476**	**3.0%**	**7,286**	**1.5%**

* EBITDA is the difference between operating income and expenses, gross of depreciation and amortization (already net of equipment grants), impairment losses, risk provisions and other provisions.
Thus defined, EBITDA is a measure management uses to monitor and evaluate operating performance. Since it is not identified as an accounting measure under either Italian or international accounting standards, it should not be considered an alternative measure for evaluating the Group's performance. Because the specific makeup of EBITDA is not governed by the accounting standards, the Group's criteria for calculating it could be different from those used by other groups, so such figures may not be comparable.

Total net revenue amounted to € 511.1 million and increased by € 9.4 million with respect to 2022 (+1.9%).

Of the total, revenue from sales and services amounted to € 494.3 million, an increase of € 12.9 million on the previous year, due tohigher revenues from services rendered to third parties (+ € 6.7 million) and revenues from the disposal of sorted waste (+ € 3.3 million).

Specifically, waste management revenue came to € 187.8 million for Veritas (+€ 9.1 million compared to the previous year) and € 20.9 million for Asvo (-€ 0.1 million versus 2022).

Most of the increase for Veritas reflects the rate increase recognized with approval of the 2023 financial plans ("FPs"), which amounts to 5% in total, taking into account the rate adjustments still to be recovered in future FPs.

Since 2020, waste rates have been governed by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di regolazione per energia reti e ambiente, or "Arera"), using the waste rate method ("Mtr") for 2020-2021 but recalculating the 2018 and 2019 FPs and carrying forward the differences from using the previous method to the 2020-2024 FPs, meaning those differences are still being recovered. Since 2022, the revised waste rate method ("Mtr-2") has been in effect as approved with Resolution 363/R/rif of August 3, 2021, valid for 2022-2025.

In addition, the waste rate method for 2020-2021 had limited the annual rate increase (within-cap), while the over-cap portion, which requires confirmation by Arera, produced rate adjustments that cannot be accounted for except where they have been covered by the municipalities' own funds. Mtr-2, however, takes a new approach by allowing them to be included in future FPs without prior confirmation by Arera.

The FPs for 2022-2025 were approved with Venice Environment Basin Council Resolution 7 of April 14, 2022.

In this regulatory plan, the Basin Council included part of the 2020-2021 over-cap rate adjustments in the amount of € 2.5 million, which were recognized in the 2022 financial statements but written down as they risked not being approved by the national authority. The remaining 2020-2021 over-cap rate adjustments, not reclaimed in the 2022-2025 FPs and still not recognized in the financial statements, amount to € 0.8 million.

The 2022 and 2023 FPs also produced an over-cap adjustment of € 3.9 million, recognized as receivables for rate adjustments in the future FPs.

All the municipalities have acknowledged the 2022-2025 FPs approved by the Basin Council and have in turn approved the rate packages for 2023, in some cases covering part of the FPs with their own funds in order to reduce the rate increases for users.

Moreover, in 2023 Arera validated the 2022-2025 FPs of some municipalities (namely Venice, Jesolo, Martellago, Spinea, Mira, Mirano, Mogliano Veneto and San Donà di Piave), not recognizing the inclusion of the 2020-2021 over-cap components in the 2022-2025 FPs, while offsetting those reductions with other components and thus keeping the same total amount of the approved FPs.

Finally, with the Basin Council's approval of the 2024-2025 FP updates as per Resolution 4 of April 9, 2024, the 2022 and 2023 rate adjustments were recognized for Veritas within such FPs for a total amount of € 1.2 million.

Given that such additional adjustments could generate other future over-caps, thus with the issue of effective recovery, they were partly written down.

The overall increase in waste management revenue recognized in the financial statements, also taking prior-year components into account, therefore amounted to around 5%.

The 2023 FPs for Asvo were also approved with Basin Council Resolution 7 of April 14, 2022.

The integrated water service follows the waste rate method approved by Arera in December 2019 ("Mti-3") with Resolution 580/2019/R/idr, valid for 2020-2023. With Resolution 46/2021/R/idr of February 9, 2021, Arera approved the rates applicable to Veritas for that period, updated with Resolution 687/2022/R/idr of December 13, 2022 for 2022 and 2023.

The water rate approved for 2023 includes a 7% increase over that of 2022.

In the meantime, with Resolution 639/2023/R/idr of December 28, 2023, Arera approved the new waste rate method ("Mtr-4") to be used for the 2024-2029 rates, extending the regulatory period to 6 years for the first time.

Accordingly, the 2023 adjustments accounted for were calculated using the new method, although the process for Venice Lagoon Basin Council's approval of the rate of the new regulatory period that will include such adjustments is still underway.

In any case, the integrated water service rate remains one of the lowest in the country, and because of various factors beyond the rate adjustment formulas, it is not expected to rise by an appreciable amount.

The revenues from services rendered to third parties rose by € 10,485 thousand. Among the main changes are an increase in other revenues from services rendered to third parties (€ 6,365 thousand) and revenues from the disposal of sorted waste (+ € 3,255 thousand).

Personnel costs (€ 176.9 million) were 1.3% lower than in 2022 (€ 179.2 million) because they included, for Veritas, a non-recurring provision of € 6.5 million for future expenses from the intergenerational turnover agreement pursuant to Article 41 of Legislative Decree 148/2015 reached with the unions on December 7, 2022, entailing early retirement for 86 employees in 2023 and consequent workforce efficiency procedures.

Since the actual costs of the intergenerational turnover agreement were € 4 million, in 2023 a contingent gain of € 2.5 million was recognized in reduction of personnel cost.

Net of that non-recurring item and of capitalized costs, staff costs were higher than in the previous year (€ 177.4 million in 2022 versus € 182.5 million in 2023), with an essentially stable work force from one year to the next, because of the raises foreseen in the renewed national collective labor agreements (for the gas & water and waste management sectors) and the pay scale patterns of the company agreements.

The average number of employees was 3,399.

There was an increase of 18 in the average headcount.

average annual headcount (FTE)	2023	2022	change
upper management	25.00	21.84	3.16
lower management	87.01	84.52	2.49
white-collar	1,036.03	1,022.79	13.24
blue-collar	2,250.55	2,251.91	-1.36
total average headcount	**3,398.59**	**3,381.06**	**17.53**

Personnel costs corresponded to 34.6% of total net revenue, down from 35.7% in 2022.

Other operating expenses and provisions amounted to 46.8% of total revenue, down by € 4.5 million.

Specifically, they refer to the purchase of raw materials and consumables (€ 47.0 million), the cost of services (€ 175.3 million), rentals and leasing (€ 6.1 million), and other operating costs (€ 10.9 million).

Among the external operating expenses (within "utilities"), **electricity** is one of the Group's largest expenses and is mostly consumed by the water treatment plants.

This major cost item amounted to € 31.9 million in 2023 (€ 29 million for the parent company alone), a decrease of € 9.1 million (€ 8 million for Veritas) from 2022.

At Veritas, total electricity consumption increased by 2.55% from 2022 to 2023, due chiefly to the greater capacity of purifiers (16%) and consumption by the pumping stations, whereas the surge in unit costs that had characterized most of 2022 ended as prices stabilized, lowering the average unit price by 23.39% and the company's total expenditure by 21.54%, despite the continuance of the Russo-Ukrainian war.

Government energy subsidies in 2023, in the form of tax credits and just for consumption in the period from January to June, amounted to € 2.6 million (€ 2.3 million for Veritas).

EBITDA of € 94.8 million increased by 20.6% compared with the previous year's € 78.6 million.

At € 37.3 million, the **operating income (EBIT)** was 91.4% higher than in 2022 (€ 19.5 million).

Net finance costs of € 16.2 million increased by € 2.2 million from those of 2022.

The **profit before tax** is € 21.1 million, up from € 5.5 million of 2022, and amounts to 4.1% of the total net revenue.

Income tax for the year is € 5.2 million, compared with -€ 0.7 million in 2022.

The **consolidated profit for the year** amounted to € 15,831 thousand, compared with € 6,155 thousand in 2022**.**

The **profit for the year attributable to non-controlling interests** of € 356 thousand (-€ 1,131 thousand the previous year) refers mainly to the subsidiaries Eco+Eco Srl and Asvo SpA.

The Veritas Group's key financial figures are presented below (in thousands of euros):

key financial figures (in thousands of euros)	Dec. 31, 2023	inc. %	Dec. 31, 2022	inc. %
non-current assets	840,760	106.6%	767,458	107.4%
net working capital	-52,042	-6.6%	-52,952	-7.4%
net invested capital	**788,718**	**100.0%**	**714,506**	**100.0%**
equity attributable to the Group	302,775	38.4%	290,682	40.7%
equity attributable to non-controlling interests	31,788	4.0%	29,377	4.1%
net non-current liabilities (excluding loans)	115,850	14.7%	129,439	18.1%
net financial debt	338,305	42.9%	265,008	37.1%
sources of funding	**788,718**	**100.0%**	**714,506**	**100.0%**

* The net financial debt, calculated as outlined in the main financial covenants in place at December 31, 2023, is the difference between all financial liabilities and short-term financial assets (in the case of the Veritas Group, the latter consist solely of cash and cash equivalents).

Non-current assets increased by € 73.3 million with respect to the previous year.

Capital expenditure in 2023 stood at € 157.9 million, up by € 73.4 million on the previous year, as follows:

capital expenditure (in thousands of euros)	2023	2022
intangible assets	6,643	6,272
property, plant and equipment	88,268	39,669
goods for services under concession	63,038	38,595
total capital expenditure	**157,949**	**84,536**

Net working capital went from -€ 53.0 million at the end of 2022 to -€ 52.0 million.

Equity increased by a total of € 14.5 million on the previous year, with a net profit of € 15.8 million, -€ 2.5 million from the annual effect of the discounting of retirement benefit obligations and adjustment of the cash flow hedge reserve, and € 1.2 million for the other changes in equity of the investees. Equity attributable to non-controlling interests rose from € 29.4 million to € 31.8 million, while the Group's net profit for the year amounted to € 15.5 million.

Net non-current liabilities decreased by € 13.5 million, from € 129.4 million at December 31, 2022 to € 115.9 million; they consist of long-term liabilities due to other parties as well as provisions, including for retirement benefit obligations.

The Group's **net financial debt** rose by € 73.3 million, from -€ 265.0 million to -€ 338.3 million. See the statement of cash flows for details of individual changes.

The Group has a high level of debt but a sustainable net debt/EBITDA ratio of 3.57, compared to 3.37 for the previous year.

The net debt consists of the following:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
cash and cash equivalents	**-131,577**	**-148,429**
bank overdrafts and current portion of bank loans	54,243	54,438
current portion of loans from other lenders	20,218	14,848
derivative liabilities	972	
current financial payables due to shareholders	629	656
current financial payables due to associates		172
current financial debt	**76,062**	**70,114**
net current financial debt	**-55,515**	**-78,315**
long-term bank loans	221,110	179,958
long-term loans from other lenders	164,580	154,606
non-current financial payables due to shareholders	8,130	8,759
non-current financial payables due to associates		
non-current financial debt	**393,820**	**343,323**
net financial debt	**338,305**	**265,008**

2.1.2 Risks and uncertainties

Direct risks from the war in Ukraine

Veritas does not have any contracts for the purchase or sale of goods and services from or to parties in Ukraine, Russia, or Belarus, and no occasional services were rendered to the vessels of such parties in the context of utilities management for the Port of Venice.

The parent company's integrated water service includes some utilities in the name of Russian individuals whose billing volumes are extremely immaterial.

Therefore, business with parties in the region involved in the conflict has had no direct impact on the financial statements.

Macroeconomic risk

Macroeconomic context

The macroeconomic scenario appears multifaceted for the different geographical areas in 2024 and afterward.

Italian GDP is expected to pick up by 0.6% in 2024, 1.0% in 2025 and 1.2% in 2026, while inflation should fall by 1.3% due mainly to the price decline for energy and intermediate goods; a slight increase of 1.7% is expected in the subsequent two years.

The cost of borrowing for businesses and families will remain high in 2024, but will fall gradually in the next two years.

Investments will slow as a result of the higher cost of borrowing and reduced incentives for residential construction.

Exports should expand in line with the foreign demand, which is still high; in fact, the potential demand in the main export markets for Italy should grow again in the next three years by 2.5% on average.

The Italian economy, and some sectors in particular, will continue to improve slowly in 2024; household purchasing power is expected to rise thanks to disinflation and higher salaries, which should assist sectors such as retail trade, apparel and services.

The manufacturing industry could benefit from improved competitiveness and higher exports, and the automotive, mechanical and industrial sectors could experience a boost of activity.

The construction industry, expected to contract with the ending of the "Superbonus" tax incentives for energy efficiency improvements, could benefit from the investments included in the National Recovery and Resilience Plan (NRRP).

Infrastructure, sustainable energy and digitalization projects could stimulate growth.

The adoption of digital technologies and the digital transformation could assist advancements in areas such as information and communication technology, e-commerce and online services.

The tourism industry could accelerate the recovery, with hospitality, travel and the related services experiencing higher demand.

Inflation in the euro area should fall from the 5.4% of 2023 to 2.3% in 2024 and 2.0% in 2025, down to 1.9% in 2026; economic growth will remain weak in the short term due to tight financing conditions and a climate of limited confidence, although the GDP should increase due to a recovery in disposable income and foreign demand.

Interest rates should remain below those of 2023, although their decline will be determined by the economic trend, recognized and verified by the conduct of the central banks.

Even with some uncertainty, which is not expected to strain energy, commodity and financial markets, and with military and other geopolitical tensions remaining high, global economic growth is projected to be 2.9% in 2024, after the 3.0% of 2023 and 3.5% of 2022.

Interest rates

Interest rates underwent significant changes in 2023, with national and international implications and various developments.

With respect to short-term variable interest rates, the Euro InterBank Offer rate ("Euribor": reference rate used in interbank transactions in the euro area) rose over the entire year while fluctuating in response to economic and financial events and remaining positive for all of 2023. The parameters most used had the following performance: the 3-month Euribor rose from 3.19% in January to 3.91% in December, and the 6-month Euribor went from 2.16% in January to 3.86% in December; these rates remained at the same levels in the initial months of 2024.

With respect to the fixed interest rate swap ("IRS") interest rates, the Euro Interest Rate Swap ("Eurirs"), used to determine the interest rate on fixed-rate long-term loans declined considerably, peaking during the first few months of the year and then dropping. The parameters most used had the following trend: the 10-year IRS fell from 3.10% in January to 2.51% in December and the 15-year IRS went from 3.05% in January to 2.58% in December; these rates remained at the same levels in the initial months of 2024.

The official interest rate halved after spiking in 2023, from the 5% annual rate at January 1, 2023 to 2.5% from January 1, 2024.

The official rate had dropped to nearly zero in 2021, when it reached its historical annual minimum of 0.01%, as per the Ministry of Economy and Finance decree of December 11, 2020, effective from January 1, 2021; a Ministerial decree of December 13, 2022 raised the interest rate to 5% for 2023 from the previous 1.25% (2022), and then halved it to 2.5% in 2024.

The new official interest rate was determined on the basis of the gross average annual return on government securities with a maximum term of twelve months and the annual inflation rate recorded, in accordance with Civil Code Article 1284.

Market expectations of an imminent interest rate cut by the European Central Bank ("ECB") has led to a reduction of loan interest from the peak in November 2023.

In 2023, the ECB's interest rate underwent significant changes. Since June 21, 2023, the main refinancing operation ("MRO") rate, marginal lending facility ("MLF") rate and deposit facility ("DF") rate have gone up, respectively, to: 4.00% for MROs, 4.25% for the MLF, and 3.50% for the DF, in accordance with the policy of containing inflation to 2%.

The ECB's macroeconomic projections for the euro area indicate that the average inflation will be: 5.3% in 2023, 2.9% in 2024 and 2.1% in 2025.

In 2023, the spread between the euro short-term rate ("€STR") and the ECB's deposit facility rate widened; it proved to be less sensitive to the absorption of surplus liquidity than to the previous liquidity injection phase.

A general decline in rates is expected in 2024, but for the moment inflationary pressures are slowing this down.

With respect to the sensitivity to interest rate fluctuations and the impact that it could have on profit and equity, note that most existing loans are at fixed rates or at variable rates hedged by derivatives; therefore, even substantial interest rate changes would have an immaterial impact on the Group's profit or equity.

Measurement of expected credit losses

Concerning expected losses on trade receivables, in recent years the Group had already changed its calculations to reflect payment problems caused by the Covid-19 emergency and the subsequent economic slump.

In addition to calculating expected losses through a matrix system based on track records, the Group began to analyze increases in insolvency first caused by Covid-related economic restrictions and then by the distress caused by the general price increases.

These estimates had led to an upward revision of the historical insolvency indexes underlying the calculation of expected losses; now the losses have appeared to stabilize and indicate slight recovery.

Going-concern assumption

Given the above, including in terms of medium- to long-term planning, there are no issues regarding the Group's ability to operate as a going concern.

The Group has conducted simulations to assess potential future impacts on its business and financial business plans, which confirm the going-concern assumption.

Climate change risks

The Group is assessing the impacts of its activities on climate change and the risks climate change poses to its business.

Studies have shown that the Group's impact on climate change mainly has to do with the consumption of energy and methane gas to run its facilities, and fuel consumption for waste collection and transport. In contrast, the circular waste management has a positive impact on climate change by generating less waste in the future.

The risks that climate change pose to the Group's facilities and operations stem from the intensification of extreme weather phenomena, which affect water resources, wastewater conveyance facilities, and waste collection and street cleaning activities.

In 2023, Veritas and the other operators of the Viveracqua consortium launched, in partnership with the Euro-Mediterranean Center on Climate Change (CMCC), an assessment of the climate risks in the entire territory served by the related operators, thus the Veneto region and part of the Friuli region. The assessment was extended to all of Friuli and to Trentino-Alto Adige due to the vicinity of and interaction among these regions (especially concerning water resources).

The assessment regarded a vast range of climate indicators, obtained from processing specific climate variables (precipitation, temperature, wind, etc.), deemed sufficiently representative of the physical hazards identified by each operator.

It emerged that the main hazards for water infrastructure stemmed prevalently from heat waves, droughts (with the ensuing water stress and saltwater intrusion), cold spells, extreme precipitation (including hail, lightning and electric shocks) and the related flooding, landslides, heavy snowfalls and strong winds.

The indicators developed regarded the following events/hazards: heat waves, droughts, cold spells, extreme precipitation (including landslides, flooding, snowfalls and strong winds). The indicators selected will be calculated using 14 climate model chains. The time horizons include 2021-2050 and 2071-2100 (as stated in the platform) and 2036-2065 in accordance with the National Climate Change Adaptation Plan.

Although 2023 was an exceptionally hot year, it did not present droughts or water shortages. No other impacts generated by the climate were identified.

Financial management policies and objectives

The Group's financial management is geared toward helping the organization procure and manage the funds necessary for investments in public infrastructure and the industrial activities it carries out on behalf of the community.

It therefore takes a medium- to long-term perspective, seeking an appropriate balance between the sources and uses of funding, and in the short term making sure there is enough liquidity to meet treasury commitments.

To achieve these objectives, financial instruments are used on both the passive and active sides of liquidity investment.

The Group's policy is not to subscribe to speculative derivative instruments but only to fixed contracts for purely hedging purposes, to avoid interest rate risk (through swaps) or to limit it (through caps), or to limit the changes in a defined fluctuation range (through collars).

The Group's effective average net financial position (monetary component only) in 2023 was indebtedness of approximately € 278.2 million (€ 243.1 million in 2022) and it generated effective gross finance costs to service that debt of € 18.9 million (€ 14.1 million in 2022), for an effective weighted average financial burden of 6.79% (5.82% in 2022). Such result benefits from a one-off € 2.4 million improvement from the change in the accounting treatment of the amortized cost.

The external economic and financial scenario in which the Group operated in 2023 was characterized by the simultaneous presence of contrasting situations based on attempts to recuperate from international economic imbalances deriving from the years 2021 and 2022, the containment of inflationary pressure in a context of uneven growth among areas and sectors, and the worsening of political and military instability in the global arena; the Group nevertheless maintained its commitments to invest in the community and to repay its debt.

Various financing opportunities were exploited to obtain adequate levels of liquidity, using medium-term credit according to the lines of action envisaged in the business plans.

To support long-term investment plans, the following loans were obtained during the year:

	beneficiary	Issuance	original amount	maturity
EIB 2nd payment	Veritas	Feb. 17, 2023	20,000,000	Aug. 17, 2038
Banca popolare di Sondrio	Veritas	Feb. 14, 2023	10,000,000	March 1, 2033
Bnl-Bnp syndicated loan	Veritas	Aug. 8, 2023	12,000,000	July 20, 2030
F2i syndicated loan	Veritas	Aug. 8, 2023	25,000,000	July 20, 2033
Credem	Veritas	Nov. 22, 2023	10,000,000	Sept. 30, 2030
Cassa di risparmio di Bolzano	Eco+Eco	Dec. 20, 2023	10,000,000	Sept. 30, 2029
Intesa San Paolo	Rive	Jan. 26, 2023	7,600,000	Dec. 31, 2029

At the beginning of 2023, the subsidiary Rive took out two new loans totaling € 7.6 million restructured with Intesa Sanpaolo that included the contextual repayment of the existing € 4.5 million mortgage loan.

The Group's credit risk profile is normal and consistent with industry dynamics, as billing receivables are naturally fragmented, with modest average amounts collectable from a high number of users.

The default rate for waste management receivables (Tarip) has historically been around 6%, a low-to-medium rate for the sector.

Note that after the transition to Tari, credit risk in its past and present (and therefore future) dimension is substantially borne by the municipalities, either directly or indirectly, and must be taken into account in the final formulation of the rate.

In the water sector, where default rates are historically lower, they remained at around 1.08% of turnover, in keeping with the previous year's levels.

Borrowing risk

In 2023 the Group continued to manage its business and finances in a manner that, despite the adverse economy, did not substantially increase its borrowing risk even as net debt expanded.

EBITDA increased considerably as a result of the higher revenues, lower personnel costs and savings in operating expenses, going from € 78,641 thousand in 2022 to € 94,847 thousand in 2023.

The management of working capital (+€ 7.6 million) positively impacted net debt and liquidity levels.

Operating investments increased to € 129.8 million (from € 74.1 million in 2022), while equity investments produced a positive net cash flow of € 1.4 million (positive € 2.3 million in 2022).

Debt refinancing in 2023 entailed taking out € 94.6 million in new long-term loans, against € 52.1 million in repayments.

The year-end net financial indebtedness went from -€ 265,008 thousand in 2022 to -€ 338,305 thousand, including the effect of non-cash items (IFRS 16 - Leases, accrued liabilities, etc.); as a result, the net financial position-to-EBITDA ratio remained sustainable, moving from 3.37 to 3.57.

Note that the Group's indebtedness is always influenced by the size of the parent company's "water assets," whose carrying amount (net of the public grants that partially finance the works) is very high.

Most of these assets, particularly the water and sewage pipelines, have very long useful lives (conservatively estimated at 40 years according to Arera policies) and consequently low depreciation rates.

Since rate recovery, which remunerates this type of investment according to depreciation and finance costs, takes place over a very long period of time, there is a continuous need for capital to be refinanced in the meantime, especially given the unequal duration of bank facilities and lending approaches that favor the short to medium term.

Debt in the form of bank loans (i.e. excluding bonds) has a weighted average remaining life of around 6.8 years, with repayment schedules broken down as follows (actual maturity data):

long-term loans	2024	2025	2026	2027	2028	afterward
275,138	54,028	47,459	40,167	28,615	21,817	83,052

The parent company has issued three bonds with the following characteristics:

	original amount	repayment	maturity
ex-Asi bond (public offering)	15,000	amortizing	2034
Veritas bond (public offering)	100,000	bullet	2027
Veritas bond (private placement)	25,000	amortizing	2038

Liquidity and funding risks

The maximum credit risk on the Group's other financial assets, including cash and cash equivalents, financial assets available for sale, loan notes, and certain derivative instruments, is the carrying amount of these assets in the event of the counterparty's insolvency.

The Group controls liquidity risk using a liquidity deployment planning tool. This instrument considers the maturity of the financial investments, financial assets (trade receivables and other financial assets), and the expected cash flows from operating activities.

At December 31, 2023, the Veritas Group had undrawn credit lines of approximately € 121.9 million, up from € 115.2 million at December 31, 2022.

The liquidity risk is the risk that the financial resources available may be insufficient for meeting the short-term obligations, consisting of approximately € 51.6 million on bank loans and € 0.75 million on bonds due by December 31, 2024, and for handling any decreases in working capital.

The notion remains that operational investment plans, which are ongoing in both the water and waste management sectors, are matched by rates (though not always in full) due to the regulatory mechanism of rate adjustments established according to the Arera method, which generate high receivables to be recognized in the financial statements.

Although they are regulated, both operating sectors (the integrated water service and waste management), while positioning the company as a concession operator without competition, expose future cash flows to the uncertainty of a changing regulatory framework, which appears increasingly detailed and restrictive as to the timely recognition of the actual operating costs; however, since 2023 better rate increases have been obtained, whose effects will stabilize over time and will be consistent with the investment profiles required to maintain them.

In 2023, Italy's GDP rose by 0.7%, with the third and fourth quarters featuring substantially flat growth. The GDP is expected to increase by 0.8% in 2024, with slightly higher growth and the economy speeding up in the second half of the year.

Household spending, up by 1.5% from that of 2022, drove growth in 2023.

The labor market is solid, with an unemployment rate forecast to slightly exceed 7% in 2024.

The National Recovery and Resilience Plan (NRRP) plays an important role for short/medium-term growth throughout Europe.

The inflation rate in Italy is estimated to drop from 5.9% in 2023 to 2.7% in 2024.

High interest rates translate into a higher cost of borrowing for families and businesses, slowing down private consumption and investments in the euro area, a situation clearly present in Italy.

Global economic growth stood at 3.0% in 2023, after the 3.5% of 2022; for 2024, 2.9% is expected.

The projections are subject to a high degree of uncertainty, especially considering the recent geopolitical events, but even if uncertainty continues to characterize the macroeconomic scenario, the prospects indicate resilience and growth opportunities.

VAT dispute - waste management tax (Tia)

Ruling 5078/2016 of the joint sections of the Court of Civil Cassation, filed on March 15, 2016, provided the definitive interpretation as to whether VAT applies to the waste management rate ("Tia1") established by Article 49 of Legislative Decree 22/1997.

The ruling, considering the absence of a bilateral relationship between the service and the consideration received by the service provider, defines Tia1 as a tax levy and consequently outside the scope of VAT.

The case in question is long-standing and complex.

Legislative Decree 22/1997 (the Ronchi Decree) replaced the old municipal waste collection tax (Tarsu) with the "tariffa igiene ambientale" (Tia or Tia1). According to an initial interpretation, backed up by circulars from the Italian revenue agency, this charge was equated with consideration for a service provided, and was therefore subject to VAT.

However, as a result of Constitutional Court ruling 238/2009 declaring Tia to be a tax, case law established that VAT was not applicable.

In the meantime, Legislative Decree 152/2006 introduced the "tariffa integrata ambientale" ("Tia2") which, in lawmakers' intentions, was to replace Tia1.

Moreover, Article 14, paragraph 33 of Decree Law 78/2010 had established that Tia2 was not a tax.

Finally, Circular 3/2010 of the Ministry of Finance, by equating Tia2 with Tia1, reasserted that VAT should be charged on both rates.

Despite this clear position by the tax authorities, the case law consensus on both the merits and the rule of law refuted the premise of Ministerial Circular 3/2010 which equated Tia1 with Tia2, with the result that Tia1, at least at the case law level, continued to be considered a tax.

Veritas, like all other waste management companies associated with Federambiente-Utilitalia, had not changed the stance it adopted in 2009 when the Constitutional Court issued its ruling, and had suspended VAT refunds to users pending an explicit legislative change to that effect, especially considering that the VAT in question was not in Veritas's hands since as a neutral tax it had always been paid over to the revenue agency.

Moreover, in 2012, the Italian Revenue Agency replied to a formal inquiry by Veritas confirming that Tia was indeed subject to VAT, reaffirming the interpretation of the Finance Ministry's controversial Circular 3/2010.

There was now an institutional conflict: while the tax authorities affirmed that charging VAT was correct, case law argued the exact opposite.

With the clarity of the 2016 joint-section ruling of the Court of Cassation, it can no longer be denied that Tia1 is outside the scope of VAT.

The estimated amount of VAT charged by Veritas on Tia1 amounts to approximately € 84 million over the years, divided almost equally between domestic and non-domestic users.

At any rate, the risk to Veritas is limited, given that:

- VAT is a neutral tax for commercial businesses like Veritas;
- it is inconceivable to expect Veritas to refund the VAT charged to users on Tia1 if the government does not first determine how it is to be returned (multiple years, millions of invoices, hundreds of thousands of users, strong demographic dynamics, etc.);
- at the financial level, Veritas has paid these sums to the Italian revenue agency and does not have the money in hand;
- the neutral nature of VAT means that business users have deducted the charges from their own VAT payments, which by analogy could be interpreted as improper;
- again because of VAT neutrality, there is no rule as to whether the organization should take into account the effect of non-deductibile VAT on purchases by the waste management department, as this cost was supposed to be an additional component to be charged back to the user precisely through Tia1;
- if Tia1 is a tax, then Veritas should have invoiced the municipalities rather than the users, and the municipalities, not being able to deduct the VAT, should have added the non-deductible VAT to the Tia1 tax to be charged in turn to the users; the end user would, therefore, still have been required to pay the VAT (either as part of the tax or shown separately on the invoice);
- in denying Veritas's claims to recover VAT on Tia1 that had been refunded to users further to litigation, the Italian Revenue Agency has so far been consistently unsuccessful against the appeals Veritas has filed (Veritas most recently prevailed in Ruling 348/2022 by the Veneto Regional Tax Commission, which the Italian Revenue Agency has not taken to the Court of Cassation).

It should also be noted that for both settled and pending lawsuits demanding that Veritas refund VAT to users, the Italian Revenue Agency would no longer have any grounds to deny the reimbursement to Veritas of the VAT refunds it has already granted; therefore, the only risk (already provided for in the financial statements) is having to cover the opponent's legal expenses.

In addition, because Tia1 was in effect until 2012 (when it was replaced by Tares and later by Tari), the 10-year statue of limitations has now expired on the chance to file for VAT refunds.

Note also that having Tia1 declared to be a tax with *ex ante* effect made it possible, in 2016, to recover as income the provision against default risk accumulated in previous years, as it shifted the risk of default to the taxing municipality (the Venice Basin Council also expressed this view in Note 585 of November 11, 2016).

As things stand, however, although years have passed since the Court of Cassation ruling of March 2016, the institutional bodies (central government, Ministry of the Economy, or Revenue Agency) have taken no specific, official position on the question of VAT on Tia1 except for a few (now dated) answers to Parliamentary questions.

Furthermore, to a specific query by Veritas, in August 2021 the European Commission replied that the pure and simple refund of unduly levied VAT results in unjust enrichment of the user and, in parallel, in an undue loss for the State treasury.

Concerning the subsequent forms of the waste management rate, i.e. Tia2 under Legislative Decree 152/2006, the charge pursuant to Article 14 paragraphs 29-32 of Decree-Law 201/2011 ("Tares fee"), and the rate per Article 1 paragraph 668 of Law 147/2013 ("punctual Tari" or "Tarip"), in June 2016 the company submitted a further query to the Revenue Agency asking whether it was still correct to charge VAT on these rates, given the reasons underlying the Court of Cassation's ruling that Tia1 is a tax.

The Revenue Agency replied in September 2016, confirming that VAT does apply to these rate forms.

Concerning Tia2 pursuant to Legislative Decree 152/2006, the joint sections of the Court of Cassation, in Rulings 8631/2020 and 8632/2020 of May 7, 2020, affirmed that this is a private business fee subject to VAT, highlighting, among other things, its differences from Tia1 (thus contradicting much of the previous case law opinion that had equated the two charges from a tax point of view).

Finally, Ruling 11290/2021 of April 29, 2021, again by the joint sections of the Court of Cassation, affirmed that the "punctual Tari" is also a private business charge subject to VAT.

Transactions with related parties

Related party transactions are described in detail in Note 45 to the consolidated financial statements.

Status of assignments

The parent company manages various local public services in the municipal territories of its local shareholders. Some of these, like the integrated water service and the waste management service, have by law a supra-municipal scope covering the "bacino territoriale ottimale e omogeneo" (optimal territorial ambit or "OTA").

Regarding the integrated water service, the assembly of the Venice Lagoon Authority (now the Basin Council) has issued various measures recognizing Veritas spa as an "in-house" company according to the characteristics defined by the European Union; the Venice Environment Authority has provided the same recognition for the integrated waste management service with Resolution 6 of June 30, 2008.

In its resolution of July 30, 2008, protocol 806, the Venice Lagoon Authority confirmed "that the duration of the assignment of the integrated water service to Veritas spa is established until December 31, 2018."

As for the integrated waste management service, the Municipality of Venice, one of the local shareholder entities, stated in Resolution 121 of 1999 that the duration of the assignment was to be 20 years (thus until the end of 2019).

The municipal resolutions of the local shareholders that merged Acm SpA, Vesta SpA, and Asp SpA in 2007, in confirming that the new company resulting from the merger, Veritas spa, would continue to provide the services entrusted to the merged companies, did not change the expiration dates of these assignments.

On July 11, 2016, an agreement was signed for provision of the integrated water service in the Venice Lagoon optimal territorial ambit (protocol 1276 of July 12, 2016), amending the previous agreement dated October 19, 2004 (protocol 976/2004), whose duration was maintained until December 31, 2018.

On July 16, 2018, the Venice Lagoon Basin Council requested that Veritas spa be registered in the ANAC list of in-house assignees under Article 192 of Legislative Decree 50 of April 18, 2016. Accordingly, ANAC registered the company with an order signed on February 15, 2022.

On December 20, 2018, the Venice Lagoon Basin Council and Veritas spa signed an agreement for the provision of the integrated water service in the Venice Lagoon optimal territorial ambit (file 44421, repertory 141026 of notary Francesco Candiani of Venice) with a duration until December 31, 2038, extendable by discretion of the Basin Council for a period of six months under the same conditions, without prejudice to any different terms that may be permitted or imposed by law.

On the subject of waste, most of the shareholder municipalities of Veritas spa have passed resolutions pursuant to Article 34 of Decree Law 179/2012 confirming, among other things, that the services currently performed by Veritas spa and Group companies will continue until June 26, 2038, save for different durations that may result from imminent legislation and without prejudice to any spin-off measures that may be imposed by future legislation and the application of current laws.

On November 24, 2014 the Venice Environment Basin Council was established with the signing of the "Convention for the establishment and operation of the Venice Environment Basin Council concerning the integrated municipal waste management service in the Venice basin" by the representatives of all 44 municipalities of the Venice metropolitan area and the municipality of Mogliano Veneto. The Basin Council's takeover of the activities and legal relationships of Ato Venice Environment (in liquidation) was finalized with Basin Committee Resolution 3 of April 27, 2015.

With Basin Assembly Resolution 11 of December 17, 2015, the Venice Environment Basin Council expressed its intention to align the different expirations of the waste management assignments resolved by the municipalities served by Veritas, leaving the decision to subsequent assemblies.

Resolution 3 of the Venice Environment Basin Assembly of May 25, 2016 approved the definitive alignment of the expiration dates of the integrated waste management assignments in the municipalities served to June 2038, as already resolved by a broad majority of the municipalities themselves (36 out of 45) and soon to be resolved by the other eight municipalities whose assignments were expiring in 2016 or would have expired before 2038, and by the municipality of Mira, which by Resolution 115 of December 23, 2013 had set an expiration date of December 31, 2038 for its service.

Resolutions 18, 19 and 20 of the Venice Environment Basin Council of October 27, 2017 approved the direct assignment to Veritas spa of the municipal waste service in the municipalities of San Donà di Piave, Meolo and Quarto d'Altino, respectively, for fifteen years, from January 1, 2018 to December 31, 2032, according to the in-house providing model.

In February 2019, the Basin Council took the initial steps for aligning the expiration date of the in-house assignment in the municipality of Venice. With Assembly Resolution 12 of November 15, 2019, the Basin Council approved the Report pursuant to Article 34 of Decree Law 179/2012 which defines and explains the choice of the in-house model for the assignment to Veritas spa of the municipal waste service in the municipality of Venice, aligned the expiration date of Venice's in-house waste management assignment to 2038 along with the relative service contract outline, and postponed to a subsequent measure the alignment of the expiration date for the two municipalities of Scorzè and Fossalta di Piave.

On July 2, 2018, the Venice Environment Basin Council requested that Veritas spa be registered in the ANAC list of in-house assignees under Article 192 of Legislative Decree 50 of April 18, 2016.

With the Venice City Council Resolution 79 of December 18, 2019, regarding "Veritas spa – Recognition of the alignment of the expiration date of the in-house assignment to 2038 and of the Venice Environment Basin Council 's approval of the related service contract with the operator and the assignment of services supplementing the municipal waste management service or connected with environmental protection matters", the municipality of Venice recognized the alignment of the expiration date of the in-house assignment to Veritas spa of the municipal waste service to 2038 and the Venice Environment Basin Council's approval of the related service contract with the operator. It also approved an in-house assignment to Veritas spa of the garbage tax ("Tari") collection and management service until June 26, 2038, an in-house assignment to Veritas of the high tide gangway laying service until June 26, 2038, and an in-house contract for the deratization, disinfection, and pest control service until November 30, 2024, finalized with the completion of the ANAC registration process of Veritas spa's in-house awarding bodies, pursuant to Legislative Decree 50/2016, Article 192, on February 15, 2022; in addition, with Resolution 79/2019, the Municipality of Venice assigned to Veritas spa the drain cleaning service and the special waste disposal and polluted sites reclamation activities until a new assignment is awarded.

The Venice Environment Basin Council, with Institutional Committee Resolution 7 of February 13, 2020, approved the new service contract model in place of the model approved by Basin Assembly Resolution 12 of November 15, 2019, to be signed by the Basin Council, the Municipality of Venice, and the operator Veritas spa; however, it will have to comply with the subsequent Arera Resolution 385/2023/R/rif of August 3, 2023 regarding the "*Service contract model regulating transactions between the awarding entities and municipal waste service operators*".

In 2015 most of Veritas's local shareholders approved plans for the rationalization of the investee companies and corporate shareholdings in implementation of Article 1, paragraph 611 of Law 190/2014 (2015 Stability Law); Veritas, in line with the plan approved by the local shareholders, by resolution of the ordinary general meeting of June 26, 2015 approved the *2013-2016 rationalization and management plan for Veritas spa investees*.

Veritas's Board of Directors approved a revision of this plan on March 17, 2016, previously approved by the Coordination and Control Committee on the same date. In its updated version, the plan called for the merger into Veritas spa of the companies Asi SpA (at the time operator of the integrated water service in the municipalities of Caorle, Ceggia, Cessalto, Eraclea, Fossalta di Piave, Jesolo, Musile di Piave, Noventa di Piave, San Donà di Piave, Torre di Mosto, and Zenson di Piave) and Alisea SpA (at the time operator of the integrated waste cycle in the municipalities of Ceggia, Eraclea, Fossalta di Piave, Jesolo, Musile di Piave, Noventa di Piave, and Torre di Mosto).

Asi SpA, Alisea SpA, and Veritas spa, consistently with the regulatory provisions in force and the guidelines of the competent Basin Councils, drew up merger plans allowing the above services to be handled by a single operator for each area or territorial basin. Asi SpA was merged into Veritas in 2017, followed by Alisea in 2018.

The merger of Asvo Spa into Veritas spa is currently underway. With index deed 8442, file

5439 of November 14, 2023 of the notary Andrea Todeschini Premuda, Asvo spa leased to Veritas spa its business unit dealing with the integrated municipal waste service commencing on January 1, 2024.

Asvo SpA is the in-house assignee of the waste management service for the eleven shareholder municipalities, which are also shareholders of Veritas.

As concerns waste treatment, in the Fusina area, the subsidiary Eco+Eco srl manages the integrated waste treatment and recycling center for residual municipal waste for the Venice Environment basin, which includes the municipalities that use the Veritas Group for municipal waste collection, transport, and treatment. This is also a logistics station for transferring, sorting and shredding many of the separately collected fractions of waste.

Eco+Eco srl selects and treats separately collected waste (glass, paper, plastic, metals, etc.) for recycling, and deals with collection and logistics/transport in relation to the materials to be selected. It treats the materials delivered by the Group and those collected separately by other operators in the area for subsequent delivery and treatment, mainly within supply chain consortia.

In 2015 the Municipality of Venice granted Veritas a 20-year renewal of its cemetery services contract, valid until September 30, 2035.

The parent company also manages cemetery services in the municipality of Spinea (until December 31, 2024) and Dolo (until June 30, 2027), whereas the Martellago and Mirano cemetery services ended during 2023.

In June 2020, under a contract valid through 2046, Veritas began to manage the crematorium of the Conegliano cemetery built by the associate Veritas Conegliano; its contract for the management of the Spinea cemetery crematorium expires in 2038.

The service of laying footbridges for high tide in the historical center of the municipality of Venice by Veritas spa was assigned until June 26, 2038 through City Council Resolution 79 of December 18, 2019.

With the same resolution, the Municipality of Venice granted Veritas an in-house contract for the deratization, disinfection, and pest control service until November 30, 2024, and in keeping with the duration of the integrated water service assignment approved by the Venice Lagoon Basin Council, contracted it to manage the mainland and Lido storm sewage pumping plants and mobile barriers in Malamocco, as from December 2019, and to operate and maintain Venice's fire hydrant system from December 1, 2019 until December 31, 2038.

Veritas spa's concession for the management of public restrooms, again in the Municipality of Venice, is extended year by year and currently expires on December 31, 2024.

As for the operation of the fish market in the municipality of Venice, the new regulations of the granting body are pending, due in part to modified legislation in the sector and the local conditions in which it is performed. In any case, financially speaking, this is a marginal activity.

Veritas operates the public lighting and heat management service for the municipality of Chioggia, under a contract valid through 2030.

It also handles public lighting for the municipalities of Fossalta di Portogruaro (through 2029) and Fiesso d'Artico (through 2027), and heat management for Fossalta di Portogruaro under a contract expiring on September 30, 2023.

Asvo Spa has been the in-house provider of cemetery services for the municipalities of Portogruaro (since 2018) and San Michele al Tagliamento, San Stino di Livenza, Fossalta di Portogruaro, and Cinto Caomaggiore (since 2019). Since 2019 it has maintained the public green areas of the municipality of Portogruaro and since 2020 those of San Michele al Tagliamento and Fossalta di Portogruaro.

The Depuracque group, a subsidiary since July 2018, operates in the management, transport, and disposal of hazardous and non-hazardous waste, environmental remediation, effluent and waste water treatment, chemical analysis, and environmental consulting through interaction with Veritas spa and various group companies.

The Environmental Code

Of relevance to the integrated water and waste management services are the rules contained in Legislative Decree 152/2006 (the Environmental Code).

Regarding the integrated water service, note should be taken of the Environmental Code's Article 147, as modified by subsequent legislation.

According to that article, "Water services are organized based on the optimal territorial ambits defined by the regions in implementation of Law 36 of January 5, 1994. The regions that have not identified an ambit's governing body shall do so by the deadline of December 31, 2014. Once that deadline has elapsed, Article 8 of Law 131 of June 5, 2003 shall apply. The local authorities falling within the same optimal ambit must participate in the ambit's governing body, identified by the competent region for each such ambit, which shall take over the responsibilities for water resource management including the planning of the water infrastructures referred to in Article 143, paragraph 1."

Article 149 *bis* of the Environmental Code, added by way of Decree Law 133, Article 7(1)(d) of September 12, 2014 that was converted with amendments into Law 164 of November 11, 2014 and amended by Law 190, Article 1(615) of December 23, 2014, expressly recognizes the possibility to assign the integrated water service directly to in-house companies.

Regarding the integrated waste management service, Article 200 of the Environmental Code states that "The management of municipal waste is organized on the basis of optimal territorial ambits, hereinafter also referred to as OTAs, delimited by the regional plan referred to in Article 199, in compliance with the guidelines pursuant to Article 195(1)(m)(n)(o) and according to the following criteria:

a) creation of an integrated waste management service to solve the problem of fragmentation;

b) achievement of adequate operational size, based on physical, demographic and technical parameters and political-administrative subdivisions;

c) adequate evaluation of the road and rail communication system to optimize transport within the OTA;

d) valorization of common needs and similarities in waste generation and management;

e) survey of waste management facilities already built and in operation;

f) consideration of the previous boundaries so that the new OTAs deviate from them based only on a well-founded need for effectiveness, efficiency and economy.

According to Article 202 of the Environment Code, the waste management service has to be organized in compliance with "EU principles and provisions, following the regulations in force with respect to the assignment of local public services...".

In 2020, several legislative decrees were issued to incorporate the EU circular economy measures, which amended six directives on waste and landfills; in particular, Legislative Decree 116/2020 introduced significant changes to Legislative Decree 152/2016, concerning, among other matters, the definition of "municipal waste."

With this in mind, in 2021 Veritas spa took a series of initiatives to address these regulatory changes, including a form of communication/publicity aimed at informing stakeholders of the chance to make this choice by June 30 and attain a redefinition of taxable surface area for the following year.

Legislative Decree 213 of December 23, 2022 was issued, containing additional and corrective measures to Legislative Decree 116/2020, implementing Directive (EU) 2018/851, which modified Directive 2008/98/EC on waste, and Directive (EU) 2018/852 which modified Directive 1994/62/EC on packaging and packaging waste.

European legislation

The legitimacy of assigning public services to in-house companies was confirmed by Directive (EU) 23 of February 26, 2014 on the award of concession contracts and by Directive (EU) 24 of February 26, 2014 on public procurement.

Directive 23/2014/EU, Article 17 entitled "Concessions between entities within the public sector", point 1 states that

"A concession awarded by a contracting authority or a contracting entity as referred to in point (a) of Article 7(1) to a legal person governed by private or public law shall fall outside the scope of this Directive where all of the following conditions are fulfilled:

a) *the contracting authority or contracting entity exercises over the legal person concerned a control which is similar to that which it exercises over its own departments;*

b) *more than 80% of the activities of the controlled legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authority or contracting entity or by other legal persons controlled by that contracting authority or contracting entity; and*

c) *there is no direct private capital participation in the controlled legal person with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled legal person."*

and at point 3:

"Contracting authorities or contracting entities as referred to in point (a) of Article 7(1) exercise joint control over a legal person where all of the following conditions are fulfilled:

i. *the decision-making bodies of the controlled legal person are composed of representatives of all participating contracting authorities or contracting entities. Individual representatives may represent several or all of the participating contracting authorities or contracting entities;*

ii. *those contracting authorities or contracting entities are able to jointly exert decisive influence over the strategic objectives and significant decisions of the controlled legal person; and*

iii. *the controlled legal person does not pursue any interests which are contrary to those of the controlling contracting authorities or contracting entities."*

Public Contracts Code

The EU directives were incorporated into Italian law with Legislative Decree 50 of April 18, 2016 (the Public Contracts Code), as later amended and now repealed by the new Public Contracts Code pursuant to Legislative Decree 36 of March 31, 2023. The new Public Contracts Code pursuant to Legislative Decree 36/2023 was issued to adhere more closely to European regulations for public contracts.

The repealed Legislative Decree 50/2016, Article 5 previously in force, as amended by Article 6, paragraph 1 of Legislative Decree 56 of April 19, 2017, described the requirements for in-house assignments.

More specifically, Article 192 ("special rules for in-house assignments") of the repealed Legislative Decree 50/2016, as amended by Legislative Decree 56/2017, in effect since May 20, 2017, states that:

1. *A list of contracting authorities and contracting entities operating through a direct assignment to their in-house companies, as referred to in Article 5, shall be established at ANAC to ensure adequate*

publicity and transparency in public contracts. Inclusion in the list occurs upon application after the requirements have been verified following the procedures and criteria the Authority defines in its code. The Authority for collecting the information and verifying the requirements above operates through computerized procedures, including links, based on appropriate agreements, with the relevant systems in use by other public entities and other entities operating in the field of public contracts. The application for registration enables contracting authorities and contracting entities to assign contracts to the entity directly under their responsibility. This is without prejudice to the obligation to publish the acts connected with the direct awarding itself following paragraph 3.

2. *To award a contract concerning services available on the market under competitive tendering, contracting authorities shall first assess the economic appropriateness of the offer of in-house entities, having regard to the subject matter and value of the service, stating the reasons for not having recourse to the market, as well as the benefits for the community of the form of management chosen, also regarding the objectives of universality and sociality, efficiency, cost-effectiveness and quality of the service, and the best use of public resources.*

3. *On the buyer's profile in the Transparent Administration section, all acts related to the awarding of public contracts and concession contracts between entities within the public sector, where not secreted under Article 162, shall be published and updated in the open-data format following the provisions of Legislative Decree 33 of March 14, 2013.*

The Venice Lagoon and Venice Environment Basin Councils, in relation to the services managed by Veritas spa, submitted to the National Anti-corruption Authority (ANAC) an application to have Veritas spa registered on the list of contracting authorities and entities operating through direct assignment to in-house companies under Article 192, paragraph 1 of Legislative Decree 50/2016, producing the documentation necessary to demonstrate satisfaction of the in-house criteria.

ANAC approved the application for Veritas spa on February 15, 2022.

The relevant part of Legislative Decree 36/2023 did not reproduce the instructions contained in Legislative Decree 50/2006, Article 192, previously in force.

According to Legislative Decree 36/2023, Article 7, entitled *Principle of administrative self-organization*:

1. *Public entities autonomously organize the self-execution of works or the supply of goods through self-production, outsourcing and cooperation in compliance with the provisions of the code and European Union law.*

2. *The contracting authorities and granting entities may directly assign works, services or supplies to in-house companies, in compliance with the principles referred to in Articles 1, 2 and 3. The contracting authorities and granting entities shall adopt a reasoned measure for each assignment in which they account for the advantages for the community, the related external effects and the economic congruity of the service, including in relation to the pursuit of the objectives of universality, sociability, efficiency, cost-effectiveness, quality of the service, speed of the procedure and rational use of public resources. In the case of instrumental services, the measure is considered sufficiently motivated if it takes into account the advantages in terms of cost-effectiveness, speed, or pursuit of strategic interests. The cost-effective advantages can also emerge through comparison with the reference standards of Consip SpA and other central purchasing bodies, with the official parameters developed by other national or foreign regional bodies or, failing that, with market standards.*

3. *The in-house awarding of services of general economic services at a local level is governed by Legislative Decree 201 of December 23, 2022.*

Attachment I.1, Article 3, paragraph 1, letter e) defines an in-house assignment in the Public Contracts Code:

e) *«in-house assignment», the direct assignment of a procurement or concession contract to a legal person governed by public law or private law as defined in Article 2, paragraph 1 letter o), of the Consoli-*

dated Law on Publicly Owned Companies, referred to in Legislative Decree 175 of August 19, 2016, under the conditions stated in Directive 24/2014/EU, Article 12, paragraphs 1, 2 and 3, Directive 23/2014/EU, Article 17, paragraphs 1, 2 and 3, and, for special sectors, Directive 24/2014/EU, Article 28, paragraphs 1, 2 and 3.

Consolidated Law on Publicly Owned Companies

On September 23, 2016, Legislative Decree 175 of August 19, 2016 (the Consolidated Law on Publicly Owned Companies) came into force implementing Article 18 of Law 124 of August 7, 2015 on the reorganization of public entities (otherwise known as the Madia Law), and was subsequently amended by Legislative Decree 100 of June 16, 2017, Law 205 of December 27, 2017, and Law 145 of December 30, 2018. It regulates "*the establishment of companies by public entities, as well as the acquisition, maintenance and management of shareholdings by such administrations, in companies with total or partial public ownership, whether direct or indirect.*"

Concerning the subjective scope of Legislative Decree 175/2016 as amended, Article 1, paragraph 5 reads: "*5. The provisions of this decree apply, only where expressly envisaged, to listed companies as defined in Art. 2(1)(p), as well as to companies controlled by them,*" whereas Article 2(1)(p) defines listed companies as "*publicly owned companies that issue shares listed on regulated markets; and companies that have issued, as of December 31, 2015, financial instruments other than shares that are listed on regulated markets*".

The parent company meets the above definition of a listed company because in November 2014 it issued bonds listed on regulated markets as a result of proceedings undertaken at the beginning of that year, assuming PIE (public interest entity) status under Article 16, paragraph 1 of Legislative Decree 39/2010. It is therefore subject to the provisions of Legislative Decree 175/2016 (as amended) only where expressly envisaged; where there is no express provision in this sense, the Consolidated Law does not apply. In any case, the Consolidated Law on Publicly Owned Companies does not appear to contain any provisions that could directly affect the duration of existing assignments.

Article 2(c) defines similar control as a situation in which a public entity exercises control over a company similar to that exercised over its own services, with a decisive influence on both the strategic objectives and on the significant decisions of the company controlled. The control may also be exercised by a different legal person controlled in the same manner by the participating authority.

Article 2(d) defines similar joint control as a situation in which the authority exercises control jointly with other authorities over a company similar to that exercised over their own services. The above situation occurs when the conditions of Legislative Decree 50, Article 5, paragraph 5 of April 18, 2016 are present.

Article 2(o) defines in-house companies as companies over which an authority exercises similar control or more than one authority exercises similar joint control, in which private capital ownership occurs in the forms contemplated in Article 16, paragraph 1, and that meet the requisite of the prevailing activity as per Article 16, paragraph 3.

Paragraph 1 of Article 16 states that in-house companies shall receive directly assigned public contracts from the authorities that control them, or from each of the authorities exercising joint control over them, only in the absence of private investors, except where required by law and in a form that does not entail control or veto power or the exercise of a dominant influence .

Paragraph 3 requires the articles of association to state that more than 80% of the turnover must be made in the performance of the tasks assigned to the company by the public entity or entities, while paragraph 3 bis provides that production in addition to the predominant activity is permitted only on the condition that it allows for economies of scale or other productive efficiency gains in the performance of the company's core business.

Finally, paragraph 7 requires compliance with the Public Contracts Code for the purchase of works, goods and services.

Consolidated Law on Local Public Services

Legislative Decree 201 of December 23, 2022 ("New rules for local public services of economic importance") came into effect on December 31, 2022, in implementation of Article 8 of the annual law on markets and competition (Law 118 of August 5, 2022), which authorized the government to set new rules for economically important local public services including the form of a consolidated law.

Of particular note are the definitions contained in that decree at Article 2(c)(d), which defines local public services of economic importance as *"services provided or providable for economic consideration across a market, which would not be carried out without public intervention or would be carried out under different conditions in terms of physical and economic accessibility, continuity, non-discrimination, quality and safety, which are provided for by law or which local public entities, within the scope of their responsibilities, deem to be necessary to ensure satisfaction of the needs of the local communities, so as to guarantee uniform development and social cohesion,"* and networked public services as *"local services of general economic interest that can be organized through structural networks or functional connections among the sites of production or provision of the service, under the regulation of an independent authority"*.

Article 14 of Legislative Decree 201/2022 identifies the different forms of local public service from which the contracting entity can choose, including assignment to an in-house company, within the constraints of EU law and according to the procedures set forth in Article 17. For the purposes of choosing the form of service and defining the contractual relationship, the local entity and the other competent entities must take various elements into account, including the results of any previous provider of the same service.

Before beginning the assignment process, a report is written describing the outcomes of the assessment and the reasons for choosing the particular form of service; in the case of networked public services, the certified financial plan must be attached to the report.

Article 17 of Legislative Decree 201/2022, on the subject of assignments to in-house companies, requires that if the amount of such an assignment exceeds the EU limit, the local entities and the other competent entities must pass a resolution granting the assignment on the basis of a qualified rationale that expressly states the reasons for not resorting to the market. This reflects the principle of delegation pursuant to Article 8, paragraph 2(g) of Law 118/2022, which requires the local entity to justify its reasons for any assignments exceeding the threshold.

Regarding the duration of assignments, Article 19 of Legislative Decree 201/2022 states that they cannot exceed the amount of time needed to amortize the planned investments and that the assignment of non-networked local public services to in-house companies cannot have a duration exceeding five years, unless the assigning entity explains the reasons for a longer duration in the resolution approving the assignment.

As for periodic checks of the local public service, Article 30 of Legislative Decree 201/2022 requires municipalities or groupings with populations of more than 5,000 to conduct routine performance reviews of the local public services assigned within their territories, the results of which are presented in a report to be updated annually at the same time as the entity reviews its investee companies in accordance with Article 20 of Legislative Decree 175/2016.

2.1.3 Significant events during the year

Significant events with the potential to influence business performance are reported below.

Consequences of the Russia-Ukraine conflict, current macroeconomic scenarios, climate change

For this information, see Section 2.1.2, *Risks and uncertainties*.

Water service regulation and rates

Since 2020, the regulatory period (2020-2023) governed by the Mti-3 waste rate method (Arera Resolution 580/2019/R/idr) has been in force.

With Resolution 17 of December 17, 2020, the Venice Lagoon Basin Council approved the regulatory scheme for the period in question, defining rates applicable for 2020-2021 and estimated rates for 2022-2023, subject to updating every two years. Arera approved that scheme, with modifications, with Resolution 46/2021/R/idr of February 9, 2021.

The Basin Council then passed Resolution 11 of November 14, 2022 approving the biennial rate update of the rates for 2022-2023, in turn approved by Arera, with modifications, with Resolution 687/2022/R/idr of December 13, 2022. The modifications Arera made to the Basin Council's resolution were limited to the individual components of the guaranteed revenue constraint ("Vrg"), while the total Vrg and theta indexes were confirmed with the Basin Council's resolution.

The biennial rate update raised annual rates by 7% for 2023.

With Resolution 639/2023/R/idr of December 28, 2023, Arera approved the new Mti-4 waste rate method for the 2024-2029 regulatory period.

This year also saw the application of the technical quality regulation incentive mechanism (RQTI) for the years 2020-2021. Total premiums approved amounted to some € 130 million, of which each "winner" received its share on the basis of individual performance.

Veritas, for its performance in 2020-2021, achieved a premium of € 0.4 million against penalties of a substantially equivalent amount.

In Decision 3982 of April 19, 2023, the Council of State disallowed the penalties provided for in the Mti-3 method for the failure to realize investments planned for the period 2016-2019, on the grounds that such penalties are retroactive and therefore violate the general principle of non-retroactivity of punitive measures.

This decision enabled the parent company to release as contingent gains the € 1 million provision set up for such penalties.

Waste management service rates

Arera Resolution 363/R/rif of August 3, 2021 approved the new waste rate method (Mtr-2) for the 2022-2025 regulatory period, which replaced the previous Mtr waste rate method in effect for 2020-2021.

The Venice Environment Basin Council approved the 2022-2025 financial plans with the new method, for both Veritas and Asvo, with Resolution 7 of April 14, 2022.

One of the most important changes in the new method is the possibility to include in future FPs, without prior confirmation by Arera, the shares of over-cap costs excluded from financial plans for purposes of the subsequent rate package.

This allows the Group to account for the revenue associated with those shares in the year to which it pertains, by recognizing a receivable for rate adjustments.

Concerning the national Authority's investigations for the approval of the 2020-2021 FPs, determined with the old Mtr method, and thus the confirmation of the over-Cap adjustments present in the 2020 and 2021 FPs, as they were added as components of the 2022-2025 FPs by the Basin Council, Arera approved with Resolution 147/2023/R/rif of April 4, 2023 the FPs of the municipality of Venice, it approved with Resolution 187/2023/R/rif of May 4, 2023 the FPs of the municipalities of Jesolo, Martellago and Spinea, and it approved with Resolution 315/2023/R/rif of July 13, 2023 the FPs of the municipalities of Mira, Mirano, Mogliano Veneto and San Donà di Piave.

In such approvals the Authority did not recognize the 2020 and 2021 over-Cap components added to the 2022-2025 FPs by the Basin Council, but it l maintained the same total amount of the FPs (and thus the Group's revenues), replacing those components with other ones that could be recognized from a regulatory perspective.

With Resolution 15/2022/R/rif of January 18, 2022 Arera adopted the "Consolidated law for regulating the quality of the municipal waste management service" (TQRIF), introducing minimum, uniform contractual and technical quality obligations for all operators along with quality indicators, which will have significant organizational repercussions on the service provided and entail the large-scale implementation of existing management and monitoring systems. This year, the Group began to reorganize its operational and commercial structures to adapt them to the quality demands and the consequential need to monitor the technical and performance data.

Lastly, Arera set up flow equalization systems for municipal waste (Resolution 386/2023 of August 3, 2023) envisaging two surcharges (UR1 and UR2 components) to be added to the application of both Tarip and Tari from January 1, 2024.

Some uncertainty emerged from the operational application of those components to the Tari tax, due to the specificity of tax collection rules that the regulation appears not to have taken into account.

Equity investments and acquisitions

In 2023 the shareholder municipalities continued to rationalize their investments as resolved pursuant to the "Consolidated Law on investee companies" (Legislative Decree 175/2016).

In 2023, the liquidation procedure was canceled for Consorzio per la riconversione produttiva Fusina, and at the same time the losses were settled, the share capital was reconstituted by the shareholders, the name was changed to Consorzio per la gestione dei servizi comuni Fusina, and a new company object was defined, stating that the consortium will deal with the management of services and common areas in the former Alcoa zone.

In 2023 Veritas subscribed a share capital increase decided by Eco+Eco Srl to meet the financial commitments of the business plan; as a result, of the € 22 million value, Veritas's interest in Eco+Eco is now 61.09% of the share capital (compared with the previous 52.46%); the capital increase was paid by offsetting with trade receivables for the amount concerned.

In June 2023, Eco+Eco srl subscribed a share capital increase for Bioman and a share capital increase for Bioenergie italiane srl (the new name since April 2023 of Mia Energia srl, formerly Nuova Energia srl, formerly Mive srl); the interests after the capital subscription are 1.86% and 49%, respectively.

In July 2023 Depuracque servizi srl purchased 22% of 9-Tech srl, a start-up company that develops technologies to recover metals from waste; accordingly, the investee was classified by the Group as an associate.

Also in July 2023 Lecher ricerche e analisi srl purchased 100% of Euroscavi srl of Badia

Polesine (Rome), a company specialized in pipe relining (with trenchless technology); thus, Euroscavi srl is now part of the Veritas Group.

In November 2023, effective January 1, 2024, the notarial deed with which Asvo leased to Veritas the waste management service business unit in the area of the 11 municipalities currently managed by Asvo, regarding the Portogruaro area in the province of Venice, was stipulated. This is part of a long process of integrating the two companies, starting in 2012 with Veritas's purchase of a stake in Asvo and the subsequent consolidation of Asvo within the Veritas Group in 2014.

In December 2023 Eco+Eco srl founded, with a 45% stake, the company Ri.cart srl; the remaining 55% is owned by Pro-gest spa, a company specialized in the treatment and recycling of sorted paper waste; therefore, the investee was classified by the Group as an associate.

The investee companies continue to play a fundamental role in contributing to the Group's industrial and market management, by providing it with the necessary strategic flexibility in conducting its business activities.

Other events

In January 2023, pursuant to a Court of Auditors ruling, the waste collection and sweeping services at port areas previously carried out under a Port Authority concession became subject to the Tari tax and thus Arera regulation.

In December 2023 the parent company's the new business management center, Cdo3, built with the "leasing while building" formula within a public-private partnership (PPP), in which the new chemical laboratory of the integrated water service is located, began operating.

During 2023, an agreement signed with the local labor unions in December 2022 defining an intergenerational turnover contract pursuant to Article 41 of Legislative Decree 148/2015, for the early retirement of employees, was applied. The plan called for two exit periods, in May 2023 and November 2023, from which 86 employees benefited, making it possible to implement restructuring, generational turnover and staff reskilling.
On January 1, 2023, Eco+Eco sold to Metalrecycling Venice srl the entire transportation business unit.
In Metalrecycling, in addition to the launch of the sub-contracted waste transportation activity, during the year a production conversion process was started of the industrial site designated for metallic waste treatment, and an environmental alternative process was started aimed at obtaining authorization for an innovative ferrous waste treatment plant, which also regards the overhauling of the "ferrous metal grinding" line.
While awaiting the completion of the industrial work, Rive further developed the waste brokerage line with a 40% increase in quantities handled compared with the previous year.

In 2023 the parent company took out an additional € 10 million mortgage loan backed by a Sace guarantee under the terms of Decree Law 50/2022, Article 15 (the "Aid Decree"), received the second € 20 million payment of the € 50 million loan from the European Investment Bank stipulated in 2022, and contracted other mortgage loans totaling € 47 million.

At the beginning of 2023, the subsidiary Rive contracted two new loans totaling € 7.6 million restructured with Intesa Sanpaolo that included the contextual repayment of the existing € 4.5 million mortgage loan. The subsidiary Eco+Eco took out a new € 10 million loan from Cassa di Risparmio di Bolzano backed by a Sace guarantee.

Government regulations

Once again this year, there were changes in government regulations that required constant efforts of interpretation and compliance, specifically with regard to:

- *EU taxonomy for sustainable investments*: as part of the European Union's action plan to finance sustainable growth, it has published Regulation (EU) 2020/852 (EU Taxonomy Regulation), aiming to create a single classification system for sustainable activities based on six environmental objectives: climate change mitigation, climate change adaptation, sustainable use of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. The taxonomy imposes a new reporting obligation on companies already required to publish non-financial statements ("NFS"), which are now asked to include information on how and to what extent their businesses are associated with economic activities considered to be environmentally sustainable by presenting various key indicators (share of turnover, share of investments, and share of costs). The new reporting obligation will be phased in gradually, both in terms of the scope of activities to be considered environmentally sustainable (for 2021 and 2022, only climate change mitigation and adaptation, whereas from 2023 the other objectives will be regulated: sustainable use of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems), and in terms of the level of disclosure required in non-financial statements. While for 2021 the only requirement was to identify and map "eligible" and "ineligible" activities relating to the two climate change objectives, since 2022 the technical screening criteria for the key indicators defined as eligible have been fully in force, meaning activities are identified as "aligned" or "non-aligned" with the taxonomy (again with reference, for now, to the two climate change objectives only). The reporting obligation regarding the other four environmental objectives is limited in this first year of application to the identification and mapping of "eligible" and "ineligible" activities, whereas next year the technical screening criteria will be fully applied similarly to the first two objectives.
- Directive EU 2022/2464 – the *Corporate Sustainability Reporting Directive* (CSRD): the CSRD aims to create within the European Union a reporting framework that improves the content and quality of the information regarding environmental, social, and governance (ESG) aspects in order to satisfy the growing disclosure demands evidenced by the various types of stakeholders (investors, banks, customers, etc.) in terms of completeness, reliability and transparency. The CSRD constitutes an update of *Non-Financial Reporting* (Directive 2014/95/EU and Legislative Decree 254/2016), and the obligation falls within the European Union's action plan to finance sustainable growth. The CSRD will become effective on January 1, 2024 for entities like Veritas that already prepare the Non-Financial Statement ("NFS"); to this end, in 2023 the European Financial Reporting Advisory Group (EFRAG) issued European Sustainability Reporting Standards (ESRS) that will supplement/replace the Global Reporting Initiative (GRI) standards currently adopted to prepare the NFS. One of the main developments of the CSRD and ESRS is the double materiality principle: identification and assessment of the impacts that the undertaking's activities can generate on the environment and on people (impact materiality) and assessment of the implications that ESG management has within the organization (financial materiality). The CSRD information is required to be published in the Report on Operations accompanying the consolidated financial statements. The Veritas Group's assessments of significant internal organizational impacts required by the new Directive are underway.
- *New Public Procurement Code – Legislative Decree 36/2023:* on July 1, 2023, Legislative Decree 36 of March 31, 2023 entered into effect, completely superseding the previous public procurement regulations; the most important new rules regard the mandatory digitalization of the tendering process, simplifications in the cases of direct assignments and in controls conducted by the contracting authority, and a better definition of the role of Sole Project Managers (RUPs). With the entry into force of the new Code, Veritas had to completely rewrite its internal regulations regarding the assignment procedures for supplies of goods and services and the awarding of public contracts, while identifying the types of assignments that could be excluded from the new Code.

2.1.4 Business outlook

The performance of early 2024 continues to feature uncertainties deriving from geopolitical crises affecting the macroeconomic environment. The Group is monitoring the impact of these scenarios, particularly on the measurement of expected credit losses, with a special focus on billing.

With respect to environmental regulations, in April 2024 the Venice Environment Basin Council approved the updating of the 2024-2025 financial plans for the 45 municipalities served by Veritas (including 11 former Asvo municipalities) with the Mtr-2 waste rate method, while the municipalities are still in the process of adopting the Tari or Tarip rate packages for 2024.

Regarding the application of the new rate method to waste treatment and disposal plants, after the suspension of the approval process of the new rates by the competent authorities caused by the Regional Administrative Court's rulings ordering the cancellation of some parts of Resolution 363/2021 (Mtr-2), in April 2024 the Veneto Region approved the previous 2022 and 2023 rates, and the approval process for the 2024-2025 rates has already begun.

The approval of the 2024-2029 water rates by the Venice Lagoon Basin Council is underway, following Arera's issuance of the new Mtr-4 method.

The streamlining of investee companies continues in 2024.

On January 1, 2024 Veritas's lease of the waste management service business unit from Asvo, in the 11 municipalities of the Portogruaro zone, commenced. The business unit does not include the management of the cemeteries, the urban green spaces and the Cento Taglio landfill, which have remained the responsibility of Asvo.

The business unit lease is part of the process of integrating Asvo into Veritas, for which an absorption merger of the former company into the latter one is expected in the medium/short term.

In January 2024, Veritas completed the acquisition of a stake in its former associate Sifa scarl from the private controlling shareholder, thus obtaining the control of the company and its consolidation within the Group.

In 2024 Eco+Eco will start to implement numerous investment projects whose technological aspects and respective approval processes were dealt with in previous years. Among these, the most significant ones are the L2 line, which will probably be completed in 2024 and tested in the initial months of 2025, and plastic recycling, with the new mpo and mpr lines launched and tested in 2024.

The new EPS line will also take off in 2024, making it possible to process polystyrene to obtain secondary raw materials. The nearly completed scrap reuse line will also start running in 2024.

The washing and recycling plant continues to be built at the former Alcoa zone; it will be completed in 2024 and begin operating in 2025. For this, a commercial-industrial partnership agreement has already been signed for the development of the polyolefin-based post-consumer plastic recycling chain.

In 2024, the revamping of the CSS1 (sorting and storage) plant will begin, which will produce economic benefits by reducing the cost of waste transport within the building and boosting revenue from the sale of reusable materials, including to the new plastic lines of the Ricicla site.

In the first month of 2024, Metalrecycling purchased from Ecosorting Venice srl a set of equipment that mechanically treats the metal packaging waste and ferrous scrap assigned to municipal collection facilities. The equipment, previously operated through a subcontracting agreement with Ecosorting Venice srl, will undergo significant revamping by the company and will be included within the scope of an alternative to the current environmental authorization. The expansion of the treatment line, managed directly by the company since January 2024, is expected to conclude by the end of April 2024. The initial operation of the equipment will incur higher average production costs as a result of the interference of the revamping activities on normal operations.

2.2 Consolidated Statement of Financial Position

assets (in euros)	note	Dec. 31, 2023	Dec. 31, 2022
non-current assets			
intangible assets	6	18,384,063	21,831,952
service concession arrangements	6	309,348,526	283,422,558
goodwill	7	23,687,734	21,223,424
property, plant and equipment	8	423,343,132	365,932,378
investment property	9	12,239	2,494,400
investments in associates and joint ventures	10	15,502,685	14,461,464
other equity investments	11	1,380,029	1,863,664
receivables due from shareholders	16		
receivables due from associates	17	12,377,308	12,983,463
other financial assets	12	8,660,452	9,635,481
receivables due from subsidiaries held for sale	5		
income tax credits	19	847,692	549,474
deferred tax assets	43	25,126,745	28,825,523
total non-current assets		**838,670,605**	**763,223,781**
current assets			
inventories	13	11,580,546	12,344,901
contract work in progress	14	4,093,106	3,768,094
trade receivables	15	132,652,528	139,426,465
receivables due from shareholders	16	24,765,107	24,602,979
receivables due from subsidiaries held for sale	5		
receivables due from associates	17	6,448,750	4,959,601
other receivables	18	30,087,001	16,479,995
current tax assets	19	3,188,663	6,238,141
cash and cash equivalents	20	131,576,562	148,429,093
derivative financial instruments	30	2,089,584	4,234,269
total current assets		**346,481,847**	**360,483,538**
assets held for sale	**5**	**590,000**	
total assets		**1,185,742,452**	**1,123,707,319**

liabilities and equity (in euros)	note	Dec. 31, 2023	Dec. 31, 2022
equity			
share capital	21	145,397,150	145,397,150
own shares	21	-640	-640
reserves	21	157,378,532	145,285,644
equity attributable to owners of the Parent		**302,775,042**	**290,682,154**
capital and reserves attributable to non-controlling interests	21	31,787,775	29,377,174
equity attributable to non-controlling interests		**31,787,775**	**29,377,174**
total equity		**334,562,817**	**320,059,328**
non-current liabilities			
non-current financial liabilities	22	221,109,528	179,958,602
non-current financial liabilities from other lenders	23	164,580,313	154,606,208
provisions for risks and charges	24	53,991,132	76,559,199
retirement benefit obligations	25	19,849,358	20,443,471
payables due to subsidiaries held for sale	5		
payables due to shareholders	26	13,416,916	8,758,807
payables due to associates	27		
other non-current liabilities	28	32,772,661	27,980,857
deferred tax liabilities	43	3,949,621	4,455,235
total non-current liabilities		**509,669,529**	**472,762,379**
current liabilities			
trade payables	29	133,784,780	114,745,811
payables due to shareholders	26	79,966,289	95,865,729
payables due to subsidiaries held for sale	5		
payables due to associates	27	11,611,202	10,453,391
current financial liabilities and current portion of long-term loans	22	54,242,703	54,437,607
current financial liabilities from other lenders	23	20,217,970	14,847,545
derivative financial instruments	30	971,939	
other current liabilities	31	40,332,787	39,844,988
current tax liabilities	32	382,436	690,541
total current liabilities		**341,510,106**	**330,885,612**
liabilities held for sale	**5**		
total liabilities		**851,179,635**	**803,647,991**
total liabilities and equity		**1,185,742,452**	**1,123,707,319**

2.3 Consolidated Statement of Profit or Loss and Other Com-

consolidated statement of profit or loss (in euros)	note	2023	2022
continuing operations			
revenues from sales and services	33	494,344,548	481,452,320
other income	34	16,741,590	20,235,640
total revenues		**511,086,138**	**501,687,960**
raw and ancillary materials and consumables used	35	-46,985,578	-48,577,775
costs for services	36	-175,349,360	-174,614,032
costs of use of third-party assets	37	-6,138,857	-6,119,146
personnel costs	38	-176,877,927	-179,192,720
other operating expenses	39	-12,766,249	-18,664,178
amortization, depreciation and impairment losses	40	-55,655,510	-55,028,859
operating profit/(loss)		**37,312,657**	**19,491,250**
share of results of equity-accounted investees	41		-7,428
finance costs	42	-22,182,376	-17,944,277
finance income	42	5,949,217	3,905,518
profit before tax		**21,079,498**	**5,445,063**
income tax for the year	43	-5,247,887	710,383
profit for the year from continuing operations		**15,831,611**	**6,155,446**
discontinued operations			
profit for the year from discontinued operations			
consolidated profit for the year		**15,831,611**	**6,155,446**
profit for the year attributable to non-controlling interests		**355,658**	**-1,130,804**
profit for the year attributable to owners of the Parent		**15,475,953**	**7,286,250**

other comprehensive income	note	2023	2022
consolidated profit for the year		**15,831,611**	**6,155,446**
items that may be reclassified subsequently to profit or loss			
gain/(loss) on cash flow hedges	30	-2,720,298	3,588,003
income tax relating to items that may be reclassified subsequently to profit or loss		652,872	-868,403
items that will not be reclassified subsequently to profit or loss			
(loss)/gain on remeasurement of defined benefit plans	25	-535,071	2,143,053
income tax relating to items that will not be reclassified subsequently to profit or loss		128,418	-514,333
other comprehensive income for the year net of income tax		**13,357,532**	**10,503,766**
attributable to:			
owners of the Parent		13,214,348	11,090,281
non-controlling interests		143,184	-586,515
other comprehensive income for the year net of income tax		**13,357,532**	**10,503,766**

2.4 Statement of Changes in Equity

(in euros)	share capital	legal reserve	own shares	other re-serves	meas-urement of associ-ates with equity method	profit/(loss) att.to owners of the parent	equity att. to owners of the parent	capital and reserves attr. to non-controlling interests	profit/(loss) attr. to non-controlling interests	equity att. to non-controlling interests	total equity
balance at January 1, 2022	**145,397,150**	**4,495,554**	**-640**	**116,916,558**	**154,000**	**12,729,984**	**279,692,606**	**29,578,324**	**-135,814**	**29,442,510**	**309,135,116**
capital increase											
allocation of previous year's profit		471,760		12,258,224		-12,729,984		-135,814	135,814		
own shares held											
business combinations and perimeter changes				710,096			710,096	518,248		518,248	1,228,344
other changes				-810,804			-810,804	2,905		2,905	-807,899
dividends											
other comprehensive income				3,804,031			3,804,031	544,289		544,289	4,348,320
profit for the year ended December 31, 2022						7,286,250	7,286,250		-1,130,804	-1,130,804	6,155,446
balance at December 31, 2022	**145,397,150**	**4,967,314**	**-640**	**132,878,109**	**154,000**	**7,286,250**	**290,682,183**	**30,507,949**	**-1,130,804**	**29,377,145**	**320,059,328**
balance at January 1, 2023	**145,397,150**	**4,967,314**	**-640**	**132,878,109**	**154,000**	**7,286,250**	**290,682,183**	**30,507,949**	**-1,130,804**	**29,377,145**	**320,059,328**
capital increase											
allocation of previous year's profit		313,830		6,972,420		-7,286,250		-1,130,804	1,130,804		
own shares held											
business combinations and perimeter changes											
other changes				-1,121,493			-1,121,493	2,267,449		2,267,449	1,145,956
dividends											
other comprehensive income				-2,261,605			-2,261,605	-212,474		-212,474	-2,474,079
profit for the year ended December 31, 2023						15,475,953	15,475,953		355,658	355,658	15,831,611
balance at December 31, 2023	**145,397,150**	**5,281,144**	**-640**	**136,467,431**	**154,000**	**15,475,953**	**302,775,038**	**31,432,120**	**355,658**	**31,787,778**	**334,562,816**

2.5 Statement of Cash Flows

statement of cash flows (in euros)	note	2023	2022
cash generated from operations			
profit for the year		15,831,611	6,155,446
cash from operating activities			
(interest income)/interest expense for the year	42	13,101,768	13,439,900
income tax for the year	43	5,247,887	-710,383
adjustments to reconcile net profit to cash and cash equivalents generated by/(used in) operations			
amortization, depreciation and impairment losses	40	55,655,510	55,028,859
finance costs/(income) from discounting	72	3,135,422	598,859
impairment losses on receivables	39	3,108,091	5,968,158
impairment losses on inventories	13		
fair value change of derivative financial instruments			
share of results of equity-accounted investees	41		7,428
(gains)/losses			
on disposals of property, plant and equipment and investment property		238,044	611,007
on disposals of equity investments	42		
allocation/(use) of			
retirement benefit obligations		-1,706,074	-1,776,136
provisions for risks and charges		-18,494,142	3,165,639
other adjustments for non-monetary items		-5,240,206	-705,186
operating cash flows before movements in working capital		**70,877,911**	**81,783,591**
movements in working capital			
inventories		850,864	-1,976,468
contract work in progress		1,286,698	342,730
trade receivables		6,843,872	-29,891,040
other current receivables		6,137,980	-10,027,946
trade payables		-3,509,431	25,815,855
other current payables		-3,993,360	5,207,814
total movements in current assets and liabilities		**7,616,623**	**-10,529,055**
other adjustments			
(interest paid)		-17,526,609	-12,327,056
interest received		5,371,472	1,224,940
(income tax paid)		-6,037,457	-1,499,479
dividends received		18,445	
movements in other non-current payables		419,936	-1,345,108
net cash generated by/(used in) operating activities		**60,740,321**	**57,307,833**

statement of cash flows (in euros)	note	2023	2022
cash from investing activities			
proceeds on disposal of intangible assets	6	1,418	42,468
proceeds on disposal of property, plant and equipment and service concession arrangements	6, 8	1,127,217	1,343,344
net assets/liabilities held for sale	5		182,203
dividends from associates and joint ventures			
investments in business combinations net of cash acquired		-422,266	-3,094,962
purchases of intangible assets	6	-5,308,667	-5,412,267
investments in service concession arrangements	6	-63,450,092	-38,285,505
purchases of property, plant and equipment and investment property	8, 9	-60,574,050	-30,425,854
acquisition of investments in associates and joint ventures		-438,447	-23,700
equipment grants received		13,639,671	14,559,296
sale of investments in associates and joint ventures			1,131,524
disposals of/(investments in) other equity investments		-100,524	-333,716
disposals of/(investments in) other financial assets and receivables due from associates		1,477,434	1,368,923
net cash generated by/(used in) investing activities		**-114,048,306**	**-58,948,246**
cash from financing activities			
own resources			
sale/(acquisition) of own shares			
other changes in equity			
dividends paid		-90	
external sources			
loans taken out			
long-term		94,600,000	40,000,000
long-term from other lenders			5,028,277
proceeds from/(payments of) derivative instruments			
bond issue			
increase/(decrease) in payables due to associates		-158,950	-173,400
increase/(decrease) in short-term bank borrowings		118,259	-1,397,859
acquisition of non-controlling interests			
(repayment) of loans			
long-term		-52,145,613	-46,832,858
long-term from other lenders		-3,788,573	-6,438,390
increase/(decrease) in financial payables due to shareholders		-1,419,579	-1,237,962
(redemption) of bonds		-750,000	-750,000
sale of non-controlling interests			
net cash generated by/(used in) financing activities		**36,455,454**	**-11,802,192**
net increase/(decrease) in cash and cash equivalents		**-16,852,531**	**-13,442,605**
cash and cash equivalents at beginning of year		**148,429,093**	**161,871,698**
cash and cash equivalents at end of year	**20**	**131,576,562**	**148,429,093**

2.6 Notes to the financial statements

ACCOUNTING STANDARDS AND NOTES

1. Company information

Group data	
Name of reporting entity	Veritas spa
Registered office	Venice
Legal form	Joint-stock company
Country of registration	Italy
Address of registered office	Santa Croce 489, Venice
Main place of business	City of Venice and Province of Treviso
Nature of the business and principal operations	The principal operations of the Veritas Group are: – integrated waste management service; – integrated water service; – other services (various local public services for the Municipality of Venice, heat and public lighting service, environmental reclamation, management of two crematoriums, management of hazardous and non-hazardous waste, environmental remediation).
Name of parent company	Veritas spa

Veritas spa, the parent company of the Veritas Group, is a joint-stock company incorporated and domiciled in Italy.

The principal operations of the Veritas Group are:

- the integrated waste management service carried out in the 45 shareholder municipalities of the Veritas Group. The service includes street sweeping, waste collection, and waste disposal through treatment plants for organic waste, dry waste, and recyclable materials. The population served is approximately 870,000, plus some 35 million tourists who visit Venice, the surrounding areas, and the Jesolo, Eraclea, and Chioggia coastlines each year (except during the two years of the Covid emergency), for a total of more than 1 million population equivalent;
- the integrated water service carried out in the 36 shareholder municipalities of the parent company. The Group provides the integrated water service and purifies wastewater in the territory of its shareholder municipalities, with a resident population of around 790,000.

  In 2023 the Group invoiced approximately 70 million cubic meters of water.

  The aqueduct network is 6,100 km long. In addition, a 2,800 km sewage network is used for the purification cycle, conveying approximately 94.5 million cubic meters of wastewater to 11 large and 25 small-to-medium purification plants. In addition, through its engineering department, the organization is committed to investing in the water and sewage network and purification plants, in terms of necessary upgrades and new pipelines;

  Veritas also manages the 15 km of the Porto Marghera industrial aqueduct, where some 5.2 million cubic meters of water are supplied;
- various local public services for the Municipality of Venice, such as cemetery services, management of the fish market, public restrooms, and since 2021 also public works. Veritas also lays the footbridges that allow access to the historic center of Venice during high water; since late 2018, it has helped coordinate the activities of the single metropolitan call center following the implementation of the new Citizen Relationship Management (Czrm) system developed by the Municipality of Venice and its subsidiaries;

- the management for additional municipalities of cemetery services, as well as heating and public lighting;
- environmental remediation (characterization plans, safety measures, monitoring plans) on behalf of both shareholder municipalities and other public entities;
- the operation of crematoriums in Marghera, Spinea, and Conegliano;
- the management of hazardous and non-hazardous waste, environmental remediation with advanced technology mobile plants through the subsidiary Depuracque servizi Srl;
- the development of the Rtn waste treatment plant in Fusina by the subsidiary Rive Srl;
- the development of the general construction sector with environmentally friendly technology for trenchless pipe lining conducted by the subsidiary Euroscavi srl.

The consolidated financial statements of the Veritas Group were approved by a resolution of the Board of Directors on May 28, 2024.

2.1 Basis of preparation

The consolidated financial statements for the year ended December 31, 2023 were prepared by the parent company Veritas spa in accordance with the International Financial Reporting Standards (IFRS), adopted by the European Commission following the procedure set out in Article 6 of Regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards, in force at the date of preparation of this document. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The consolidated financial statements provide comparative figures for the previous year and are made up of:

- a statement of financial position broken down into current and non-current assets and liabilities based on whether they will be realized or settled as part of the Group's normal operating cycle within twelve months of the end of the year;
- a statement of comprehensive income that classifies income and expenses based on their nature, a method considered most representative of the Group's business segment;
- a statement of cash flows prepared using the indirect method;
- a statement of changes in equity;
- notes containing the information required by applicable regulations and international accounting standards, appropriately presented with respect to the format of the financial statements.

The consolidated financial statements are expressed in euros, the Group's functional currency pursuant to Article 5, paragraph 2 of Legislative Decree 38 of February 28, 2005 and in accordance with IAS 1. All amounts are rounded to the nearest thousand euros unless specified otherwise.

The consolidated financial statements have been audited, as required by Article 14 of Legislative Decree 39 of January 27, 2010, by Deloitte & Touche SpA.

The general principle adopted in the preparation of these consolidated financial statements is the cost principle, except for financial assets and liabilities measured at amortized cost in accordance with IFRS 9.

The financial statements have been prepared on a going concern basis. The Group has conducted simulations to assess potential future impacts on its business and financial business plans, which confirm the going concern assumption.

Accounting standards, amendments and interpretations effective from January 1, 2023

The accounting standards used to prepare the consolidated financial statements at December 31, 2023 are the same as those used for the prior-year figures presented for the sake of comparison.

In 2023, the following amendments to the standards became effective for annual reporting periods beginning on or after January 1, 2023. The Group has not adopted early any other standards, interpretations or amendments published but not yet in force. The nature and impact of each change are described below:

- *IFRS 17 Insurance Contracts*: in May 2017 the IASB published IFRS 17 *Insurance Contracts*, a new comprehensive standard on insurance contracts that covers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts* issued in 2005.

  The new standard aims to make sure an entity gives pertinent information that accurately represents the rights and obligations arising from insurance contracts issued.

  The adoption of the standard has had no impact on the Group's consolidated financial statements.

- *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12:* in May 2021 the IASB published amendments to IAS 12 *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*

  The amendments clarify the accounting of deferred tax on certain transactions that can generate assets and liabilities of the same amount at initial recognition, such as leases and decommissioning obligations. The amendments began to be applied in January 1, 2023.

  They have had no impact on the Group's consolidated financial statements.

- *Definition of Accounting Estimates - Amendments to IAS 8*: in February 2021 the IASB published amendments to IAS 8 clarifying the distinction between changes in accounting estimates and changes in accounting policies and correcting errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

  The amendments have had no impact on the Group's consolidated financial statements.

- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*: in February 2021 the IASB issued amendments to IAS 1 and *IFRS Practice Statement 2 Making Materiality Judgments*, in which it provides guidance and examples to assist entities in making materiality judgments to accounting policy disclosures. The amendments aim to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. and guidance is added for applying the concept of materiality in making accounting policy disclosure decisions.

  The amendments affected the disclosure of the Group's accounting policies, but not the measurement, recognition and presentation of the items in its consolidated financial statements.

International accounting standards and/or interpretations not yet effective and not early adopted by the Group

The following standards and interpretations had been published as of the date of the financial statements but had not come into force yet. The Group intends to adopt them, if applicable, when they become effective.

- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback:* In September 2022 the IASB published an amendment to IFRS 16 that requires the seller-lessee to determine the lease liability arising from a sale and leaseback transaction in a way that does not recognize a gain or loss relating to the retained right of use. The amendments are effective from January 1, 2024 but early adoption is permitted.

The directors are currently assessing the potential effects of these amendments on the consolidated financial statements.

- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current:* the IASB published this amendment in January 2020 and then in October 2022 it published more of them entitled *Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants*.

  The amendments clarify how to classify payables and other liabilities as current or non-current. They also improve the disclosures that an entity shall provide when its right to defer the settlement of a liability for at least 12 months is subject to an entity's compliance with covenants. They come effective on January 1, 2024; early adoption is permitted.

  The directors are currently assessing the potential effects of these amendments on the consolidated financial statements.

International accounting standards and interpretations not yet endorsed by the European Union

At the reporting date, the EU authorities had not yet finished the endorsement process necessary for the adoption of the following amendments and standards.

- On May 25, 2023 the IASB published *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.* They require an entity to provide additional information on reverse factoring arrangements that enables users of its financial statements to evaluate how the arrangements could influence the entity's liabilities and cash flows and to understand the effects of such arrangements on the entity's exposure to liquidity risk. The amendments are effective from January 1, 2024 but early adoption is permitted.

  The directors are currently assessing the potential effects of these amendments on the Group's consolidated financial statements.

- On August 15, 2023 the IASB published *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.* They require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide in the notes to the financial statements. They are effective from January 1, 2025 but early adoption is permitted.

  The directors are currently assessing the potential effects of these amendments on the Group's consolidated financial statements.

- On January 30, 2014 the IASB published *IFRS 14 Regulatory Deferral Accounts* allowing first-time adopters of IFRS to continue to recognize the balances of rate-regulated activities in accordance with their previous GAAP.

  This standard is not applicable to the Group because it is not a first-time adopter.

Statement of compliance with IFRS

The consolidated financial statements of Veritas spa were prepared in accordance with the International Financial Reporting Standards (IFRS).

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Veritas spa and its subsidiaries as at December 31 of each year.

Control is achieved when the Group is exposed to or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. has valid rights giving it the current ability to direct the relevant activities of the investee);
- the exposure or rights to variable returns arising from its involvement with the investee;
- the ability to use its power over the investee to affect its returns

It is generally assumed that a majority of voting rights conveys control. To support this assumption, and when the Group has less than a majority of the voting (or similar) rights, the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- contractual arrangements with other holders of voting rights;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group reconsiders whether or not it controls an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control.

Since 2017, the parent company has prepared separate financial statements in conformity with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), pursuant to Legislative Decree 38/2005 concerning public interest entities (Legislative Decree 39/2010, Article 16, par. 1, letter a). The transition date to IAS/IFRS was January 1, 2016. Since the Group had opted to prepare its consolidated financial statements in accordance with IAS/IFRS at December 31, 2007, Veritas recognized the assets and liabilities in the opening statement of financial position of the separate IFRS financial statements and in the subsequent separate financial statements at the same carrying amounts as in the accounts prepared for the Group's consolidated financial statements (IFRS 1 Revised, paragraph D17).

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the Group obtains control, and cease to be consolidated when the control is transferred outside the Group.

The financial statements of the subsidiaries prepared in accordance with Italian GAAP (OIC) are restated for each reporting date in conformity with IAS/IFRS. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to ensure compliance with the Group's accounting policies.

All intraGroup balances and transactions, including any unrealized gains and losses arising from transactions between Group companies, are eliminated in full.

Non-controlling interests represent the portion of profits or losses and net assets not owned by the Group. They are shown separately in the statement of profit or loss and in the statement of financial position under the items of equity, separately from the equity attributable to the Group.

Losses are attributed to non-controlling shareholders even if this means that non-controlling interests have a negative balance.

Changes in the parent company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In acquisitions of non-controlling interests, the difference between the price paid and the carrying amount of the portion of net assets acquired is recognized directly in equity.

If the parent company loses control of a subsidiary, it:

- eliminates the assets (including any goodwill) and liabilities of the subsidiary;
- eliminates the carrying amounts of any non-controlling interest in the former subsidiary;
- eliminates the accumulated foreign exchange differences recognized in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any retained interest in the former subsidiary;
- recognizes any gain or loss in the Statement of Profit and Loss ;
- reclassifies the parent company's share of items previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.2 Discretionary assessments and significant accounting estimates

Preparing the Group's financial statements requires the directors to make discretionary assessments, estimates and assumptions that can affect the amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The uncertainty involved in those assumptions and estimates could lead to results that will require a significant adjustment to the carrying amount of such assets and/or liabilities in the future.

Discretionary assessments

In applying the Group's accounting policies, the directors have made decisions based on the following discretionary assessments (excluding those involving estimates) with a significant effect on the values stated in the financial statements.

Duration of assignments

The Report on Operations, section 2.1.1. on business events and developments, describes the duration of assignments.

Estimates and assumptions

The key assumptions about the future and other important sources of measurement uncertainty at the reporting date, which could lead to making significant adjustments to the carrying amounts of assets and liabilities within the next year, are presented below.

The Group based its estimates and assumptions on parameters that were available at the time the consolidated financial statements were prepared. However, the current circumstances and assumptions about future events could be modified due to changes in the market or events beyond the Group's control. If such changes occur, they are reflected in the assumptions when they occur.

The Group has conducted simulations to assess potential future impacts on its business and financial business plans, which confirm the going-concern status.

Impairment of non-financial assets

The Group tests all non-financial assets for impairment at each reporting date. Goodwill is tested annually. The other non-financial assets are tested annually when there are indications that the carrying amount may not be recovered.

When value in use is calculated, the directors estimate the cash flows expected from the cash-generating unit asset or units and choose an appropriate discount rate to calculate the present value of those cash flows.

The Group has verified whether the effects of the war between Russia and Ukraine could lead to an impairment loss.

Note 7 contains more details and a sensitivity analysis of the key assumptions.

Revenue recognition

Revenues from contracts with customers are recognized to present faithfully the transfer of the goods and services promised (completion of the performance obligation) in an amount that reflects the expected consideration in exchange for the goods and services provided. For accounting purposes, the Group applies the five-step model described in IFRS 15.

Revenue recognition assumes using estimates based on the best available information, which may be subject to change due to new information that was unavailable at the time of the estimate.

For the integrated water service, the parent company calculates revenues from invoices to be issued at the December 31 rate of each year, estimating the water consumption by verifying, specifically for each user, the past consumption.

Provision for expected losses on trade receivables and contract assets

The Group recognized a provision for expected credit losses ("ECL") for all financial assets, as required by IFRS 9. The Group uses a matrix to calculate the ECL for trade receivables. The provision rates are based on the days past due for each customer category grouped into the various brackets with similar historic loss trends.

The matrix is initially based on the Group's observed past default rates. The Group then calibrates the matrix to refine the historical data on credit losses with forward-looking data. The historical default rates are updated at each reporting date, and the changes in estimates are analyzed using forecast data.

The assessment of the correlation between past default rates, the forecast economic conditions and the ECL is a meaningful estimate. The ECL amount is sensitive to changes in circumstances and expected economic conditions. The Group's past credit loss experience and the forecast of future economic conditions might not be representative of the actual customer insolvency in the future.

Taking into consideration the effects on default of the current inflation at a macroeconomic level and the possibility of a recession, the Group updated the provision rates by taking into account the historical loss trends and possible increases in insolvencies based on specific medium-term economic indicators. Note 15 provides additional details.

Provisions for post-closure restoration of landfill areas

The Group recognized provisions for the costs associated with the restoration of landfill areas, which will be incurred when the post-closure care of the landfill use ends. In determining the amount of the provisions, estimates and assumptions had to be made concerning the discount rates, expected costs for the restoration and rehabilitation of the sites and the acceptable volumes. Further details are provided in Note 24.

2.3 Scope of consolidation

The consolidated financial statements incorporate the financial statements of the parent company, Veritas spa, and of the companies over which the parent company has the right to directly or indirectly (through its subsidiaries) exercise control, directing their financial and business decisions and obtaining the related benefits.

Listed below are the companies that, pursuant to IFRS 10, were consolidated on a line-by-line basis at December 31, 2023:

			Dec. 31, 2023	Dec. 31, 2022
consolidated companies	registered office	share capital	Group's share	
Veritas spa (parent company)	Venice	145,397,150		
Eco+Eco Srl	Venice	80,432,024	68.27%	61.29%
Asvo SpA	Portogruaro (Venice)	18,969,650	55.75%	55.75%
Consorzio per la gestione dei servizi comuni – Fusina	Venice	50,000	88.23%	82.05%
Metalrecycling Venice srl	Venice	1,800,000	68.27%	61.29%
Depuracque servizi srl	Salzano (Venice)	223,080	100.00%	100.00%
Lecher ricerche e analisi srl	Salzano (Venice)	46,800	100.00%	100.00%
Rive srl	Venice	100,000	70.00%	70.00%
Euroscavi srl	Badia Polesine (Rovigo)	10,329	100.00%	0.00%
Ecodistretto trasporti scarl	Venice	20,000	54.62%	49.03%
Veritas Conegliano srl	Venice	100,000	72.50%	72.50%

Note 3 to the Group's consolidated financial statements contains further details on its corporate transactions.

The following associates are measured using the equity method:

			Dec. 31, 2023	Dec. 31, 2022
companies accounted for using the equity method	registered office	share capital	Group's share	
associates				
Sifa scpa	Mestre (Venice)	30,000,000	33.17%	33.17%
Ecolegno CM Venezia srl	Venice	50,000	27.31%	24.52%
OMD Srl	Nervesa della Battaglia (Treviso)	160,000	17.07%	15.32%
Bioenergie italiane srl (formerly Mia energia srl)	Venice	110,000	33.45%	30.03%
9-Tech srl	Eraclea (Venice)	128,200	22.00%	0.00%
Ri.cart srl	Istrana (Treviso)	200,000	30.72%	0.00%
Vier scarl	Venice	100,000	49.00%	49.00%

2.4 Accounting policies

The financial statement items were measured in accordance with the general criteria of prudence, the accrual basis of accounting, and the going concern assumption. For accounting purposes, preference is given to the economic substance of transactions rather than their legal form.

In preparing the consolidated financial statements, the same principles and criteria applied in preparing the comparative data were followed, including the new accounting standards mentioned previously.

The income and expenses include end-of-period items reflected in the corresponding items of the statement of financial position. In this respect, gains are included only if they are realized by the end of the year, while risks and losses are considered even if they are known afterward.

The criteria and principles adopted are set out below.

Intangible assets

The intangible assets recognized are identifiable and controllable assets whose cost can be measured reliably on the assumption that they will generate future economic benefits.

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are recorded at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, except for development costs, are not capitalized and are recognized in profit or loss in the year they are incurred.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with finite lives are amortized over their useful lives and tested for impairment whenever there are indications of such losses. The amortization period and method applied to them are reviewed at the end of each reporting period or more frequently if necessary. Changes in the expected useful life or in the manner that the Group obtains the future economic benefits associated with the intangible asset are recognized by adjusting the amortization period or method as appropriate and are treated as changes in accounting estimates.

Amortization commences when the asset is ready for use or, in any case, begins to produce economic benefits for the enterprise.

The amortization of intangible assets with finite lives is recognized in the statement of profit or loss in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are tested annually for impairment individually or by cash-generating unit. No amortization is recognized for such assets. The useful life of an intangible asset with an indefinite life is reviewed annually to ascertain whether the conditions underlying this classification continue to apply. If they do not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use. Gains or losses from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset, and are recognized in profit or loss at the time of disposal.

The policies applied by the Group for intangible assets are summarized below:

intangible assets	public service concessions	software licenses
useful life	finite	finite
amortization method used	amortized on a straight-line basis over the duration of the relevant concession	amortized on a straight-line basis over a period of three or five years
internally produced or acquired	acquired	acquired

Service concession arrangements

IFRIC 12 applies to public-to-private service concession arrangements if the following conditions are met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price;
- the grantor controls — through ownership, beneficial entitlement or otherwise — any significant residual interest in the infrastructure at the end of the term of the arrangement.

If the above conditions are met, the operator shall not recognize the infrastructure as property, plant and equipment of the operator because the contractual service arrangement transfers the right to use the infrastructure, but not after the end of the term of the arrangement. The infrastructure must, therefore, be recognized as a financial asset or intangible asset depending on whether the operator has an unconditional right to receive contractually guaranteed cash flows, regardless of the actual usage of the infrastructure. In essence, the financial asset model should be applied solely in cases where the operator is not exposed to demand risk, and thus whenever the cash flows provided for in the concession agreement enable recovery of the receivable/investment regardless of the actual usage of the infrastructure by customers.

After analyzing the concession arrangements in place with the grantors, the Group decided to apply the interpretation to all the integrated water cycle activities managed by it and to account for them as intangible assets because it has the right to charge the users of the public service (pricing).

The amount of the service concession arrangements is adjusted by the amount of government grants received.

The economic-technical amortization rates applied, which represent the expectation of obtaining future economic benefits from the infrastructure, as per the regulatory framework, remain the same as those already used by the Group.

Property, plant and equipment

Property, plant and equipment are recognized at their historical cost, including all costs necessary to bring the asset to working condition for its intended use, plus the present value of the estimated cost of dismantling and removing the asset when relevant and present obligations exist. The cost of plant and machinery includes costs for replacing such assets when they are incurred and if they comply with the recognition criteria. If significant components of such assets have different useful lives, the components are accounted for separately.

Likewise, the cost of any major overhauls is included in the carrying amount of the plant or machinery as a replacement if the recognition criteria are satisfied. Other maintenance and repair costs are recognized in profit or loss as they are incurred.

Finance costs incurred in connection with investments in assets that necessarily take a substantial period of time to get ready for their intended use or sale (qualifying assets under IAS 23 -*Borrowing Costs*) are capitalized in the cost of the asset and amortized over the useful life of the category of assets to which they refer. All other finance costs are recognized in profit or loss when they are incurred.

Finance costs consist of interest and other costs that the entity incurs in connection with obtaining financing.

Land, whether free of construction or occupied by buildings, is normally not depreciated since it has an indefinite useful life.

Land on which a landfill is located is depreciated over the useful life of the landfill.

Property, plant and equipment are stated net of the accumulated depreciation and impairment losses, as described below.

Depreciation is calculated on a straight-line basis considering the estimated useful life of the asset for the entity and is reviewed annually, as are the residual values and the depreciation method; any changes needed are made on a prospective basis.

The depreciation rates began to be revised at the Group in 2007, based on a specific appraisal drawn up by an independent expert, which revised the rates according to the estimated remaining useful lives of the assets.

The main depreciation rates used by the Group in 2023 are listed hereunder:

property, plant and equipment	category	depreciation rates
land	land and buildings	indefinite life
industrial and civil buildings	land and buildings/leased assets	2% – 2.5% – 3% – 4% from 5.37% to 10.73%; 32.33%.
lightweight structures	land and buildings	4% – 6.5% – 10%
fixed hydraulic works	land and buildings	2.5%
tanks	plant and machinery	3% – 4% – 7.5% – 12.5%
water and sewage pipes (including flood drains and first flush diverters	plant and machinery	2.5%
water and sewage pumping equipment	plant and machinery	3% – 5% – 6%
drinking water systems	plant and machinery	3% – 4% – 5%
water and sewage connections	plant and machinery	2.5% – 4%
septic systems	plant and machinery	3% – 5% – 7% – 15%
photovoltaic systems	plant and machinery	4% – 5% – 7%
machinery	plant and machinery	5% – 6.5% – 9% – 10% – 15%
waste disposal facilities (excluding landfills)	plant and machinery	3% – 5% – 6% – 7.5% – 8.5% – 15%
waste disposal facilities - landfills	plant and machinery	according to % of the landfill capacity used
waste pre-treatment plants	plant and machinery	shorter of useful life and concession or contract duration
Css1 line, Css2 line and incineration plant	plant and machinery	according to useful life (remaining useful life until 2029)
other waste management facilities	plant and machinery	7%
electrical, electronic and heating systems	plant and machinery	5% – 7% – 10%; from 6.67% to 33.3%.
fixed hydraulic works	plant and machinery	2.5%
remote control systems	plant and machinery	7% – 16.5%
equipment and laboratories	commercial and industrial equipment	7.5% – 10% – 15%
light containers and other containers	commercial and industrial equipment	6.25% – 9% – 12.5% – 15%
utility meters	commercial and industrial equipment	7%
metal vessels	other assets	3% – 5.5% – 10%
vessel equipment	other assets	7% – 9%
cars	other assets	15% – 16.5% – 20% – 25% – 50%
industrial vehicles	other assets/leased assets	8% – 10% – 16.5% – 20%
machining and internal handling equipment	other assets	6.5% – 7% – 8% – 9% – 17.5% – 20%
motorcycles	other assets	10% – 20% – 25%
furniture and furnishings	other assets	7% – 8% – 8.5% – 12% – 15%
computer products and office machines	other assets	16.5% – 20%
communication devices	other assets	9%
mobile phones	other assets	20%
leasehold improvements	leasehold improvements	shorter of useful life and lease duration

The depreciation of assets purchased during the year commences when the asset is ready for use. The full depreciation rate was applied to capitalized improvements on existing facilities.

A tangible asset is derecognized when it is sold or when there is no future economic benefit expected from its use or disposal. Any gains or losses (calculated as the difference between the net proceeds from the disposal and the carrying amount) are included in profit or loss in the year of derecognition.

Leases

When stipulating a contract, the Group assesses whether it is, or contains, a lease. A lease is contract that conveys the right to control an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognizes liabilities for the lease payments and right-of-use assets representing the right to use the underlying asset of the lease.

- **Right-of-use assets:** The Group recognizes right-of-use assets on the lease commencement date (the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, and are adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets comprises the amount of the lease liabilities recognized, the initial direct costs incurred and the lease payments made on or before the commencement date net of any incentives received. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the useful life of the related asset or to the expiration of the lease, whichever is earlier, at the previously used depreciation rates.

  If the title to the asset transfers at the end of the lease or if the cost of the asset reflects the exercise of the purchase option by the lessee, the lessee depreciates the asset from the commencement date to the end of the underlying asset's useful life.

- **Lease liabilities**: at the lease commencement date, the Group recognizes lease liabilities at the present value of the payments due but not paid yet at that date. The payments due include fixed lease payments (including in-substance fixed lease payments) net of any lease incentives to be received, variable payments depending on an index or rate, and amounts expected to be paid as the guaranteed residual value. The lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

  Variable lease payments that do not depend on an index or rate are recognized as costs in the period in which the event or condition generating the payment occurs.

  To calculate the current payments due, the Group uses the incremental borrowing rate at the commencement date, if the implicit interest rate cannot be easily determined. After the commencement date, the lease liability increases to reflect the interest on the lease liability and decreases to reflect the payments made. In addition, the carrying amount of lease liabilities is restated in the event of any change or revision to the contractual terms for the change in payments; it is also restated to reflect changes in the measurement of the option to purchase the underlying asset or changes in future payments resulting from a modification in the index or rate used to determine those payments.

  The Group's lease liabilities are included in the "financing from other lenders" (see Note 23) and "payables to shareholders" (see Note 26).

- **Short-term leases and leases of low-value assets**: The Group apples the exemption for recognizing short-term leases of property, plant and equipment (leases that expire within 12 months from the first application or that have a duration of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the exemption for leases where the underlying asset has a low value, specifically leases for office equipment and electronic devices whose value is low. The payments on short-term leases and low-value leases are recognized as expenses on a straight-line basis over the term of the lease.

The Group as lessor

Leases that transfer to the Group substantially all the risks and rewards of ownership of an asset are classified as operating leases. Income from operating leases is recognized over the term of the lease and is included as revenue in the statement of profit or loss due to its operational nature. The initial transaction costs are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income. Unanticipated rent is recognized as revenue in the period it accrues.

Investment property

Real estate investments are investment property (land or buildings or parts of buildings) that is held (by the owner or by the lessee as a right-of-use asset) to earn rental income and/or for capital appreciation.

Investment property is recognized initially at its acquisition cost, including transaction costs. The carrying amount includes the cost of replacing part of investment property when that cost is incurred, provided the recognition criteria are met, and excludes routine maintenance costs. Subsequent to initial recognition, investment property, except for land, is systematically depreciated each year on a straight-line basis at rates deemed representative of its remaining useful life.

Investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from the withdrawal from use or disposal of investment property is recognized in profit or loss in the year in which the withdrawal or disposal occurs.

Reclassification from or to investment property occurs when, and only when, there is a change in use. If directly used property becomes investment property, the Group recognizes the asset in accordance with the policies stated for property, plant and equipment until the time of change in use.

No asset held under an operating lease was classified as investment property.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

The cost of an acquisition is calculated as the sum of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or in proportion to the non-controlling interest’s share of the acquiree’s identifiable net assets. Acquisition costs are expensed and classified as administrative expenses.

The Group determines that it has acquired a business activity when the integrated set of activities and assets includes at least one production factor and one substantial process which, together, significantly contribute to the ability to generate an output. The acquired process is considered substantial if it is crucial for the ability to continue producing outputs and the acquired production factors include an organized workforce that has the necessary skills, knowledge or experience to carry out that process or to significantly contribute to generating an output and is considered unique or scarce or cannot be replaced at no cost, without significant efforts or delays for the ability to generate an output.

When the Group acquires a business, it must classify or designate the financial assets acquired or liabilities assumed based on contractual terms, economic conditions and other relevant conditions at the acquisition date. This includes verifying whether an embedded derivative should be separated from the host contract.

If the business combination is achieved in stages, the acquirer must recalculate the fair value of the equity interest previously held and measured using the equity method and recognize any resulting gain or loss in profit or loss.

The acquirer must recognize contingent consideration at fair value at the acquisition date. The contingent consideration classified as equity is not remeasured and its subsequent payment is reflected in equity. The fair value change of contingent consideration classified as an asset or liability, such as a financial instrument within the scope of IFRS 9 - Financial Instruments, is recognized in profit or loss in accordance with IFRS 9. Contingent consideration that does not fall within the scope of IFRS 9 is measured at fair value at the reporting date, and changes in fair value are recognized in profit or loss.

Goodwill is initially measured at cost, which emerges as the excess of the sum of the consideration paid and the amount recognized for non-controlling interests over the identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group checks whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to determine the amounts to be recognized at the acquisition date. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in profit or loss.

Subsequent to initial recognition, goodwill is measured at cost less the accumulated impairment losses. For the purpose of impairment testing, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the disposed operation must be included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill associated with a discontinued operation must be measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Assets held for sale and discontinued operations

An asset intended to be discontinued or disposed of is a component of the Group that has been decided to be discontinued or has been discontinued and represents a separate major line of business or geographical area of operations. An asset is classified as discontinued at the time of disposal; when an operation is classified as discontinued, the statement of profit or loss is restated as if the transaction had been discontinued at the beginning of the comparative period.

Investments in associates or joint ventures

The Group's investments in associates are accounted for using the equity method.

An associate is a company over which the Group exercises significant influence and that is not classifiable as a subsidiary or a joint venture. Significant influence means the power to participate in determining an investee's financial and operating policies without having control or joint control over it.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control; a joint venture involves the formation of a separate company in which each participant has an interest in the net assets.

Under the equity method, an investment in an associate or a joint venture is recognized in the statement of financial position at cost, increased by post-acquisition changes in the Group's share of the associate's or joint venture's net assets. Goodwill regarding the associate or joint venture is included in the carrying amount of the investee and is amortized. The statement of profit or loss reflects the Group's share of the associate's or joint venture's profit or loss for the year. The equity method is also used to measure associates and joint ventures that the parent company recognizes in its separate financial statements at the acquisition or subscription cost, adjusted for any impairment losses to the recoverable amount, in accordance with IAS 36 (Impairment of Assets).

Any changes in other comprehensive income relating to these investees are presented as part of the Group's comprehensive income. If an associate or investee recognizes adjustments charged directly to equity, the Group recognizes its share of the adjustments and reports them, where applicable, in the statement of changes in equity. Gains and losses arising from transactions between the Group and the associate or joint venture are eliminated in proportion to the investment.

The reporting date of the associates is aligned with that of the Group; the joint venture prepares a report for consolidation purposes at the parent company's reporting date and applies uniform accounting principles. If uniform accounting principles are not used, the accounting principles are adjusted to make them consistent with those of the Group for transactions and events of the same nature and similar circumstances.

After applying the equity method, the Group assesses whether it is necessary to recognize an impairment loss on its investment in associates or joint ventures. The Group assesses at each reporting date whether there is objective evidence that the investments in associates or joint ventures have suffered an impairment loss. In such case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and corresponding carrying amount in its financial statements, and recognizes this difference in the statement of profit or loss as a "share of results of equity-accounted investees".

When significant influence over an associate or joint control over a joint venture is lost, the Group measures and recognizes the remaining investment at fair value. The difference between the carrying amount of the investment at the date of loss of significant influence or joint control and the fair value of the remaining investment and consideration received is recognized in profit or loss.

When the Group contributes or sells assets to the joint venture, the recognition of any portion of a gain or loss from the transaction reflects the substance of the transaction. When the Group purchases goods or services from the joint venture, it does not recognize its share of the profit from the transaction until it resells that good or service to an independent party.

Impairment losses on non-financial assets

At each reporting date, the Group assesses whether indicators of impairment exist for its assets. If they do, or in cases where an annual impairment test is required, the Group estimates the recoverable amount. The recoverable amount is the higher of the fair value of the asset or cash-generating unit, less costs to sell, and its value in use. The recoverable amount is determined for each asset, except when that asset generates cash flows that are largely independent of those generated by other assets or groups of assets.

If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and written down to its recoverable amount accordingly. In determining value in use, the Group discounts the estimated future cash flows to present value using a pre-tax discount rate that reflects market assessments of the present value of money and the risks specific to the asset. An appropriate valuation model is used to determine fair value less selling costs. These calculations are made by assessing the value in use using the discounted cash flow (DCF) model.

Impairment losses on continuing operations are recognized in the statement of profit or loss in the cost categories consistent with the intended use of the impaired asset. Exceptions to this are assets previously revalued where the revaluation was recognized in equity. In such cases, the impairment loss is in turn recognized in equity to the extent of the previous revaluation.

At each reporting date, the Group assesses, for assets other than goodwill, whether there is any indication of the reversal (or reduction) of previously recognized impairment losses, and, if such indications exist, it estimates the recoverable amount. The value of a previously impaired asset may only be reinstated if there has been a change in the estimates on which the calculation of the recoverable amount determined after the recognition of the latest impairment loss was based.

The reversal may not exceed the carrying amount that would have been determined, net of amortization and depreciation, if no impairment loss had been recognized in prior periods. The reversal is recognized in profit or loss unless the asset is recorded at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are used to account for impairment losses related to specific types of assets.

Goodwill

Goodwill is tested for impairment at least once per year or more frequently if circumstances indicate that the carrying amount may be impaired.

The impairment loss on goodwill is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill belongs.

An impairment loss is recognized when the cash-generating unit's recoverable amount is less than the carrying amount to which goodwill has been allocated. Goodwill impairment cannot be reversed in future periods. The Group tests goodwill for impairment annually at December 31.

Associates and joint ventures

After applying the equity method, the Group determines whether or not it is necessary to recognize an additional loss on investments in associates. The Group determines at each reporting date whether there is objective evidence that an investment in an associate has suffered an impairment loss. If such evidence exists, the Group calculates the amount of the loss as the difference between the fair value of the associate and the acquisition cost of the investment, and accounts for the loss in profit or loss.

Equity investments and other financial assets

According to IFRS 9, upon initial recognition, financial assets are classified at amortized cost, at fair value through other comprehensive income (FVTOCI), and at fair value through profit or loss (FVTPL), depending on the data.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model the Group uses to manage them. Excluding trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value, plus transaction costs in the case of a financial asset not at FVTPL. Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with IFRS 15. The section on accounting policies - revenues provides further details.

For a financial asset to be classified and measured at amortized cost or at FVTOCI, it must generate cash flows that depend solely on payments of principal and interest (SPPI). This evaluation is referred to as the SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the SPPI requirements are classified and measured at FVTPL.

The Group's business model for managing financial assets refers to how it manages those assets to generate cash flows. The business model determines whether cash flows will arise from collecting contractual cash flows, from the sale of financial assets, or both.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Group enters into a commitment to purchase the asset. Regular way purchases and sales are defined as all purchases or sales of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

For the purpose of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortized cost (debt instruments);
- financial assets at fair value through other comprehensive income (FVTOCI) with reclassification of accumulated gains and losses (debt instruments);
- financial assets at FVTOCI without reversal of accumulated gains and losses on derecognition (equity instruments);
- financial assets at fair value through profit or loss (FVTPL).

The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, revises this classification at the end of each year.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. When the asset is derecognized, modified, or revalued, the related gains and losses are recognized through profit or loss.

The financial assets at amortized cost include trade receivables, held-to-maturity assets and loans.

Financial assets at FVTOCI (debt instruments)

The Group measures financial assets at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instrument assets measured at FVTOCI, interest income, foreign exchange gains and losses and impairment losses and reversals are recognized through profit or loss and are calculated in the same manner as for financial assets measured at amortized cost. The remaining changes in fair value are recognized through OCI. Upon derecognition, the cumulative fair value change recognized through OCI is reclassified to profit or loss.

Investments in equity instruments

Upon initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments recognized at FVTOCI when they meet the definition of equity instruments under IAS *32 Financial Instruments: Presentation* and are not held for trading. The classification is determined for each instrument.

Gains and losses realized on such financial assets are never reversed to profit or loss. Dividends are recognized in profit or loss when the right to receive payment is established, unless the Group benefits from such income as recovery of part of the cost of the financial asset, in which case they are included in OCI. Equity instruments recorded at FVTOCI are not tested for impairment.

Financial assets at FVTPL

The financial instruments at fair value with changes recognized in profit or loss are presented in the statement of financial position at fair value, and the net fair value changes are recognized in the statement of profit or loss.

This category includes derivative instruments and listed investees that the Group has not irrevocably elected to classify at FVTOCI. Dividends from listed investees are recognized as other income in the statement of profit or loss when the right to payment has been established.

An embedded derivative contained in a hybrid non-derivative contract, financial liability or host non-financial contract is separated from the host contract and accounted for as a separate derivative if: its economic characteristics and associated risks are not closely related to those of the host contract; a separate instrument with the same terms as the embedded derivative meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value, with the fair value changes recognized in profit or loss. They are restated only if a change in the contract significantly alters the otherwise expected cash flows or reclassifies a financial asset to a category other than FVTPL.

Derecognition of financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset are extinguished;
- the Group has transferred the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all of the risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all of the risks and rewards of the asset but has transferred control of it.

In cases where the Group has transferred rights to receive cash flows from an asset or has entered into an arrangement whereby it retains the contractual rights to receive the cash flows from the financial asset, but it assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through), it evaluates if and to what extent it has retained the risks and rewards of ownership.

In cases where the Group has neither transferred nor retained substantially all risks and rewards or has not lost control over it, the asset is recognized in the Group’s financial statements to the extent of its continuing involvement in the asset. In this case, the Group also recognizes an associated liability. The transferred asset and associated liability are measured to reflect the rights and obligations that remain with the Group. The residual involvement that takes the form of a guarantee on the transferred asset is valued at the lower of the initial carrying amount of the asset and the maximum value of the consideration that the Group may be required to pay.

When the entity’s continuing involvement is a guarantee of the transferred asset, the involvement is measured at the lower of the amount of the asset and the maximum amount of consideration received that the entity could be required to repay.

Impairment of financial assets

The Group recognizes an impairment loss (expected credit loss or "ECL") for all financial assets represented by debt instruments not held at FVTPL. The ECL is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The estimated cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The expected losses are measured in two stages. Where credit risk has not increased significantly since initial recognition, ECL resulting from default events that are possible within the next 12 months are recognized (12-month ECL). Where credit risk has increased significantly since initial recognition, ECL referring to the remaining life of the exposure are recognized, regardless of when the default event is expected to occur (lifetime ECL).

The Group applies a simplified approach to calculate the ECL for trade receivables and contract assets. Therefore, the Group does not monitor credit risk changes, but instead fully recognizes the ECL at each reporting date. The Group has established a matrix system based on historical information, revised to consider forward-looking elements regarding specific types of debtors and their economic environment to determine the expected losses.

For assets represented by debt instruments measured at FVTOCI, the Group applies the simplified approach to assets with a low credit risk. At each reporting date, the Group assesses whether the debt instrument is considered to have low credit risk using all available information that can be obtained without undue cost or effort. When a significant increase in credit risk occurs, the Group fully recognizes the expected credit losses over the remaining term of the exposure.

A financial asset is derecognized when there is no reasonable expectation of recovering the contractual cash flows.

Inventories

Inventories consist of materials for maintenance and repair work on technical fixed assets and consumables such as fuel and lubricants, clothing and miscellaneous materials used in cleaning and waste sweeping activities.

Inventories of raw, ancillary and consumable materials are valued at purchase cost, determined using the weighted average cost method per movement. Inventories of materials that are obsolete or no longer used are valued at the lower of cost as previously determined and the realizable value obtained on the basis of market prices.

Contract work in progress

Contracts work in progress are valued according to IFRS 15. Revenues over time are recognized if it can be demonstrated that: a) the customer simultaneously receives and consumes the benefit provided by the contract as it is performed; b) the service performed improves.

Contract work in progress are measured on the basis of the contractual payments, which are generally agreed upon as being equal to the costs incurred for each contract, accrued with reasonable certainty, according to the percentage of completion method, to allocate the revenue and profit of the contract to the individual years, in proportion to the stage of completion.

The percentage of completion is determined as the proportion of the contract costs incurred for work performed up to the reporting date to the total estimated contract costs. The positive or negative difference between the value of the contracts accrued at the end of the period and the invoiced work in progress is entered respectively under the assets or liabilities of the statement of financial position.

In addition to contractual fees, contract revenue includes any variants, price revisions and incentive payments to the extent that they are likely to represent actual revenue that can be determined reliably. Identified losses are recognized irrespective of the percentage of completion of the contract.

Trade and other receivables

The receivables included among the current and non-current assets represent the unconditional right to receive consideration. Trade receivables are recognized initially at the transaction price determined in accordance with IFRS 15, and subsequently the Group recognizes the expected credit losses.

The Group uses a simplified approach to calculate ECL for trade receivables and contract assets. Therefore, it does not monitor changes in credit risk, but fully recognizes the expected credit loss at each reporting date. The Group has established a matrix system based on track records, revised to consider forward-looking elements regarding specific types of debtors and their economic environment to determine the expected losses.

Further details are provided in the paragraphs on the accounting policies regarding revenues and financial assets.

Transfer of financial assets

The Group assigns some of its trade receivables through factoring transactions. The factoring transactions may be either with recourse or without recourse. If these types of transactions meet the conditions of IAS 39, they are derecognized when the risks and rewards associated with their collection have been transferred; otherwise, the receivables assigned through these transactions remain on the Group's statement of financial position, and a financial liability of the same amount is recognized as advances on receivables factoring.

Cash and cash equivalents

The short-term cash and cash equivalents include cash on hand, demand deposits and short-term deposits, the latter with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, the cash and cash equivalents are represented by the liquid assets defined above.

Financial liabilities

Upon initial recognition, financial liabilities are classified as financial liabilities at FVTPL (among loans and borrowings) or as derivatives designated as hedging instruments.

All financial liabilities are initially recognized at fair value plus, in the case of mortgages, loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, mortgages and loans, overdrafts, and derivative financial instruments.

For the purpose of subsequent measurement, financial liabilities are classified into two categories.

Financial liabilities at amortized cost (loans and borrowings)

Loans are measured at amortized cost using the effective interest rate method.

Any gain or loss is recognized as profit or loss when the liability is extinguished and through the repayment process.

Amortized cost is calculated by recognizing the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. The amortization at the effective interest rate is included in the finance costs present in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

The financial liabilities at FVTPL include liabilities held for trading and financial liabilities initially recognized at fair value with the changes charged to profit or loss.

The liabilities held for trading are all those acquired for sale or settlement in the short term. Derivatives, including separated ones, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

When a condition of a long-term loan arrangement is breached on or before the end of the reporting period with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender agreed, after the reporting period and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the end of the reporting period, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Financial liabilities are designated at FVTPL from the date of initial recognition, only if the conditions of IFRS 9 are met. At initial recognition, the Group did not designate financial liabilities at FVTPL.

Trade payables, which mature within normal business terms, are not discounted and are recorded at cost (identified by their nominal value), which represents the fair value at the reporting date.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is discharged, canceled or fulfilled.

When an existing financial liability is replaced by another one from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with any differences between the carrying amounts recognized in profit or loss.

Offsetting of financial assets and liabilities

A financial asset and a financial liability may be offset and the net amount reported in the statement of financial position when a legally enforceable right to offset the amounts exists and there is an intention either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Provisions for risks and charges

Provisions for risks and charges are allocated when the Group has a present obligation (legal or constructive) due to a past event, an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made.

When the Group considers that a provision for risks and charges will be partly or fully reimbursed, for example, in the case of risks covered by insurance policies, the indemnity is recognized separately as an asset if, and only if, it is practically certain. If it is, the cost of any provision is presented in the statement of profit or loss net of the amount recognized for the indemnity. If the effect of discounting the value of money is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liabilities.

In discounting to present value, the increase in the provision due to the passage of time is recognized as a finance cost.

Liabilities for landfill post-closure costs

There are provisions for costs for the operation and recovery of landfill areas that will be incurred at the end of the concessions for post-closure care. As a contra-entry, an increase was recognized in plant and machinery, which includes the plant related to the individual landfill.

Costs related to landfill post-closure care are stated at the present value of the costs expected to settle the obligation, using estimated cash flows and a pre-tax discount rate that reflects the risks associated with that liability.

The effect of discounting is charged to profit or loss as a finance cost whenever it appears. The estimated cash flows are reviewed annually and adjusted as appropriate. Changes in cost estimates or in the discount rate are deducted from the cost of the asset.

Employee benefits - retirement benefit obligations

The liability relating to defined benefit plans (retirement benefit obligations accrued at December 31, 2006), net of any plan assets, is determined using actuarial assumptions and is recognized on an accrual basis consistent with the employment service required to obtain the benefits; independent actuaries measure the liability.

Pursuant to the changes resulting from Law 296 of December 27, 2006 (2007 Budget Law) and subsequent decrees and regulations, the retirement benefit obligations of Italian companies accrued from January 1, 2007 or from the date of the option to be exercised by employees is included in the category of defined contribution plans, both in the case of the option for supplementary pension schemes and for the allocation to the INPS Treasury Fund. The accounting treatment of the benefit was thus assimilated to the one in place for contribution payments of another nature.

The liability relating to defined benefit plans, net of any plan assets, is determined using actuarial assumptions and is recognized on an accrual basis consistent with the employment service required to obtain the benefits.

Independent actuaries measure the liability. Gains and losses arising on the actuarial calculation related to the defined benefit plan are recognized in the statement of comprehensive income entirely in the period in which they occur. These actuarial gains and losses are immediately classified as retained earnings and are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligations accrued from January 1, 2007 or from the date the option is chosen are included in the category of defined contribution plans, both in the case of the supplementary pension option and of allocation to the INPS Treasury Fund. The accounting treatment of this benefit was thus assimilated to that in place for contribution payments of another nature.

Derivative financial instruments and hedging transactions

The Group uses derivative financial instruments such as interest rate swaps to hedge risks arising mainly from interest rate fluctuations. These derivative financial instruments are initially recognized at fair value on the date they are entered into; subsequently, the fair value is remeasured regularly. They are accounted for as assets when the fair value is positive and as liabilities when it is negative.

Any gains or losses resulting from changes in the fair value of derivatives that do not qualify for hedge accounting are recognized directly in profit or loss during the year.

The fair value of interest rate swap contracts is determined by reference to the market value for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges if they hedge against the risk of a change in the fair value of the underlying asset or liability; or an irrevocable commitment (excluding currency risk);
- cash flow hedges if they hedge against exposure to cash flow fluctuations attributable to a particular risk associated with a recognized asset or liability or a planned highly probable transaction or currency risk in a firm commitment;
- net investment hedges in a foreign entity.

When entering into a hedging transaction, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its risk management objectives, and the strategy pursued.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk and how the Group will assess whether the hedging relationship meets hedge effectiveness requirements (including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it satisfies all of the following hedge effectiveness requirements:

- an economic relationship exists between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes associated with the economic relationship;
- the hedge ratio reflects the relationship between the hedging instrument and hedged item.

Transactions eligible for hedge accounting are accounted for as follows:

Cash flow hedge

The portion of gain or loss on the hedged instrument relating to the effective portion of the hedge is recognized directly in equity, whereas the ineffective portion is recognized immediately in profit or loss. The equity reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

Amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in recognition of a non-financial component, the amount accumulated in equity is removed from the separate component of equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of the items recognized in other comprehensive income (OCI) for the period. This is also the case of a forecast hedge transaction of a non-financial asset or non-financial liability that subsequently becomes an irrevocable commitment to which fair value hedge accounting applies.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows impact profit or loss.

If the cash flow hedge accounting is discontinued, the amount accumulated in OCI must remain there if the hedged future cash flows are expected to occur. Otherwise, the amount must be immediately reclassified to profit or loss as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any accumulated amount remaining in OCI is accounted for according to the nature of the underlying transaction, as described previously.

Revenue

According to IFRS 15, revenue recognition is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligation, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligation identified based on the stand-alone selling price of each good or service; (v) recognition of revenue when the related performance obligation is satisfied, i.e. when the promised good or service is transferred to the customer; the transfer is deemed complete when the customer obtains control of the good or service, which may occur continuously over time or at a point in time.

Revenues from contracts with customers are recognized when (or as) the performance obligation is satisfied, and the promised goods and services are transferred to the customer, for an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. The Group generally acts as the Principal for all agreements from which revenues arise.

IFRS 15.48 requires the Group to consider the effects of each of the following when determining the transaction price:

- variable consideration;
- constraining estimates of variable consideration;
- the existence of a significant financing component in the contract;
- non-cash consideration;
- consideration payable to a customer.

If the consideration promised in the contract includes a variable amount, the Group has estimated the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated when the contract is stipulated and cannot be recognized until it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, a significant downward adjustment to the amount of cumulative revenue should be recognized. No sales contract provides customers with a right of return and volume discounts.

The Group has not identified the existence of a significant financing component, non-cash consideration, and consideration payable to the customer.

The Group has considered whether there are other promises in the contract that represent performance obligations on which part of the transaction consideration is to be allocated (e.g. guarantees, customer loyalty programs), but has not identified such cases.

The following specific revenue recognition criteria must be met before revenue is recognized in the statement of profit or loss:

Revenue from rates

Revenues from the integrated water service are determined by reference to the accrued sales, adjusted for any positive or negative adjustments that are certain to be applied. The revenues are determined by reference to the guaranteed revenue constraint (“Vrg”) calculated using the water rate method (“Mti-3”) currently in effect for 2020-2023.

The approval of rates under the Mti-3 method consists of defining a guaranteed revenue constraint (“Vrg”), which determines a rate multiplier (the theta) that defines the rate increases from periods after 2019 (the last year of application of the previous water rate method, “Mti-2”).

In addition to containing a component linked to rate adjustments of previous years, the revenue constraint determines with certainty the amount of the adjustment, on the basis of the actual sales, for the year. The adjustment will be included within the determination of the revenue constraint of the second year after the reference period; considering that the rate adjustment regarding 2023 will potentially be a component of the 2025 rate, it was determined with the Mti-4 rate method that will be effective for the 2024-2029 rates.

Within the defined revenue constraint, the Mti-3 method stipulates that a portion of these revenues must be allocated to the New Investments Fund (Foni).

Given the legal nature of consideration, however, it was decided that the New Investments Fund should be regarded as accrued income.

Under Article 14.1 of the Italian Regulatory Authority for Energy, Networks and Environment ("Arera") Resolution 580/2019/R/idr (regulating Mti-3), the integrated water service ("IWS") operator is required to allocate exclusively to the realization of new investments, identified as a priority in the territory served, a share of the recognized revenue constraint allocated to the New Investments Fund.

The directors have decided to ensure the New Investments Fund constraint by allocating, at the General Meeting for the financial statement approval, a portion of the year's profit corresponding to the amount of this revenue constraint (net of tax) to a non-distributable equity reserve.

If the New Investments Fund amount exceeds the profit for the year, the remainder is allocated to a non-distributable reserve by reducing the equity reserves that are distributable at that time.

The New Investments Fund allocation to a non-distributable reserve ceases in the following year if the realized IWS investments are equal to or greater than the Fund itself.

Revenues from the waste management service rates and fees are determined by reference to the accrued sales, adjusted for any positive or negative adjustments that are certain to be applied. Such revenues were determined by referring to the financial plans of each municipality calculated using the Mtr-2 currently in effect for 2022-2025, even for the part exceeding the rate increase cap set by the method, since Mtr-2 requires it to be recognized through the gradual addition of such portions in the future financial plans without needing additional approval by the national authorities.

Performance of services

The revenue is recognized on an accrual basis, according to the percentage of completion of the activities and/or the consideration established annually in the service contract with the various municipalities.

The percentage of completion is measured by reference to the costs incurred compared to the total costs estimated for each contract. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that the costs incurred are expected to be recoverable.

Sale of goods

Sales revenue is recognized when the entity has transferred control of the goods to the customer, generally on the date of shipment of the goods.

Rental income and concessions

Rent from investment property is accounted for on a straight-line basis over the term of the leases existing at the reporting date.

The concession revenues refer mainly to payments received for space provided to market operators. The revenues are accounted for on a time basis.

Expenses

Expenses are measured at the fair value of the amount paid or payable. Expenses related to goods or services sold or consumed during the year, or deriving from systematic allocation, or when their future utility cannot be identified, are recognized and charged directly to profit or loss.

Government grants

Government grants are recognized when there is reasonable assurance that they will be received and all the conditions attached to them have been met. When grants relate to components of cost, they are recognized as income but distributed on a systematic basis over the periods in a way to relate them to the costs they are intended to compensate. Where the grant is related to a fixed asset, it is recognized at its nominal value as a deduction from the cost of the asset, and the income is released to profit or loss on a straight-line basis over the expected useful life of the relevant asset through a reduction of the related depreciation cost.

Finance income and costs

Interest income

This is recognized as finance income following the verification of accrued interest income (using the effective interest method, which produces the rate that exactly discounts the expected future cash flows based on the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Dividends are recognized when the shareholders' right to receive payment arises.

Finance costs

Finance costs are recognized in the statement of profit or loss on an accrual basis.

Income Tax

Current taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are those enacted or substantively enacted at the reporting date in the country where the Group operates and generates its taxable income.

Current taxes relating to items recognized directly in equity are also recognized directly in equity and not in profit or loss.

The directors assess regularly the position taken in the tax return where tax rules are subject to interpretation and, where appropriate, allocate the relevant amounts.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences arising at the reporting date between the tax bases of assets and liabilities and the amounts reported in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the profit for the year calculated for financial reporting purposes nor the profit or loss calculated for tax purposes;

- concerning taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the reversal of temporary differences can be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and tax assets and liabilities carried forward, to the extent that there will probably be adequate future taxable profits against which the deductible temporary differences and deferred tax assets and liabilities carried forward can be used, except where:

- the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes;
- concerning taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that the deductible temporary differences will reverse in the immediate future and that there are adequate taxable profits against which the temporary differences can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future against which such receivable can be used. Unrecognized deferred tax assets are reviewed annually at the reporting date and are recognized to the extent that it has become probable that taxable profit will be sufficient to allow those deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the year in which those assets are realized, or those liabilities are settled, considering the rates in effect and those already enacted or substantively enacted at the reporting date.

Income tax on items recognized directly in equity is recognized directly in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities offset each other if a legal right to offset current tax assets and current tax liabilities exists and the deferred income tax refers to the same taxable entity and the same tax authority.

Value added tax

Income, expenses and assets are recognized net of value-added tax, except where:

- such tax is non-deductible, in which case it is recognized as part of the purchase cost of the asset or part of the cost item recognized in the statement of profit or loss;
- it refers to trade receivables and trade payables presented inclusive of the tax amount.

The net amount of indirect sales tax that can be recovered from or paid to the revenue agency is recognized with the trade receivables or trade payables, depending on whether the balance is positive or negative.

3. Business combinations and transfers of non-controlling interests

Acquisitions and disposals in 2023

Transfer of transportation business unit from Eco+Eco to Metalrecycling

On January 1, 2023, the deed stipulated on December 28, 2022 between seller Eco+Eco srl and subsidiary Metalrecycling Venice srl for the sale of the transportation logistics business unit, authenticated with the signature of Notary Innocenti of Treviso, took effect.

Among the business unit's assets are various industrial vehicles, handling equipment transferred to Eco+Eco srl when it absorbed Eco-ricicli Veritas srl, and vehicles acquired from Busato Trasporti and LTM in 2020.

The transaction did not affect the consolidated financial statements as it involved a business unit transfer.

Acquisitions/disposals after the reporting date

On January 11, 2024, Veritas completed the acquisition of a stake in its former associate Sifa scarl from the private controlling shareholder and some of its subsidiaries, equal to 51.16% of the share capital, thus obtaining the control and the consolidation of the company within the Group from such date. The transaction also consisted of purchasing some of the financial receivables due to such parties from Sifa, at consideration below the nominal value.

In November 2023, effective January 1, 2024, a notarial deed was stipulated whereby Asvo leased to Veritas the waste management business unit in the area of the 11 municipalities currently managed by Asvo, regarding the Portogruaro zone in the province of Venice. The business unit does not include the management of the cemeteries, urban green spaces and Cento Taglio landfill, which have remained the responsibility of Asvo.

4. Acquisition of investments in entities under common control

The Group did not formalize any acquisitions of investments in entities under common control.

5. Assets and liabilities held for sale and disposals of receivables due from and payables due to subsidiaries held for sale

These assets and liabilities are classified in the statement of financial position under the following headings:

- current receivables due from or payables due to subsidiaries held for sale;
- non-current receivables due from or payables due to subsidiaries held for sale;
- assets held for sale;
- liabilities held for sale.

For 2023, no companies were consolidated under IFRS 5.

Disposals of individual assets held for sale

Below are some assets with any associated liabilities classified as held for sale following the directors' decision to sell them or, subsequently, the stipulation of preliminary agreements to sell them. The respective comparative items at December 31, 2022 are also presented.

Eco+Eco's investee Sibelco Green Solution srl was reclassified to assets held for sale since a preliminary agreement was stipulated with the other shareholders of the investee for the sale of the entire investment at the historical value of € 590,000. The sale was completed in April 2024.

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
assets		
investment property		
other assets held for sale		
equity accounting of companies held for sale		
total assets held for sale	590	
liabilities		
total liabilities held for sale		
total net assets held for sale	590	

6. Intangible assets

Changes in intangible assets at December 31, 2023 and December 31, 2022:

(in thousands of euros)	develop-ment costs	patent rights	licenses and soft-ware	public service conces.	other in-tangible assets	invest-ments in progress	total
cost							
at January 1, 2022	**902**	**299**	**52,396**	**27,871**	**6,103**	**3,716**	**91,287**
increases due to business combinations							
perimeter change					17		17
increases		3	4,205			2,064	6,272
disposals			-64				-64
reclassifications			1,882		4	-1,711	175
impairment loss							
other changes	-433				-69	229	-273
at December 31, 2022	**469**	**302**	**58,419**	**27,871**	**6,055**	**4,298**	**97,414**
amortization and impairment losses							
at January 1, 2022	**-121**	**-248**	**-46,038**	**-23,111**	**-94**	**-182**	**-69,794**
increases due to business combinations							
perimeter change					-2		-2
amortization	-46	-21	-4,942	-818	-40		-5,867
disposals			22				22
reclassifications					12		12
impairment loss							
other changes	43			1	20		64
at December 31, 2022	**-124**	**-269**	**-50,958**	**-23,928**	**-104**	**-182**	**-75,565**
residual amount of 2022 grants			**-17**				**-17**
net carrying amount							
at December 31, 2022	**345**	**33**	**7,444**	**3,943**	**5,951**	**4,116**	**21,832**
cost							
at January 1, 2023	**469**	**302**	**58,419**	**27,871**	**6,055**	**4,298**	**97,414**
increases due to business combinations							
perimeter change			7				7
increases		8	4,380			2,255	6,643
disposals			-123				-123
reclassifications			67		115	-4,474	-4,292
impairment loss							
other changes			-275		159	-214	-330
at December 31, 2023	**469**	**310**	**62,475**	**27,871**	**6,329**	**1,865**	**99,319**
amortization and impairment losses							
at January 1, 2023	**-124**	**-269**	**-50,958**	**-23,928**	**-104**	**-182**	**-75,565**
increases due to business combinations							
perimeter change			-7				-7
amortization	-41	-21	-4,745	-781	-45		-5,633
disposals			122				122
reclassifications							
impairment loss							
other changes						182	182
at December 31, 2023	**-165**	**-290**	**-55,588**	**-24,709**	**-149**		**-80,901**
residual amount of 2023 grants			**-33**				**-33**
net carrying amount							
at December 31, 2023	**304**	**20**	**6,854**	**3,162**	**6,180**	**1,865**	**18,384**

Licenses and software comprise mainly the costs of developing and updating Sap software modules used by the parent company.

The capital expenditures for the year amount to € 6,643 thousand, whereas those paid in 2022 amount to € 5,309 thousand.

The investments in licenses and software amount to € 4,380 thousand, of which € 4,250 thousand refers to the parent company.

The public service concessions, amounting to € 3,161 thousand at December 31, 2023, refer to the concession of the operation of the Jesolo landfill acquired in 2018 from the Alisea merger (€ 2,460 thousand), and the concession of the use of the Spinea crematorium (€ 701 thousand).

Among the other intangible assets, Eco+Eco srl recognized the right to the 10-hectare area acquired from the parent company in 2018 (€ 4,682 thousand); in 2019, the right to the former Co.in.tra. area was finalized for € 1,754 thousand.

Service concession arrangements

Pursuant to IFRIC 12 adoption, after analyzing the existing concession arrangements with the grantors, the Group decided to apply the interpretation to all the integrated water cycle activities managed by the parent company.

Therefore, all the infrastructures were reclassified to a separate item of intangible assets, "service concession arrangements".

In addition, the related government grants, previously classified as items of current and non-current liabilities, were reclassified, thus showing the net amount of the service concession arrangements.

The amounts of the service concession arrangements are as follows:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
water service concession arrangements	309,349	283,423
total service concession arrangements	**309,349**	**283,423**

The table below presents the changes in service concession arrangements at December 31, 2023 and December 31, 2022:

(in thousands of euros)	service concession arrangements
cost	
at January 1, 2022	**805,905**
increases due to business combinations	
perimeter change	
increases	38,595
disposals	-1,121
reclassifications	-95
impairment loss	
other changes	-308
at December 31, 2022	**842,976**
amortization and impairment losses	
at January 1, 2022	**-367,689**
increases due to business combinations	
perimeter change	
amortization	-20,936
disposals	953
reclassifications	
impairment loss	
other changes	
at December 31, 2022	**-387,672**
residual amount of 2022 grants	**-171,881**
net carrying amount	
at December 31, 2022	**283,423**
cost	
at January 1, 2023	**842,976**
increases due to business combinations	
perimeter change	
increases	63,038
disposals	-864
reclassifications	-16
impairment loss	
other changes	-165
at December 31, 2023	**904,970**
amortization and impairment losses	
at January 1, 2023	**-387,672**
increases due to business combinations	
perimeter change	
amortization	-21,820
disposals	707
reclassifications	90
impairment loss	
other changes	
at December 31, 2023	**-408,696**
residual amount of 2023 grants	**-186,925**
net carrying amount	
at December 31, 2023	**309,349**

The 2023 capital expenditures for water infrastructure were € 63,038 thousand, whereas those paid in the year amount to € 63,450 thousand.

The service concession arrangement assets include right-of-use assets of € 4,767 thousand pursuant to the application of IFRS 16.

The service concession arrangement assets include leased parts of buildings (see Note 2.3 on leases, Note 34 and Note 44), which generate revenue of € 931 thousand.

7. Goodwill and related impairment testing

The goodwill acquired through business combinations was allocated to the following separate cash-generating units ("CGU"s), which pertain to different business segments, for the purpose of impairment testing:

- waste treatment plant CGU;
- Mogliano Veneto area integrated water service ("IWS") CGU;
- Asvo waste management service ("WMS") CGU;
- Euroscavi CGU.

The table below lists the carrying amount of goodwill allocated to each of the cash-generating units:

(in thousands of euros)	Dec. 31, 2022	increase	decrease	Dec. 31, 2023
waste treatment plant CGU	16,065			16,065
Mogliano Veneto area IWS CGU;	788			788
Asvo WMS CGU	4,370			4,370
Euroscavi CGU		2,465		2,465
total goodwill	**21,223**	**2,465**		**23,688**

No impairment losses relating to the goodwill allocated to the cash-generating units were identified. New goodwill was recognized on Lecher Ricerche e Analisi srl's acquisition of the entire share capital of Euroscavi srl of Badia Polesine (Rome) on July 21, 2023.

Waste treatment plant CGU

The recoverable amount of the waste treatment plant CGU (Eco+Eco srl) was determined on the basis of value in use. The cash flow projection contained in the 2024-2028 financial plan approved by management was used for the calculation.

The discount rate applied to the prospective cash flows is 7.15%, and a growth rate of 1% was assumed.

The impairment test performed with the assistance of an expert appointed by the parent company confirmed, based on the approved business plan, the recoverability of the amount of goodwill allocated to the CGU and recognized in the financial statements.

Integrated water service in Mogliano Veneto area

The goodwill recognized in the parent company's financial statements, calculated pursuant to the acquisition of Spim SpA's assets in 2008, is tested for impairment at least annually to identify any impairment losses.

The goodwill impairment test was conducted as part of the impairment testing of the assets related to the integrated water service.

Asvo CGU

The recoverable amount of the CGU was determined based on the value in use. The cash flow projection contained in the financial plan approved by management, covering three years (2024-2028), was used for the calculation.

The discount rate applied to the prospective cash flows is 7.15%; no growth rate was assumed.

The impairment test performed by an expert appointed by the parent company confirmed, based on the business plan approved by Asvo's management, the recoverability of the amount of goodwill recognized in the financial statements.

Euroscavi CGU

The recoverable amount of the CGU was determined based on the value in use. The cash flow projection contained in the financial plan approved by management, covering three years (2024-2026), was used for the calculation.

The discount rate applied to the prospective cash flows is 7.15%, and a growth rate of 1% was assumed.

The impairment test performed by an expert appointed by the parent company confirmed, based on the business plan approved by Euroscavi's management, the recoverability of the amount of goodwill recognized in the financial statements.

Sensitivity to assumption changes

A sensitivity analysis was performed by determining the weighted average cost of capital ("WAAC") rate and the growth rate that, all other parameters being constant, would result in no difference between the recoverable amount and the carrying amount for each CGU. The results of the analysis are presented hereunder:

	Sensitivity analysis and parity		
	WAAC	g rate	plan
Eco+Eco srl	7.19%	0.00%	2024-2028
Asvo spa	11.3%	0.00%	2024-2028
Euroscavi	18.5%	0.00%	2024-2026

8. Property, plant and equipment

Changes in property, plant and equipment at December 31, 2023 and at December 31, 2022:

(in thousands of euros)	land and buildings	plant and machinery	ind. and comm. equip.	other assets	leasehold improvements	leased assets	assets under const. or advances	total
cost								
at January 1, 2022	**202,903**	**233,507**	**69,201**	**143,417**	**24,349**	**29,215**	**18,931**	**721,523**
increases due to business combinations	203	5	98	688				994
perimeter change	3,251	1,336		2			884	5,473
increases	1,228	5,607	5,284	5,970	707	2,533	18,340	39,669
disposals	-713	-2,341	-1,621	-1,186	-86	-1,995		-7,942
reclassifications	23,234	4,006	671	1,504	68	-4,005	-10,247	15,231
impairment loss								
other changes	-1,103	4,311			-147	-2,384	-842	-165
at December 31, 2022	**229,003**	**246,431**	**73,633**	**150,395**	**24,891**	**23,364**	**27,066**	**774,783**
depreciation and impairment losses								
at January 1, 2022	**-56,445**	**-152,431**	**-47,642**	**-90,782**	**-14,853**	**-8,294**	**-810**	**-371,257**
increases due to business combinations								
perimeter change	-362	-129		-1				-492
depreciation	-4,358	-13,764	-4,224	-9,093	-842	-3,680		-35,961
disposals	74	2,084	1,434	1,009	11	1,266		5,878
reclassifications	-1,069	-224	24	-283		2,146		594
impairment loss	-77	-25		-536				-638
other changes		35		-1	126	143		303
at December 31, 2022	**-62,237**	**-164,454**	**-50,408**	**-99,687**	**-15,558**	**-8,419**	**-810**	**-401,573**
residual amount of 2022 grants	**-2,099**	**-3,756**	**-297**	**-921**	**-205**			**-7,278**
net carrying amount								
at December 31, 2022	**164,667**	**78,221**	**22,928**	**49,787**	**9,128**	**14,945**	**26,256**	**365,932**
cost								
at January 1, 2023	**229,003**	**246,431**	**73,633**	**150,395**	**24,891**	**23,364**	**27,066**	**774,783**
increases due to business combinations								
perimeter change		409	151	286	72	2,085		3,003
increases	1,862	7,395	7,260	9,289	674	18,498	43,290	88,268
disposals	-323	-785	-2,420	-2,528		-1,908		-7,964
reclassifications	5,431	5,756	641	521	2,230	613	-8,377	6,815
impairment loss								
other changes		-1,511		-328			-821	-2,660
at December 31, 2023	**235,973**	**257,695**	**79,265**	**157,635**	**27,867**	**42,652**	**61,158**	**862,245**
depreciation and impairment losses								
at January 1, 2023	**-62,237**	**-164,454**	**-50,408**	**-99,687**	**-15,558**	**-8,419**	**-810**	**-401,573**
increases due to business combinations								
perimeter change		-236	-148	-237	-48	-688		-1,357
depreciation	-4,495	-13,790	-4,544	-8,993	-889	-4,094		-36,805
disposals	167	524	2,273	2,390		1,683		7,037
reclassifications	-64	-131	-24			129		-90
impairment loss							-113	-113
other changes	77	24		324			763	1,188
at December 31, 2023	**-66,552**	**-178,063**	**-52,851**	**-106,203**	**-16,495**	**-11,389**	**-160**	**-431,713**
residual amount of 2023 grants	**-1,952**	**-3,999**	**-257**	**-782**	**-178**	**-21**		**-7,189**
net carrying amount								
at December 31, 2023	**167,469**	**75,633**	**26,157**	**50,650**	**11,194**	**31,242**	**60,998**	**423,343**

The value of property, plant and equipment rose from € 365,932 thousand to € 423,343 thousand, an increase of € 57,411 thousand.

The capital expenditures of € 88,268 thousand included € 1,862 thousand for land and buildings, € 7,395 thousand for plant and machinery, € 7,260 thousand for industrial and commercial equipment, € 9,289 thousand for other tangible assets, € 674 thousand for leasehold improvements, € 18,498 thousand for rights to use assets under leases, and € 43,290 thousand for assets under construction, whereas the expenditures paid in 2023 amount to € 60,574 thousand.

For the parent company, the capital expenditures included € 781 thousand for land and buildings, € 3,530 thousand for plant and machinery, € 6,522 thousand for industrial and commercial equipment, € 7,146 thousand for other tangible assets, € 423 thousand for leasehold improvements, € 17,373 thousand for rights to use assets under leases, and € 3,146 thousand for assets under construction, for a total amount of € 38,921 thousand, whereas the expenditures paid in 2023 amount to € 21,936 thousand.

The expenditures for rights to use assets under leases include the new business management center – Cdo3, built with the "leasing while building" formula within a public-private partnership ("PPP"), housing the new chemical laboratory of the integrated water service (€ 14,467 thousand).

The other Group companies' capital expenditures of € 40,144 thousand in assets under construction for the year include Eco+Eco's investments of € 37,816 thousand deriving from the long-term works begun in previous years and continuing in 2023, both in Ecoprogetto *valorizza* and Ecoricicli *ricicla*: their completion and implementation are planned for 2024 to 2026. The most significant of these are the investments in the construction of Line 2 of the waste-to-energy plant, and the completion and implementation with the related capitalization of the CSS1 (sorting and storage) plant at the beginning of 2024 for *valorizza*; for the 43-hectare *ricicla* site, among the many works underway are the MPO, MPR and scrap reuse orders.

The net perimeter changes of € 1,646 thousand refer to the first-time consolidation of Euroscavi on July 1, 2023.

The other changes in plant and machinery, € 1,511 thousand, refer to the capitalization of discounted post-closure expenses regarding the Jesolo landfill pursuant to the updating of the discount rate.

Reclassifications, used to align the Group's recognition criteria for the assets (specifically, intraGroup changes due to the sale/disposal of assets), are also used to reallocate redeemed leased assets to the corresponding asset categories.

The net decrease of € 927 thousand included € 156 thousand for land and buildings, € 261 thousand for plant and machinery, € 147 thousand for industrial and commercial equipment, € 1,738 thousand for other tangible assets, and € 225 thousand for rights to use assets under leases.

The impairment losses relate to the parent company.

The depreciation for the year, € 36,805 thousand, was calculated on all depreciable assets at the year end by applying rates deemed representative of the economic-technical life of the assets, as explained in the accounting policies.

Such rates, reduced proportionally for assets that began to be used during the year to take into account the shorter period of use, were determined in relation to the remaining useful life of the assets, so they are deemed representative of the economic-technical life of the assets.

The depreciation rate applied to the facilities and land pertaining to the Jesolo landfill was calculated on the basis of the quantity of waste assigned during the year compared to the residual capacity of the landfill on January 1, 2023; hence, the rate applied this year was 23%. The landfill is currently estimated to finish operating at the end of 2027.

Property, plant and equipment include buildings leased out (recognized among property, plant and equipment) that generate income of € 34 thousand for the parent company, € 3 thousand for Euroscavi srl, and € 9 thousand for Metalrecycling srl (see Note 2.3 on leases, Note 34 and Note 44).

The following buildings are encumbered by mortgages to secure financing:

- the building at Santa Croce 489, where Veritas's registered office is located, securing the € 20,000 thousand loan taken out in July 2009 by Veritas spa from Mediocredito del Friuli Venezia Giulia, maturing on June 30, 2024, the remaining balance of which at December 31, 2023 is € 2,096 thousand;
- the area regarding the eco-center in Mogliano Veneto securing the € 1,200 thousand loan Veritas spa obtained in December 2011 from Banca Intesa Infrastrutture e Sviluppo, maturing on June 30, 2026, the remaining balance of which at December 31, 2023 is € 268 thousand;
- the premises of the Ca' Perale a Mirano landfill securing the € 800 thousand loan taken out in March 2014 by Veritas spa from Banca Popolare dell'Alto Adige, maturing on March 20, 2024, the remaining balance of which at December 31, 2023 is € 24 thousand;
- the industrial facility at Via dell'Elettronica 3 in Marghera securing the € 1,440 thousand syndicated mortgage loan taken out in April 2019 by Eco-ricicli (now Eco+Eco) from ICCREA Banca Impresa spa (50% with Banca di Credio Cooperativo di Venezia, Padova e Rovigo), the balance of which at December 31, 2023 is € 468 thousand. During 2023, this was taken over by Metalrecycling within the scope of the land sale.

9. Investment property

The table below shows the changes in investment property in 2023 and 2022:

(in thousands of euros)	total
cost	
at January 1, 2022	**18,479**
increases	
disposals	
reclassifications	-15,915
impairment loss	
other changes	
at December 31, 2022	**2,564**
depreciation and impairment losses	
at January 1, 2022	**-67**
depreciation	-3
disposals	
reclassifications	
impairment loss	
other changes	
at December 31, 2022	**-70**
residual amount of 2022 grants	
net carrying amount	
at December 31, 2022	**2,494**
cost	
at January 1, 2023	**2,564**
increases	
disposals	
reclassifications	-2,507
impairment loss	
other changes	27
at December 31, 2023	**84**
depreciation and impairment losses	
at January 1, 2023	**-70**
depreciation	-3
disposals	
reclassifications	
impairment loss	
other changes	
at December 31, 2023	**-72**
residual amount of 2023 grants	
net carrying amount	
at December 31, 2023	**12**

With the completion of the infrastructure works, the former Alcoa area in Fusina, where the Group is creating the EcoDistrict project, can no longer be considered investment property under IAS 40. Therefore, in 2022, the area, having a value of € 15,915 thousand, was reclassified as property, plant and equipment.

10. Investments in associates and joint ventures

The 2023 changes for the year in this item are shown in the table below.

investees	value at Dec. 31, 2022				changes for the year				value at Dec. 31, 2023			
company	% held	value	impair./ reval.	total	purchases/ loss cvg.	reclass.	disposals/ mergers	impair./ reval.	% held	value	impair./ reval.	total
Sifa scpa	33.17%	18,667	-9,195	9,472	243				33.17%	18,910	-9,195	9,715
Vier scarl	49.00%	741	-235	506					49.00%	741	-235	506
OMD srl	15.32%	4,459	0	4,459					17.07%	4,459	0	4,459
Ecolegno CM Venezia srl	24.52%	20	0	20					27.31%	20	0	20
Bioenergie italiane srl (fomerly Mia energia srl)	30.03%	14	-10	4	486				33.45%	500	-10	490
9-Tech srl					223				22.00%	223	0	223
Ri.cart srl					90				49.00%	90	0	90
total associates		**23,901**	**-9,440**	**14,461**	**1,042**	**0**	**0**	**0**		**24,943**	**-9,440**	**15,503**

Th investments in associates and joint ventures went from € 14,461 thousand to € 15,503 thousand, increasing by € 1,042 thousand in connection with the € 486 thousand share capital increase of Bioenergie italiane srl (formerly Mia energia srl), the recognition of finance costs of € 243 thousand for Sifa, and the recognition of new investments of € 223 thousand in 9-Tech srl and € 90 thousand in Ri.cart srl.

Associates are not listed on any regulated market.

Key figures for the individual companies are reported below. They come from the IFRS-compliant financial statements for the companies that have prepared them and otherwise from the restatement of accounts prepared under Italian GAAP, which are deemed to be representative for IAS purposes.

The associates continue to play a fundamental role in contributing to the industrial and market management of the parent company and the subsidiaries, providing the necessary strategic flexibility in conducting business activities.

Sifa scpa

Established in 2005, this company designs, builds, and manages construction under a project financing arrangement for the concession from the Veneto Region of the works and activities known as the Fusina Integrated Project, governed by a specific agreement.
This project, which involves the construction of plants for the treatment of wastewater from the Marghera industrial complex and the Mirano area and from sewage, consists of a large-scale environmental reclamation project that embraces a vast area of Fusina and includes the burying of high-voltage power lines, a new road system for heavy road transport, hydraulic works, the relocation of a production site, and the conversion of disused petrochemical zones into port areas.
The initial agreement, signed in July 2005 with the Veneto Region, was amended in December 2008 (amendment 1) and in March 2010 (amendment 2).
Due to worsening economic conditions, in December 2016 Sifa and the Veneto Region signed a new amendment to the concession that envisaged a return to long-term economic and financial equilibrium thanks in part a plant subsidy from the Region in the amount of € 56 million.
In 2020 the Veneto Region decided to strike from the concession the activities previously added with amendment 1 regarding the Moranzani program agreement, which opened a lengthy discussion with the region to determine compensation for the works carried out.
In 2022, Sifa's activities continued with the post-treatment of urban wastewater "A," the treatment of industrial wastewater and stormwater runoff from the Porto Marghera industrial area, and the treatment of groundwater from the retroembankments realized by the Interregional Public Works Department and Sifa itself.
Due to the cancellation of the activities included under the Moranzani program agreement, in early 2022 the company sold to Veritas spa the business unit consisting of the assets, rights, and legal relationships organized for the management of the preliminary waste storage platform in "area 23ha."
On January 11, 2024, shareholders Ing. E. Mantovani spa, Veneto TLC srl and Alles srl officially exited from Sifa's ownership, having sold the entire shareholding to the existing shareholder Veritas pursuant to a tendering process organized by the composition authorities of Ing. E. Mantovani spa.
In addition to the stake in Sifa, the agreement provides for the assignment of the financial receivables of the outgoing shareholders.
The trade transactions with the Veritas Group are attributable to the operation of the equipment platform, waste disposal services and the supply of administrative services.
The following table shows the company's key figures from its 2022 financial statements, the latest ones approved, since the 2023 statements have not yet been approved by the shareholders on account of the deferral allowed by Decree Law 183/2020 converted into Law 21/2021:

(in thousands of euros)	2022	2021
statement of financial position data		
current assets	30,618	33,265
non-current assets	128,637	132,342
current liabilities	-16,123	-20,273
non-current liabilities	-105,155	-107,048
total net assets	**37,977**	**38,287**
statement of profit or loss data		
revenues	26,828	27,803
profit/(loss)	-311	1,097
carrying amount of the investment	**9,715**	**9,472**

At December 31, 2023 the Group recognized:

- € 9.7 million as the carrying amount of the investment in Sifa;

- € 15.5 million in receivables, including financial and trade receivables, mostly due from the parent company and to a lesser extent from Depuracque and Lecher;
- € 0.9 million in trade payables, mostly due to the parent.

The company's ownership at December 31, 2023 is as follows: Veritas spa 32.15%, Depuracque servizi Srl 1.02%, and third parties 66.83%, including Mantovani with 47.00%.

The change for the year reflects an addition to the finance costs calculated for 2016 to 2022, resulting from the discounting of the financial receivable due to the difference between the market interest rate and the interest rate charged.

As reported previously, the agreement of December 27, 2016 between Sifa, the Veneto Region, and Sifa's shareholders and the disbursement by the Region of a € 56 million equipment grant, which made it possible to repay in full the bank loan due at the end of that month, put an end to the uncertainties regarding Sifa's status as a going concern.

In addition, with the new agreements struck by Sifa's shareholders on December 27, 2016, the trade receivables due from Sifa, by mutual agreement of all shareholders, were converted into a financial receivable with deferred repayment in accordance with the provisions of the financial plan, at an interest rate of 2%.

Assessing the market rate applicable to Sifa as 4%, the directors then discounted that receivable to reflect the difference between the two rates, and added that finance cost to the value of the equity investment.

The investment in Sifa was written down for impairment losses in previous years. Although the directors find Sifa's performance to be in line with the business plan approved by management, in reviewing its updated impairment tests while completing the 2023 financial statements, they decided for the sake of prudence not to reverse those losses.

Ecolegno CM Venezia srl

This company was established on December 1, 2021 by Sage Srl and Eco-ricicli Veritas srl (now Eco+Eco srl), which hold 60% and 40% of the share capital of € 50 thousand, respectively.

The company's main purpose is the collection, marketing, sale, purchase, processing and transformation of non-hazardous waste with a predominantly woody composition, as well as the design and construction of facilities equipped for the storage and treatment of woody waste.

The company was not operational in 2023.

The first financial statements are those ended on December 31, 2022; the 2023 financial statements have not yet been approved as a result of the deferred deadline.

(in thousands of euros)	2022
statement of financial position data	
current assets	46
non-current assets	7
current liabilities	-7
non-current liabilities	0
total net assets	**46**
statement of profit or loss data	
revenue	0
profit/(loss)	-4
carrying amount of the investment	**20**

OMD srl

Founded on December 9, 2009, this company produces, installs, and maintains machinery for the handling and treatment of industrial products and inert materials, and builds, prepares, and operates plants for the collection and sorting of waste.

In 2021 Eco-ricicli Veritas (now Eco+Eco srl) acquired 25% of the company through the conversion of trade receivables generated mainly by the sale of a glass treatment plant and related subcontracting agreement signed in 2020.

The company's ownership at December 31, 2023 is as follows: Rell srl 75%, Eco+Eco srl 25%.

The following table shows the company's key figures from its 2022 financial statements, as the 2023 statements have not yet been approved by the shareholders due to the deferral taken by its Board of Directors:

(in thousands of euros)	2022	2021
statement of financial position data		
current assets	19,362	13,114
non-current assets	4,735	5,366
current liabilities	-10,725	-3,714
non-current liabilities	-1,341	-1,638
total net assets	**12,030**	**13,127**
statement of profit or loss data		
revenue	25,644	16,246
profit/(loss)	773	3,732
carrying amount of the investment	**4,459**	**4,459**

Vier scarl

This company was formed on March 1, 2011 from the transformation of the former Consorzio veneto riciclo, to which Veritas, on January 1, 2011, had transferred the business unit consisting of energy production from renewable sources and the related maintenance of networks and plants.

In 2020 Veritas spa sold 51% of its interest in the company, which is therefore no longer a subsidiary of Veritas and no longer under its management and coordination. Its ownership is now as follows: Veritas spa 49%, Atlantico spa 25.5%, Engie servizi spa 14.88%, Gpg srl 5.31% and Aiem srl 5.31%.

In 2020 the company became a limited liability consortium and took its current name Veneziana impianti energie rinnovabili - Vier scarl, adopting a consortium/cooperative structure and a new, expanded corporate purpose. The company's new sphere of operations includes the design, construction, management, operation, and ordinary and extraordinary maintenance of: electric and technological systems; heating and air conditioning systems; public lighting and traffic lights; firefighting systems; photovoltaic, solar thermal and cogeneration systems; remote control and remote management systems; and other similar plants.

In 2023 the company contacted numerous entities with a view toward stipulating contracts in its new sphere of operations. These new activities impacted the 2023 financial statements less than in the prior year (due to the ending of some contracts), but they were significant in terms of new assignments of contracts that will be reflected in the financial position and financial performance of 2024 and afterward. In fact, because the new contracts relate mostly to public entities and their investees, they require time for the determination of the projects, preparation of tenders, contract negotiations, and so forth.

During 2024 work will begin on the plants regarding the first public-private partnership for the energy efficiency of Veritas spa, promoted by Vier; the planning of the plants of the second public-private partnership promoted by Vie for Veritas will also commence. The commercial efforts to find new areas of work and new potential customers for energy efficiency services are also moving forward.

During 2023, the owned photovoltaic systems and cogeneration plant at an apartment building continued to be operated.

After the heat distribution network was completely redone, the cogeneration plant was sold at the end of 2023 to Veritas spa as part of a reorganization of the operating activities by the consortium members.

The following table presents the key figures for Vier Scarl:

(in thousands of euros)	2023	2022
statement of financial position data		
current assets	2,253	2,209
non-current assets	2,694	3,358
current liabilities	-1,175	-1,296
non-current liabilities	-2,728	-3,228
total net assets	**1,043**	**1,043**
statement of profit or loss data		
revenue	1,399	2,281
profit (loss)	0	0
carrying amount of the investment	**506**	**506**

Bioenergie Italiane srl (formerly Mia energia srl)

Bioenergie Italiane srl originates from the transformation of Mive srl, owned by a single company (Veritas spa), whose core business is the purchase, sale, and temporary management of buildings. The company was initially placed in liquidation, in 2014 and then in September 2022 the company came out of liquidation and changed its name to Nuova energia srl. The company's new purpose is to buy and sell electric power, natural gas and other energy products, with a special focus on electricity and gas produced from the transformation of waste or from other renewable sources.

Due to Veritas spa's sale of the quotas, since the end of 2022 the new ownership has been: Finam Group 51% and Eco+Eco srl 49%. Therefore, in 2022 the company ceased to be a subsidiary of the Veritas Group and is no longer subject to its management and coordination.

The General Meeting of March 6, 2023 voted to cover the loss shown in the 2022 draft financial statements through direct contributions by the shareholders and a subsequent capital increase of up to € 1,000 thousand, to which both shareholders adhered by paying 25% of the newly subscribed capital. The General Meeting also approved a name change first to Mia energia srl and then, on April 14, 2023, to Bioenergie Italiane srl, its current name.

The following table summarizes the key figures regarding the investment in Bionergie Italiane srl taken from the 2022 financial statements (the latest ones approved), compared with those of 2021 (the 2023 statements have not been approved yet due to the deferral of the time limit):

(in thousands of euros)	2022	2021
statement of financial position data		
current assets	24	4,232
non-current assets	0	0
current liabilities	-15	-286
non-current liabilities	0	-4,102
total net assets	**9**	**-156**
statement of profit or loss data		
revenue	107	153
profit/(loss)	-26	-46
carrying amount of the investment	**490**	**4**

9-Tech srl

This company, founded on January 30, 2020, is registered as an innovative start-up in the Venice Companies Register.

9-Tech srl carries out research and development of technological processes in the circular economy regarding the recovery of strategic materials from electronic waste, for the purpose of patenting them and building equipment that uses them with large-scale mechanization.

In July, 2023, Depuracque Servizi Srl acquired 22% of the share capital.

During 2023, the company conducted research in partnership with the University of Padua to improve the chemical treatment used to recover silver from the photovoltaic cells recuperated from solar panels.

The following table presents the 2023 key figures for 9-Tech srl:

(in thousands of euros)	2023	2022
statement of financial position data		
current assets	380	278
non-current assets	73	182
current liabilities	-100	-103
non-current liabilities	-4	-251
total net assets	**349**	**106**
statement of profit or loss data		
revenue	208	51
profit/(loss)	21	1
carrying amount of the investment	**223**	

Ri-cart Venezia srl

This company was established on December 5, 2023 by Pro-gest spa and Eco+Eco srl, which own 55% and 45% of the share capital, respectively, amounting to € 200 thousand.

It deals mainly with the treatment, sorting and subsequent valorization or sending for disposal of municipal waste deriving from collected sorted paper, cardboard and related packaging waste.

The company was not operational in 2023.

As per its by-laws, its first financial statements will be those for the year ending December 1, 2024.

11. Other equity investments

The 2023 changes for the year in this item are shown in the table below.

investees	value at Dec. 31, 2022				changes for the year				value at Dec. 31, 2023			
company	% held	value	impair./ reval.	total	purchases/ loss cvg.	reclass.	disposals/ mergers	impair./ reval.	% held	value	impair./ reval.	total
Venis spa	5.00%	114		114					5.00%	114		114
Vega scarl	7.64%	259	-259	0					7.64%	259	-259	0
Viveracqua scarl	17.90%	50		50					17.90%	50		50
Savo	0.68%	2		2					0.68%	2		2
Portogruaro interporto	3.23%	100		100					3.23%	100		100
Sibelco green solution	10.00%	590		590		**-590**			10.00%			0
Cic consorzio italiano compostatori	1.30%	3		3					1.30%	3		3
Corepla		4		4						4		4
Bioman spa	1.84%	1,000		1,000	**101**				1.86%	1,101		1,101
Ciger. consorzio impianti gestione rifiuti		1		1					4.55%	1		1
Ricrea CNA							0			0		0
CSE Consorzio stabile Europe							5		4.00%	5		5
total other companies		**2,123**	**-259**	**1,864**	**101**	**-590**	**5**			**1,639**	**-259**	**1,380**

Other equity investments amount to € 1,380 thousand and refer to non-controlling interests held by the parent company (€ 164 thousand), by Eco+Eco srl (€ 1,108 thousand), by Asvo spa (€ 102 thousand), by Depuracque servizi srl (€ 1 thousand) and since 2023 by Euroscavi srl (€ 5 thousand).

Veritas spa holds equity investments in Venis spa (€ 114 thousand), Vega scarl (€ 0, having been written down in full), and Viveracqua scarl (€ 50 thousand).

Venis spa and Vega scarl are subsidiaries of the Municipality of Venice.

Viveracqua is a consortium company owned by the Veneto Region's integrated water service operators. It has a cooperative purpose to create synergies among its member companies, including through the supply of services, such as the procurement of works, services and supplies.

In June 2023, Eco+Eco srl subscribed a share capital increase for Bioman; the investment recognized in the financial statements as € 1,001 thousand is now 1.86%.

Eco+Eco's investee Sibelco Green Solution srl was reclassified as assets held for sale after a preliminary agreement was stipulated with the other shareholders of the investee for the sale of the entire investment at the historical value of € 590,000. The sale was completed in April 2024.

Asvo owns interests in Portogruaro Interporto (€ 100 thousand) and Savo (€ 2 thousand).

Depuracque servizi Srl acquired an investment in Ciger consorzio impianti gestione rifiuti in 2022 for € 500.

With the inclusion of Euroscavi srl within the consolidation perimeter, Consorzio stabile Europe was added, in which an investment of € 5,000 is held.

Within these Group investments, there are modest shares in various mandatory consortia for a total value of € 7 thousand.

12. Other financial assets

The following table presents the information on other financial assets at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
security deposits	2,925	1,571
financial receivables due from other parties	4,464	6,064
other non-current receivables	1,271	2,000
total other financial assets	**8,660**	**9,635**

The total other financial assets decreased by € 975 thousand.

The security deposits include € 2,107 thousand paid by the parent company in 2023 on the submission of Veritas's offer to purchase the Sifas investment from the controlling shareholder.

The financial receivables due from other parties refer almost entirely to:

- the credit enhancement portion of € 2,400 thousand, equal to 16% of the € 15,000 thousand bond ("hydrobond") issued by former Asi spa in July 2014, paid into an interest-bearing escrow account. It can be released to the parent company from the date on which the outstanding principal due is 50% of the original principal;
- the parent company's € 3,566 thousand receivable due from the Metropolitan City of Venice, relating to the opening by former Alisea of an escrow account to guarantee the post-closure care of the Jesolo landfill, which was discounted this year by -€ 1,598 thousand.

13. Inventories

The following table presents the information on inventories at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
spare parts and consumables	8,475	7,695
fuel	303	387
inventories of work in progress and semi-finished products	2,315	3,200
inventories of goods intended for sale	862	683
advances to suppliers	127	882
inventory impairment provision	-502	-502
total inventories	**11,580**	**12,345**

Inventories consist mainly of spare parts to be used for the maintenance of water supply and sewage systems and waste treatment plants, as well as for the maintenance of the waste disposal plants owned by the Group.

Inventories are shown net of an inventory impairment provision recorded by the parent company to account for the obsolescence of some unusable spare parts.

The changes in the inventories of goods intended for sale in the year are attributable to Metalrecycling.

14. Contract work in progress

The following table shows the information on contract work in progress at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
gross amount due by customers for contract work in progress	21,312	21,611
advances received on contract work in progress	-17,019	-17,643
impairment provision for contract work in progress	-200	-200
net amount of contract work in progress	**4,093**	**3,768**

The contract work in progress refer primarily to works and supplies commissioned by the Municipality of Venice and not yet completed by the end of the reporting period, largely concerning the integrated water service, land reclamation, cemetery operation, and public works.

This last activity was acquired in 2021 with the Insula business unit. At December 31, 2023, the contracts amounted to € 20,833 thousand, adjusted by advances of € 17,019 thousand.

For public works, the agreements with the Municipality of Venice normally provide for the recognition, as consideration for the work carried out, of merely the costs incurred.

The difference refers to Euroscavi srl'scontracts for pipe relining in progress (with trenchless technology).At December 31, 2023, the contracts amounted to € 681 thousand, adjusted by advances of € 202 thousand.

15. Trade receivables

The following table presents the information on the trade receivables at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
trade receivables	42,727	40,532
receivables due from IWS and WMS users	126,579	135,398
receivables due from related parties	2,012	1,997
receivables due from entities controlled by the Municipality of Venice	594	1,752
total nominal trade receivables	**171,912**	**179,679**
provision for doubtful debts - trade receivables	-3,232	-4,612
provision for doubtful debts - utilities	-36,027	-35,641
total provision for doubtful debts	**-39,259**	**-40,253**
total trade receivables	**132,653**	**139,426**

The trade receivables at December 31, 2023 amount to € 132,653 thousand (€ 139,426 thousand at December 31, 2022) and include the estimated consumption for the year regarding bills and invoices that will be issued after December 31, 2023. The amounts are stated net of a provision for doubtful debts of € 39,259 thousand (€ 40,253 thousand at December 31, 2022).

The total decrease from December 31, 2022 is € 6,773 thousand, attributable to reduced receivables of the parent company (€ 6,342 thousand) and of the subsidiaries (€ 431 thousand).

The parent company's largest changes regard the decrease in receivables due for water and Tarip bills (€ 5,266 thousand), the decrease in receivables due from Tia1 users (€ 2,791 thousand), the increase in receivables due for water and Tarip bills to be issued (€ 2,144 thousand), and the writedown of receivables due for water and Tarip bills (-€ 1,910 thousand); the subsidiaries' main changes regard the decrease in Eco+Eco's receivables due from third parties (€ 3,247 thousand).

The receivables due from integrated waste service (IWS) users and waste management service (WMS) users of the Group (concerning Veritas and Asvo) consist of the following:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
invoiced receivables due from IWS and WMS users	67,514	72,805
receivables due from Tia1 users	9,619	12,425
receivables due from IWS and WMS users to be invoiced	18,213	16,230
receivables due from users for water rate adjustments	36,027	37,529
receivables due from users for environmental rate adjustments	-4,794	-3,591
total receivables due from IWS and WMS users	**126,579**	**135,398**

With respect to the receivables due from the waste management service users, the ruling of the Civil Court of Cassation, in joint sections n. 5078/2016, definitively established the tax nature of the waste management services rate (Tia1).

Although the ruling did not affect the ownership of the Tia1 receivable, which remained with the Group companies, the risk of default did not remain with them, given the established tax nature of the rate.

In fact, the tax nature transferred the default risk to the municipalities; an amount for any credit losses is included in waste management financial plans formulated after the credit default is verified, net of any residual amounts for credit losses already included in the previous financial plans under the Tia1 regime.

The receivables due for Tia1 at December 31, 2023 amount to € 9,619 thousand; the remaining credit loss amounts already included in the former financial plans under the Tia1 regime at December 31, 2023 (recognized by the Group as a provision for doubtful debts) amount to € 1,914 thousand.

At December 31, 2023, the parent company's remaining receivables due from users for water rate adjustments amount to € 36,027 thousand and are broken down as follows:

description of adjustment	amount in k€	year billed	year adjusted	decision deed
(remainder to be invoiced) 2004 - 2011 costs/revenues variance adjustments and recognition of depreciation and amortization before 2004 (normalized method)	95	2014-2016	2004-2011	Basin Council Director decision 585-586/2014 of June 30, 2014
former Asi 2010-2011 costs/revenues variance adjustments (normalized method)	-2,499	to be determined	2010-2011	East Veneto Basin Council meeting decision 4/2012 of Feb. 24, 2012
equalization adjustment to Vrg applied for 2020 (Vrg and Mti3 adjustment)	10,339	2024 and afterward	2020	Arera Resolution 46/2021/R/idr
equalization adjustment to Vrg applied for 2021 (Vrg and Mti3 adjustment)	14,800	2024 and afterward	2021	Arera Resolution 46/2021/R/idr
equalization adjustment to Vrg applied for 2022 (Vrg and Mti3 adjustment)	9,867	2024 and afterward	2022	Arera Resolution 687/2022/R/idr
equalization adjustment to Vrg applied for 2023 (Vrg Mti3 and Mti4 adjustment)	3,425	2025 and afterward	2023	Arera Resolution 687/2022/R/idr
total receivables due for water rate adjustments	**36,027**			

The receivables due for waste management rate adjustments originate from the application of the new Mtr rate method established by Arera for the 2020 and 2021 rates, and from the Mtr-2 rate method for the 2022 and 2023 rates in the 2022-2025 regulatory period.

They refer only to municipalities using the punctual waste management fee (Tarip), invoiced directly by Veritas to the users, whereas for municipalities using the punctual waste management tax (Tari), and which are billed by Veritas and Asvo for the waste management service, the adjustments are included in the receivables due from shareholders.

With the approval of the 2020 and 2021 financial plans by the Venice Environment Basin Council in June 2021, and the municipalities' subsequent implementation of such financial plans and the adoption of the 2021 rate package, the following were established:

- the 2018 adjustments, split into four installments in the 2020-2023 financial plans;
- the 2019 adjustments, split into four installments in the 2021-2024 financial plans;
- the 2020 adjustments (within Cap) split into three installments in the 2021-2023 financial plans.

With respect to the 2020-2021 over-cap adjustments, most of the adjustment components in determining the 2022-2025 financial plans, approved in April 2022 by the Basin Council, made it possible to enter in 2022 the revenue and receivable of € 1,579 thousand, which however was followed by a writedown of the same amount because uncertainty remains due to the lack of Arera's approval in the investigative stage. The uncertainty was confirmed by Arera's partial approval of the 2022-2025 financial plans this year, which reiterated the impossibility of automatically including such adjustments in future financial plans.

The amount of 2020-2021 over-cap adjustments, not shown as recovered in the 2022-2025 financial plans and thus still unrecognized in the financial statements, is € 136 thousand.

An over-cap amount of € 2,612 thousand was generated in the 2022 and 2023 financial plans, but in this case it is guaranteed by the new Mtr-2 method, which envisions including such adjustments gradually in future financial plans without requiring additional approval from the authorities.

In this respect, adjustments of € 29 thousand were recovered in the 2023 financial plans, and the remainder was included in the updated 2024-2025 financial plans approved by the Venice Environment Basin Council on April 4, 2024.

The approval generated additional adjustments totaling € 747 thousand for the period 2022-2023, included in the updated 2024-2025 financial plans, largely to account for inflation, but (minor) receivables deriving from the actual balance of the financial plans, i.e. between what was charged to the users and what was budgeted in the financial plans (sales variance), are deducted in an amount of -€ 3,404 thousand for the period 2022-2023.

Concerning the sales variance before January 1, 2020 (pre-Mtr), the municipalities' establishment of the recovery methods and timing is pending.

This year the adjustments whose inclusion in the 2024-2025 financial plans generated over-cap components to be carried forward beyond 2025 were written down, for each municipality; the writedown amounted to -€ 2,025 thousand.

The table below presents the remaining receivables due from users for waste management rate adjustments at December 31, 2023, totaling € - 4,794 thousand:

(in thousands of euros)	amount in k€	year billed	decision deed
2019 Mtr rate adjustments	671	2024	Basin Council Resolution 5/2021 of June 14, 2021
2022 Mtr (RC) rate adjustments	-314	2024	Basin Council Resolution 4/2024 of April 9, 2024
2020-2021 Mtr rate adjustments (over Cap)	124	2024-2025	Basin Council Resolution 7/2022 of April 14, 2022
2022 Mtr rate adjustments (over Cap)	1,241	2024	
adjustments for pre-Mtr sales variance at Dec. 31, 2019	-3,027	To be determined	Basin Council Resolution 7/2022 of April 14, 2022
2022 Mtr adjustments for sales variance	-1,141	2024	Basin Council Resolution 4/2024 of April 9, 2024
2023 Mtr (RC) rate adjustments	1061	2025	Basin Council Resolution 4/2024 of April 9, 2024
2023 Mtr rate adjustments (over Cap)	1,342	2025	Basin Council Resolution 4/2024 of April 9, 2024
2023 Mtr adjustments for sales variance	-2,263	2025	Basin Council Resolution 4/2024 of April 9, 2024
2023 rate adjustments for recovery of Tia1 credit losses	66	2025	Basin Council Resolution 4/2024 of April 9, 2024
total receivables for waste management rate adjustments	**-2,240**		
Provision for adjustment impairment	**-2,554**		
total receivables due for rate adjustments net of impairment	**-4,794**		

The trade receivables do not bear interest and generally have a 60-day maturity.

Receivables due from IWS and WMS users do not bear interest until the established maturity, which is 30 days from the bill issuance date, whereas after the maturity date, interest on arrears accrues as per the regulations approved by the municipalities.

The receivables due from other related parties include receivables due from companies controlled by the shareholder entities.

The following table shows the changes in the provision for doubtful debts in each of the periods considered:

(in thousands of euros)	written down individually	written down collectively	total
at January 1, 2022	**4,512**	**33,792**	**38,304**
perimeter changes			
allocations	830	5,138	5,968
use	-797	-3,119	-3,916
increases, decreases and reversals	-107	4	-103
at December 31, 2022	**4,438**	**35,815**	**40,253**
perimeter changes		78	78
allocations	6	3,102	3,108
use	-218	-2,274	-2,492
increases, decreases and reversals	-1,230	-458	-1,688
at December 31, 2023	**2,996**	**36,263**	**39,259**

At December 31, 2023, the aging analysis of past-due but not impaired trade receivables is as follows:

			past-due but not impaired				
(in thousands of euros)	total	not past-due / performing	<30 days	30-60 days	60-90 days	90-120 days	>120 days
2023	**132,653**	95,998	5,903	3,728	3,015	2,402	21,607
2022	**139,426**	105,360	4,625	3,395	3,385	1,883	20,778

The bracket of receivables past-due by more than 120 days is attributable mainly to receivables from billing (Tia-Tarip-water rate).

16. Receivables due from shareholders

The following table presents the information on receivables due from shareholders at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023 due within 12 months	Dec. 31, 2023 due after 12 months	Dec. 31, 2022 due within 12 months	Dec. 31, 2022 due after 12 months
receivables due from the Municipality of Venice	13,795		11,415	
receivables due from municipalities owning more				
receivables due from municipalities owning less than	10,970		13,188	
total receivables due from shareholders	**24,765**		**24,603**	

The total receivables due from the municipalities fell by € 162 thousand.

Currently there are no shareholders with ownership between 10% and 50% (previously, such receivables referred only to the Municipality of Chioggia).

The Group continued to use factoring with its main shareholder municipalities to assign the receivables related to accrued fees.

The receivables due from shareholders within 12 months include adjustments for the waste management rate (under the Tari regime) amounting to € 8,602 thousand, including € 6,102 thousand due from the Municipality of Venice and € 2,500 thousand due from other municipalities. They consist of:

(in thousands of euros)		amount in k€	year billed	decision deed
pre-Mtr rate adjustments	Veritas	1,369	to be determined	Venice City Council Resolution 59 of Dec. 19, 2018
2019 Mtr (RC) rate adjustments	Asvo	19	2024	Basin Council Resolution 5/2021 of June 14, 2021
2022 Mtr (RC) rate adjustments	Veritas + Asvo	-1,196	2024	Basin Council Resolution 04/2024 of April 9, 2024
2020-2021 Mtr rate adjustments (over Cap)	Veritas	981	2024-2025	Basin Council Resolution 7/2022 of April 14, 2022
2022 Mtr rate adjustments (over Cap)	Veritas + Asvo	572	2024	Basin Council Resolution 7/2022 of April 14, 2022
2023 Mtr rate adjustments (over Cap)	Veritas + Asvo	1,689	2024	Basin Council Resolution 04/2024 of April 9, 2024
2023 Mtr rate adjustments (RC and Coal landfill)	Veritas + Asvo	6,140	2025	Basin Council Resolution 04/2024 of April 9, 2024
pre-Mtr adjustments for Tia sales variance at Dec. 31, 2019	Veritas	-425	to be determined	
adjustments for pre-Mtr Tia1 recovery of receivables written off	Veritas	235	to be determined	
adjustments for recovery of Tia1 receivables written off in 2021	Veritas	895	2024	Municipality of Venice decision 3063 of Dec. 29, 2023
adjustments for recovery of Tia1 receivables written off in 2022	Veritas	652	2024	Municipality of Venice decision 3063 of Dec. 29, 2023
adjustments for recovery of Tia1 receivables written off in 2023	Veritas	1,159	2025	Basin Council Resolution 04/2024 of April 9, 2024
total receivables for rate adjustments		**12,090**		
provision for adjustment impairment		**-3,488**		
total receivables due for rate adjustments net of impairment		**8,602**		

The receivables due for rate adjustments recoverable after one year are recognized as current assets as they are related to the normal course of business, in accordance with IAS 1, paragraph 68.

The previous Note explains the measurement of the adjustments.

The adjustment impairment refers to the 2020-2021 over-cap adjustments for € -810 thousand, and to the 2022-2023 adjustments whose inclusion in the 2024-2025 financial plans generated over-cap components to be carried forward beyond 2025, for € -2,678 thousand.

The receivables due from shareholders for 2020-2021 over-cap rate adjustments not recognized in the financial statements amount to € 675 thousand.

Below is a breakdown of the receivables due from the Municipality of Venice:

(in thousands of euros)	Dec. 31, 2023 due within 12 months	Dec. 31, 2023 due after 12 months	Dec. 31, 2022 due within 12 months	Dec. 31, 2022 due after 12 months
receivables due from service contracts, engineering work and other current types	5,310		8,431	
receivables due on installment plans			3	
receivables due for invoices to be issued	747		1,033	
receivables due for IWS and WMS	-18		-80	
receivables due for grants related to equipment	1,654		174	
receivables due for waste management rate adjust-	6,102		1,854	
total receivables due from the Municipality of	**13,795**		**11,415**	

17. Receivables due from associates

The following table shows the breakdown of the receivables due from associates at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023 due within 12 months	Dec. 31, 2023 due after 12 months	Dec. 31, 2022 due within 12 months	Dec. 31, 2022 due after 12 months
Sifa scpa	5,802	9,650	3,909	9,757
OMD srl	110		633	
Vier scarl	537	2,727	418	3,226
total receivables due from associates	**6,449**	**12,377**	**4,960**	**12,983**

The receivables due from Sifa after one year refer mainly to the parent company for converting trade receivables to financial receivables following the stipulation of Sifa's shareholders' agreements on December 27, 2016 and the subsequent acquisition of the same type of receivables from Sifagest in liquidation.

Those receivables are discounted.

The receivables due from Vier after one year refer to a loan granted to the company when it was a subsidiary, originating partly from the transfer of the energy business unit.

18. Other receivables

The following table presents information on the other receivables due at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
grants receivable from public entities	14,233	3,311
VAT receivable from revenue agency	1,904	565
receivables due from revenue agency for excise duties, surcharges, and other	62	2
advances to suppliers and employees	1,946	3,259
receivables due from social security institutions	291	290
receivables due from other entities		104
accrued income and prepaid expenses	5,824	5,081
sundry receivables	5,827	3,868
total other receivables	**30,087**	**16,480**

These receivables increased by € 13,607 thousand from those of the prior year.

The grants receivable from public entities refer to grants for expenditures approved mainly by the Veneto Region but not yet paid to the parent company; the amount increased by € 10,922 thousand from the previous year.

The advances to suppliers refer primarily to the 20% advance payment required by public procurement regulations on works; the parent company's receivables rose by € 1,466 thousand.

The prepaid expenses have included, since 2013, a € 5,900 thousand fee paid to Ladurner Srl by subsidiary Ecoprogetto (now Eco+Eco srl) pursuant to the novation of the contract for running and operating the refuse-derived fuel production plants in Fusina, within the framework agreement signed on November 15, 2013. The cost was deferred for statutory purposes because, although the charge is certain and was determined objectively in 2013, it will have to be deducted from 2016 to 2023, in strict compliance with the chosen accounting treatment. The deferral ended with the recognition of the final portion of the fee (€ 880 thousand) in 2023.

19. Current tax assets

The following table presents information on the current tax assets at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
corporate income tax (IRES) credit due within one year	2,155	602
IRES credit due after one year	848	549
regional business tax (IRAP) credit	399	56
other tax credits	634	5,581
total current tax assets	**4,036**	**6,788**

The IRES and IRAP credit correspond to the difference between the taxes for the year and the taxes paid in advance.

With respect to IRES, Veritas and the subsidiaries participate in the national tax consolidation, so for such companies only Veritas is responsible for paying IRES, since it is the parent company.

The IRES credit due after one year refers to portions of tax credits that can be offset against tax liabilities no earlier than December 31, 2024.

20. Cash and cash equivalents

The following table presents the information on the cash and cash equivalents at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
cash and checks outstanding	30	45
bank deposits	131,547	148,384
total cash and cash equivalents	**131,577**	**148,429**

The cash deposits at banks accrues interest at variable rates based on the banks' daily deposit rates.

The bank and post office accounts classified as cash and cash equivalents are used in part for Tares and Tari collection.

The fair value of the cash and cash equivalents is € 131,577 thousand (€ 148,429 thousand at December 31, 2022).

The statement of cash flows presents the details of the changes in the cash and cash equivalents.

At December 31, 2023, the Group had undrawn credit lines amounting to approximately € 121,896 thousand, versus € 115,249 thousand at December 31, 2022.

21. Share capital and reserves

The following table presents the information on the share capital and reserves at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
share capital	145,397	145,397
legal reserve	5,281	4,967
own shares	-1	-1
other reserves	152,098	140,319
total equity attributable to owners of the parent	**302,775**	**290,682**
capital and reserves attributable to non-controlling interests	31,788	29,377
total equity attributable to non-controlling interests	**31,788**	**29,377**
total equity	**334,563**	**320,059**

The parent company's share capital at December 31, 2023 was € 145,397 thousand and consisted of 2,907,943 shares with a par value of € 50 per share. Of these, 8 shares, for a par value of € 400, are Veritas's own shares held for the purpose of possible future sales to the shareholder municipalities and other municipalities pursuant to mergers planned and the awarding of services in other territories.

The legal reserve increased by € 314 thousand from the previous year as a result of the allocation of 5% of the 2022 profit. Since it has not reached the limit set by Civil Code Article 2430, the reserve is unavailable.

The other reserves include the non-distributable reserve for the New Investments Fund (Foni) constraint in the amount of € 25,920 consisting of:

- € 19,915 thousand from the allocation of the 2022 profit, as it is necessary to ensure the allocation constraint of water investments concerning the Foni component of the 2022 water rate (under art. 22.1 of Annex A of Aeegsi Resolution 643/2013/R/idr) through the allocation of a specific unavailable equity reserve; since the water investments subject to the 2022 rate allocation constraint have been made, the General Meeting can nullify the unavailability of the Foni part of the reserve when it approves the financial statements,
- € 6,005 thousand in 2016 to observe the five-year guarantee under Article 151, paragraph 5 of Legislative Decree 152/2006, which requires the water service operator to provide a guarantee covering the investments equal to 10% of the planned investments.

Furthermore, while approving the 2023 financial statements, the directors decided again this year to ensure the water investment allocation constraint for the Foni part of the 2023 rate, equal to € 22,676 thousand.

The other reserves rose by € 11,779 thousand due largely to the recognition of the Group's profit of € 15,476 thousand and the annual effect of actuarial adjustments to the retirement benefit obligation and adjustment of the cash flow hedge reserve of -€ 2,262 thousand.

The cash flow hedge reserve, relating to derivative contracts, returned to negative territory this year, with a € 1,482 thousand increase over the prior year from the parent company and € 400 thousand from the subsidiaries, due to the verification of their characteristics as hedges of interest rate risk.

The non-controlling interests in equity represent the share capital, reserves and net profit of external shareholders present in subsidiaries Eco+Eco srl, Asvo spa, Consorzio bonifica e riconversione produttiva Fusina, Metalrecycling srl, Rive srl, Ecodistretto trasporti scarl and Veritas Conegliano srl. At December 31, 2023, they amounted to € 31,788 thousand; the profit attributable to non-controlling interests is € 356 thousand.

22. Non-current and current financial liabilities

The financial liabilities amount to € 275,353 thousand (of which € 221,110 thousand matures after one year and € 54,243 thousand within one year), up by € 40,957 thousand from the previous year.

The part relating only to loans is € 275,138 thousand, and the table below presents the information at December 31, 2023 :

(in thousands of euros)	date granted	original amount	interest rate	maturity	remaining balance at Dec. 31, 2023	of which short-term	of which long-term
	Dec. 29, 2009	25,000	6m Euribor + 1.30%	Dec. 31, 2025	3,840	1,898	1,942
*	July 24, 2009	20,000	6m Euribor + 1.75%	June 30, 2024	2,096	2,096	
*	Dec. 28, 2011	1,200	fixed 4.40%	June 30, 2026	268	133	135
*	March 20, 2014	800	3m Euribor + 4%	March 20, 2024	24	24	
**	May 6, 2015	30,000	fixed 0.68%	May 6, 2030	17,309	2,670	14,639
**	Sept. 19, 2016	20,000	fixed 0.61%	Sept. 19, 2031	14,152	1,818	12,334
**	Jan. 13, 2017	10,000	3m Euribor + 2.25%	March 31, 2024	512	512	
**	June 30, 2010	3,000	6m Euribor + 1.49%	Dec. 31, 2025	400	200	200
	Nov. 22, 2010	587	6m Euribor + 1.31%	Dec. 31, 2025	91	45	46
	Jan 13, 2017	5,000	6m Euribor + 0.95%	Dec. 31, 2024	741	741	
**	June 1, 2017	15,000	3m Euribor + 2.90%	June 30, 2024	1,250	1,250	
**	Jan. 29, 2018	8,000	fixed 2.53%	June 30, 2025	1,711	1,140	571
	May 8, 2019	5,000	3m Euribor + 2.30%	June 28, 2024	531	531	
**	June 19, 2019	15,000	6m Euribor + 2.85%	June 19, 2025	4,316	2,861	1,455
	Oct. 30, 2019	10,000	6m Euribor + 2.50%	Oct. 31, 2025	4,249	2,126	2,123
	Jan. 14, 2020	15,000	1m Euribor + 2.50%	Feb. 1, 2027	7,115	2,205	4,910
**	Nov. 12, 2020	40,000	3m Euribor + 1.30%	Sept. 30, 2026	21,949	8,008	13,941
	May 31, 2021	15,000	fixed 2.45%	June 30, 2027	8,990	2,485	6,505
**	Sept. 28, 2021	10,000	3m Euribor + 1.70%	June 30, 2027	7,081	2,042	5,039
	Oct. 26, 2021	10,000	fixed 1.5%	March 31, 2029	7,522	1,446	6,076
	Nov. 2, 2021	7,000	3m Euribor + 1.56%	Sept. 30, 2026	4,093	1,505	2,588
**	June 29, 2022	10,000	3m Euribor + 1.85%	March 31, 2028	8,188	1,941	6,247
**	Aug. 8, 2022	30,000	fixed 3.20%	Aug. 8, 2037	30,314	371	29,943
(a) **	Feb. 17, 2023	20,000	fixed 4.31%	Feb. 17. 2038	20,319	319	20,000
(b)	Feb. 20, 2023	10,000	fixed 5.26%	March 1, 2033	9,371	835	8,536
(c) **	Aug. 8, 2023	12,000	6m Euribor + 2.60%	July 20, 2030	12,191	1,265	10,926
(d) **	Aug. 8, 2023	25,000	6m Euribor + 3.05%	July 20, 2033	25,460	775	24,685
(e)	Nov. 22, 2023	10,000	fixed 4.4%	Sept. 30, 2030	10,062	1,226	8,836
**	Dec. 17, 2020	8,000	3m Euribor + 2.10%	April 30, 2028	5,282	1,131	4,151
**	July 28, 2021	20,000	3m Euribor + 2.05%	June 30, 2027	17,682	5,141	12,541
	June 19, 2019	1,000	6m Euribor + 2.85%	June 19, 2024	108	108	
	Nov. 22, 2019	500	3m Euribor + 3.00%.	Nov. 21, 2024	100	100	
**	Feb. 22, 2021	6,000	3m Euribor + 2.80%	Dec. 31, 2026	3,730	1,215	2,515
	June 28, 2021	2,000	6m Euribor + 2.10%	June 30, 2026	1,066	412	654
	July 12, 2021	2,000	fixed 3%	June 30, 2027	1,396	398	998
	Nov. 8, 2021	3,000	12m Euribor + 2.60%	Oct. 29, 2026	1,813	608	1,205
(f)	Dec. 20, 2023	10,000	fixed 3.92%	Sept. 30, 2029	9,923	450	9,473
*	April 23, 2019	1,440	3m Euribor + 2.50	Dec. 31, 2025	468	231	237
(g) **	Jan. 26, 2023	7,600	3m Euribor + 2.75%	Dec. 31, 2029	7,600	1,267	6,333
**	Oct. 25, 2018	3,000	fixed 3.48%	June 30, 2027	1,825	499	1,326
total long-term loans					**275,138**	**54,028**	**221,110**
less current portion					-54,028		
long-term loans - non-current portion					**221,110**		

The following loans (marked in the table with *) are secured by mortgages:

- € 20,000 thousand loan stipulated in July 2009 by Veritas spa with Mediocredito del Friuli Venezia Giulia, whose remaining balance at December 31, 2023 is € 2,096 thousand, secured by a mortgage on the building at Santa Croce 489, where the company has its registered office;
- € 1,200 thousand loan obtained in December 2011 by Veritas spa from Banca Intesa Infrastrutture e Sviluppo, whose remaining balance at December 31, 2023 is € 268 thousand, secured by a mortgage on the Mogliano Veneto Eco-center area;
- € 800 thousand loan stipulated in March 2014 by Veritas spa with Banca Popolare dell'Alto Adige, whose remaining balance at December 31, 2023 is € 24 thousand, secured by a mortgage on the Ca' Perale in Mirano landfill areas;
- € 1,440 thousand syndicated mortgage loan taken out in April 2019 by Eco-ricicli (now Eco+Eco) from ICCREA Banca Impresa spa (50% with Banca di Credio Cooperativo di Venezia, Padova e Rovigo), whose remaining balance at December 31, 2023 is € 468 thousand, secured by a mortgage on the industrial plant at Via dell'Elettronica 3 in Marghera. During 2023, this was taken over by Metalrecycling within the scope of the land sale.

With respect to the financial management process, it was necessary to renew the maturing loans and keep the Group's liquidity high in order to satisfy the current working capital requirements and keep making the investments.

During 2023, the following unsecured loans were taken out:

a) € 50,000 thousand loan stipulated on July 27, 2022 by Veritas spa with the European Investment Bank, granted in two tranches of € 30,000 thousand and € 20,000 thousand each; such loan was required in the Group's normal financial management process, which indicates the continuous need to support long-term investments that the organization needs to make to abide by the plans approved by the shareholder municipalities and Basin entities. The first tranche of € 30,000 thousand was granted on August 8, 2022. The second one was granted on February 17, 2023. The first tranche matures on August 8, 2037 and requires semiannual repayments at a fixed interest rate of 3.20%; repayment will commence on February 8, 2027. The second tranche matures on February 17, 2038 and requires semiannual repayments at a fixed interest rate of 4.311%; repayment will commence on August 17, 2027;

b) € 10,000 thousand loan stipulated on February 20, 2023 by Veritas spa with Banca Popolare di Sondrio. The loan, which matures on March 1, 2033, requires monthly repayments at a fixed interest rate of 5.26%; repayment commenced on April 1, 2023.

c) € 37,000 thousand syndicated loan stipulated on August 8, 2023 by Veritas spa with Banca nazionale del lavoro spa and F2i srg spa, granted in two tranches of € 12,000 thousand and € 25,000 thousand each. The first tranche of € 12,000 thousand was granted on August 8, 2023 by Banca nazionale del lavoro spa, will mature on July 20, 2030 and requires semiannual repayments at a variable 6M Euribor rate + 2.60% spread; repayment will commence on July 20, 2024;

c) € 37,000 thousand syndicated loan stipulated on August 8, 2023 by Veritas spa with Banca nazionale del lavoro spa and F2i srg spa, granted in two tranches of € 12,000 thousand and € 25,000 thousand each. The second tranche of € 25,000 thousand was granted on August 8, 2023 by Fi2 sgr, will mature on July 20, 2033 and requires semiannual repayments at a variable 6M Euribor rate + 3.05% spread; repayment commenced on January 20, 2024;

a) € 10,000 thousand loan stipulated on November 22, 2023 by Veritas spa with Banca Credito emiliano spa backed by a Sace guarantee. The loan, which matures on September 30, 2030, requires quarterly repayments at a fixed interest rate of 4.40%; repayment will commence on June 30, 2024;

f) € 10,000 thousand loan stipulated on December 20, 2023 by Eco+Eco with Istituto Cassa di risparmio di Bolzano backed by a Sace guarantee. The loan, which matures on September 30, 2029, requires quarterly repayments at a fixed interest rate of 3.92%; repayment will commence on December 31, 2024;

g) € 7,600 thousand loan renegotiated on January 26, 2023 by Rive with Intesa Sanpaolo , involving the contextual repayment of the existing € 4,478 thousand mortgage loan. The loan, which matures on December 31, 2029, requires quarterly repayments a variable 3M Euribor rate + 2.75 spread; repayment will commence on March 31, 2024.

The loans referred to in points e) and f) above are backed by the Sace SupportItalia guarantee, granted pursuant to Decree Law 50, Article 15 of May 17, 2022 ("Aid Decree"). The Decree regards urgent measures on national energy policies, business productivity, investment attraction, social policies and policies against the crisis caused by the Ukrainian conflict. It gave Sace spa the possibility to issue guarantees, in continuance with the previous legislation and in compliance with the European regulations on State aid to banks, national and international financial institutions and other entities authorized to grant credit in Italy, on financing in any form to such enterprises.

The loans above are to support the financial requirement to carry out the investments planned for the next few years in the integrated water service, waste management service, local public services and central structures, such as information systems and expansions in asset management, and to support the demands for liquidity attributable to the direct adverse financial consequences of the current crisis caused by higher prices for raw materials, semi-finished products and energy.

Certain long-term loans taken out over the years by the Group (marked ** in the table) contain contractual clauses (covenants) that require compliance with specified financial parameters based on the results of the consolidated and/or separate financial statements at December 31 of each year.

In the event of non-compliance, the banks could exercise their right to demand early repayment of the remaining balance on the loans granted.

Based on the consolidated and separate financial statements at December 31, 2023, the parent company and other Group companies complied with the loan covenants.

At December 31, 2023, the maturities of the long-term loans by period are as follows:

(in thousands of euros)	Dec.31, 2023
December 31, 2024	54,028
December 31, 2025	47,459
December 31, 2026	40,167
December 31, 2027	28,615
December 31, 2028	21,817
after 2028	83,052
total long-term loans	**275,138**

The following table shows the breakdown of financial liabilities and the current portion of long-term loans due at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
current portion of long-term loans	54,028	54,347
bank account overdrafts	215	91
total financial liabilities and current portion of medium/long-term loans	**54,243**	**54,438**

The bank account overdrafts refer to the overdrafts at the reporting date. They are not secured by collateral or personal guarantees and they accrue interest at variable interest rates.

23. Financing from other lenders

Financing from other lenders amounted to € 184,798 thousand, of which € 164,580 thousand was long-term and € 20,218 thousand short-term. It has increased by € 15,344 thousand since the previous year.

The item consists of:

- bonds for € 134,695 thousand (including € 4,810 thousand short-term) concerning the parent company;
- finance lease liabilities of € 15,580 thousand (including € 843 thousand short-term);
- operating lease liabilities (IFRS 16) of € 8,116 thousand (including € 1,947 thousand short-term). They include lease payments of € 1,054 thousand (including € 283 thousand short-term) due to other related parties and € 300 thousand (including € 31 thousand short-term) due to subsidiaries of the Municipality of Venice and other municipalities;
- other financing of € 26,407 thousand (including € 12,618 thousand short-term) referring to loans of the subsidiaries from other non-Group shareholders and, for the short-term portion, to Ecoprogetto's factoring of trade receivables due from Veritas.

The bond payables, recognized at amortized cost using the effective interest rate method, relate to the following:

1. € 9,961 thousand to the bond notes issued by former Asi in July 2014 (the "Hydrobond") for a nominal amount of € 15,000 thousand on the Italian ExtraMot Pro market;
2. € 99,861 thousand to the bond notes issued by Veritas in December 2020 for a nominal amount of € 100,000 thousand on the Irish Stock Exchange (Euronext Dublin - ISE);
3. € 24,873 thousand to the bond notes issued by Veritas in December 2021 for a nominal amount of € 25,000 thousand for private subscription by professional investors.

The € 15,000 thousand Hydrobond has the following characteristics:

- 20-year duration with maturity in July 2034;
- nominal amount to be redeemed in € 375 thousand portions from January 2017; hence, principal of € 750 thousand was redeemed in 2022;
- issued as part of a project involving the member companies of Viveracqua, with two issuance phases (the Asi one is part of the first issuance), for a total amount of € 227,000 thousand: the Hydrobonds issued by the Viveracqua companies were placed by a special purpose vehicle (Viveracqua Hydrobond 1 - VH1); 97.2% of them were subscribed by the European Investment Bank (EIB) and the remaining 2.8% by other institutional investors;
- the bond notes accrue simple interest of 4.2% paid to VH1, which then pays 3.9% interest to the underwriters; there is a reconveyance of the 0.3% interest paid by VH1 and the 1.5% interest paid by the second issuers, as the latter obtained a lower interest payment than that of the first issuers;
- a credit enhancement of € 2,400 thousand was established and deposited in an escrow account; the interest accruing on such amounts is to be used as a priority to pay the transaction costs (see section on other financial assets);
- compliance is required with the following loan covenants with the European Investment Bank:

  EBITDA/finance costs > 3.5

  Net debt/EBITDA <= 5

  The covenants are reviewed every six months on the basis of the consolidated financial statement results. At December 31, 2023, the covenants were complied with.

The € 100,000 thousand bond issued in 2020 has the following characteristics:

- nominal amount to be redeemed with a € 100,000 thousand bullet payment at maturity;
- placed in December 2020 on the Irish Stock Exchange (Euronext Dublin) and subscribed by qualified investors;
- duration of 7 years with maturity in December 2027;
- annual deferred coupon payments in December of each year at a nominal interest rate of 3.25%, subject to a possible increase (step-up) of 0.10% per annum concerning any of the interest periods from 2024 to 2027 if the company fails to achieve a rating or environmental, social and governance (ESG) score of a predetermined level;
- the rating or ESG score, each year starting from November 2024, must be any one of the following ratings or ESG scores:

    for EcoVadis, a sustainability rating of Gold or better;

    for ISS, a corporate ESG rating of C+ or higher; or

    in the case of Sustainalytics, an ESG risk rating of 25 or less;
- compliance with the following loan covenants:

  net debt/equity <= 2

  net debt/EBITDA <= 5

  The covenants are reviewed annually based on the consolidated financial statement results. At December 31, 2023, the covenants were complied with.

The € 25,000 thousand bond issued in December 2021 has the following characteristics:

- 17-year duration with maturity in December 2038;
- a nominal amount to be redeemed in semiannual payments of € 860 thousand from December 31, 2024;
- private placement with unlisted professional infrastructure investors;
- semi-annual deferred coupon payments in June and December of each year at a nominal interest rate of 3.35%;
- compliance with the following loan covenants:

  net debt/equity <= 2

  net debt/total fixed assets <= 60%.

  The covenants are reviewed annually based on the consolidated financial statement results. At December 31, 2023, the covenants were complied with.

During 2023, Veritas spa stipulated a new finance lease for the new business management center – Cdo3, built with the "leasing while building" formula within a public-private partnership (PPP), in which the new chemical laboratory of the integrated water service is located. The remaining balance at December 31, 2023 is € 13,460 thousand (of which € 274 thousand short-term).

The parent company also recognized a lease liability for the lease stipulated with Bioman for the the biomethane plant located in Fusina. The remaining balance at December 31, 2023 is € 723 thousand (of which € 62 thousand short-term).

The finance lease liabilities of the Group's subsidiaries are detailed in the following table:

(in thousands of euros)	date granted	original amount	interest rate	end date	future lease payments at Dec. 31, 2023	of which short-term	of which long-term
De Lage Landen	Dec. 17, 2020	300	2.63%	2026	111	52	59
De Lage Landen	Sept. 29, 2021	268	2.63%	2026	132	46	86
Credemleasing	April 28, 2020	410	2.27%	2024	29	29	0
Bnp Paribas	Aug. 25, 2020	159	1.50%	2025	51	29	22
BNP Paribas	Sept. 16, 2020	28	1.50%	2025	9	5	4
Cnh Industrial	Sept. 22, 2020	340	2.62%	2025	124	68	56
BNP Paribas	Nov. 20, 2020	37	1.51%	2025	13	7	6
BNP Paribas	Dec. 24, 2020	68	2.20%	2026	26	13	13
BNP Paribas	March 18, 2021	124	2.02%	2026	51	23	28
Komatsu	March 26, 2021	159	1.51%	2026	64	28	36
BCC leasing	April 23, 2010	1,173	3.00%	2028	490	55	435
Fraer leasing	March 8, 2021	166	2.00%	2026	63	27	36
Fraer leasing	June 16, 2021	465	2.00%	2024	62	62	0
Alba leasing	March 1, 2022	45	2.00%	2025	17	14	3
Claris leasing	June 23, 2022	43	2.00%	2025	19	13	6
Claris leasing	March 2, 2023	64	4.00%	2028	45	10	35
Claris leasing	March 31, 2023	20	5.00%	2026	15	7	8
Fraer leasing	March 6, 2023	110	5.00%	2027	76	19	57
total leases		**3,979**			**1,397**	**507**	**890**

The operating lease liabilities are detailed in the following table:

(in thousands of euros)	interest rate	end date	future lease payments at Dec. 31, 2023	of which short-term	of which long-term
Veritas spa	1.11% – 5.49%	2024-2038	5,937	1,227	4,710
Depuracque servizi srl	1.11% – 4.77%	2024-2027	214	101	113
Lecher ricerche e analisi srl	2.29% – 5.39%	2025	59	23	36
Rive recuperi industriali Venezia srl	3.20%	2028	32	7	25
Eco+Eco srl	2.03% – 4.77%	2024-2038	815	247	568
Asvo spa	2.29% – 3.50%	2024-2031	280	63	217
Metalrecycling Venice srl	2.03% – 4.77%	2024	779	279	500
total			**8,116**	**1,947**	**6,169**

The operating lease liabilities recognized in accordance with IFRS 16 increased by € 673 thousand from the prior year.

When operating leases are stipulated with related parties, the related payables are recognized in the respective item referring to those related parties.

The other financing is € 26,407 thousand, and € 14,122 thousand refers to the amount due by the parent company to Veneto Acque, an in-house company of the Region of Veneto, for the acquisition of two business units regarding the Savec – East infrastructure.

Both payables present the following characteristics:

- March 31, 2038 maturity;
- 35 semiannual payments starting from March 31, 2021;
- an internal rate of return (IRR) of 3.57% and 3.65%.

The other financing also includes a € 5,028 thousand advance from Cassa per i Servizi Energetici e Ambientali (Energy and Environmental Services Fund - CSEA), activated in December 2022, regarding the procurement of resources to deal with the higher electricity costs, implementing Arera Resolution 495/2022/R/idr. At December 31, 2023 the remaining balance is € 2,514 thousand, which will be repaid by December 31, 2024, with interest at the 6m Euribor plus a 0.161% spread.

24. Provisions for risks and charges

The table below presents the changes in the provisions for risks and charges at December 31, 2023 and December 31, 2022:

(in thousands of euros)	prov. for post-closure care of Ca' Rossa landfill	prov. for post-closure care of Piave Nuovo landfill	prov. for post-closure care of Centa Taglio landfill	provision for lawsuits	other provisions for risks and charges	total
at December 31, 2021	**1,784**	**19,855**	**10,368**	**6,114**	**30,095**	**68,216**
business combinations & changes in scope of consolidation					37	37
allocations		1,189			12,645	13,834
other changes		3,113	369	-390	-2,469	623
use	-925		-423	-1,347	-3,454	-6,151
at December 31, 2022	**859**	**24,157**	**10,314**	**4,377**	**36,852**	**76,559**
allocations		1,058	-1,409		3,974	3,623
other changes		-1,511	466	-21	-4,427	-5,493
use	-859		-440	-356	-19,043	-20,698
at December 31, 2023		**23,703**	**8,931**	**4,000**	**17,356**	**53,991**

The provisions for risks and charges decreased by € 22,568 thousand, from € 76,559 thousand at December 31, 2022 to € 53,991 thousand at December 31, 2023.

The nature of the largest provisions is briefly described below.

Provisions for post-closure care of landfills

Ca' Rossa landfill in Chioggia (Venice)

The remaining portion of the provision, € 859 thousand, was used in the year, reducing it to zero.

The shutdown activities initiated in 2011 continued during the year following the physical exhaustion of the waste disposal capacity.

Due to the new geotechnical conditions of the landfill demonstrated by the studies begun in 2008 (required in part for renewal of the waste management permit), the new rules for the financial guarantee issued by the Region in 2012, and the outcome of the studies carried out at the University of Padua showing the need to reduce the level of leachate in the landfill to prevent environmental pollution, in 2012 the company had begun to update estimates of the costs for the closure and post-closure care of the Ca' Rossa landfill.

These estimates suggested potential additional charges of € 9.3 million for both new work to be carried out and updated post-closure costs.

The directors therefore negotiated with the Municipality of Chioggia to have these potential additional charges recognized in the annual waste management costs included in the financial plans related to setting the Tares/Tari rate. With Resolution 62 of June 27, 2013, the City Council approved the proposal for including a specific cost item for every year of post-closure care, starting in 2014.

The inclusion of these costs in the calculation of the waste management rates or fees thus made it unnecessary to supplement the provisions for rehabilitation of the area.

The 30-year plan for covering both the post-closure costs and the works needed to close the landfill, in the form of budget provisions and the inclusion of the specific cost item in the financial plans for Tares/Tari purposes, was then modified through an agreement between Veritas and the municipality in February 2016, but only with regard to how the fee was paid: for

2015 to 2018 in a lump sum of € 2,223 thousand and for 2016 as a capital grant, leaving unchanged the guarantee of full coverage of the costs over the 30 years. For 2019-2022 as well, the municipality approved the payment of these amounts as a capital grant of € 1,859 thousand outside the Tari financial plans, while with the 2022 approval of the 2022-2025 FPs for the waste management service by the Venice Environment Basin Council, the recovered post-closure costs were included in the Municipality of Chioggia's FPs in implementation of its Resolution 62 of June 27, 2013.

In addition, last year the estimates of post-closure costs were newly revised to reflect the increased leachate disposal costs under the recent regional directives on PFAS levels, as well as the higher price of the materials needed to complete the safety works.

These potential additional expenses amounted at December 31, 2023 to € 11.8 million, as follows:

- € 1.1 million for closure works;
- € 1.4 million for operating expenses (excluding leachate);
- € 9.2 million for leachate treatment and disposal.

These, too, can be recovered within the rate in future FPs for the waste management service at the time the costs are incurred, as provided for under the Mtr-2 rate method; specifically, Article 11.3 of Annex A of Resolution 363/2021/R/rif states that "the local entity can include in recognized costs any costs for the post-operational management and closure of authorized landfills if the resources allocated in accordance with applicable law are insufficient for ensuring the environmental restoration of the landfill site".

In this case as well, the inclusion of these costs in the calculation of the waste management rates or fees made it unnecessary to supplement the provisions for rehabilitation of the area.

With the Venice Environment Basin Council's approval of the updated 2024-2025 FPs, the Municipality of Chioggia added in the 2025 FP the 2023 landfill costs not covered by the post-closure provision or by the amounts paid by the Municipality of Chioggia to implement Resolution 62 of 2013, for an amount of € 334 thousand, which considers the landfill capping works amortized in 7 years.

In the meantime, the Municipality of Chioggia applied to the Veneto Region on March 2, 2023 for a grant to cover these costs.

Piave Nuovo landfill in Jesolo (Venice)

This provision covers the future charges (discounted to present value) that the company will incur both for the post-closure care and capping of the Jesolo landfill, calculated on the basis of expert appraisal.

The provision was recalculated following the Metropolitan City of Venice's approval on December 9, 2019 of a planned variant that increases the authorized disposal quantities, but reschedules the end date from 2030 to 2027.

With the revision of cost estimates to reflect the increased leachate disposal costs under the regional directives on PFAS levels, as well as the new estimate of cash flows to be absorbed by capping, in 2022 the provision was again recalculated and increased by € 4,508 thousand.

The total new costs amount to € 28,496 thousand, discounted at December 31, 2023 to € 23,703 thousand with the recognition of finance costs of € 1,058 thousand and a discounting adjustment of -€ 1,511 thousand.

Centa Taglio landfill in Portogruaro (Venice)

This provision covers the estimated charge based on an annual expert appraisal. It takes into account the environmental restoration of lots 0, 1 and 2 and the post-closure costs of lots 1 and 2.

The capping works for lots 1 and 2 of the Centa Taglio landfill in Portogruaro passed inspection in 2021, and the post-closure period began in November of that year, to conclude in 2051.

The provision is discounted to present value on the basis of expected use, whose forecast is updated annually. The changes include +€ 466 thousand for the recognition of the discounting finance costs.

Provision for lawsuits

The provision for lawsuits concerns the parent company, with respect to any disputes with personnel and third parties.

With a balance of € 4,000 thousand at December 31, 2023, it covers pending lawsuits with personnel and third parties, principally users disputing VAT charges on Tia. Most of these cases should conclude within the next three years.

Other provisions for risks and charges

The table below shows the changes in other provisions for risks and charges at December 31, 2023 and December 31, 2022:

(in thousands of euros)	prov. for hidden water leaks	provision for sludge awaiting disposal	prov. for interest on arrears (Court of Auditors rulings)	prov. for tax audits	prov. for 2008-2019 ICI/IMU tax	prov. for future concession fees	prov. for damages and deductibles	Consorzio Fusina prov.	San Liberale provision	prov. for water investment planning fines	prov. for water quality fines	Jesolo landfill completion prov.	prov. for personnel costs	sundry minor prov. for risks and charges	total
at December 31, 2021	**7,250**	**2,551**	**1,250**	**819**	**10,849**	**1,174**	**251**	**1,103**	**101**	**1,002**	**339**	**0**	**0**	**3,406**	**30,095**
incr. for business comb.														37	37
allocations		2,024				393	47				114	2,817	6,500	750	12,645
other changes	326		-522	-359				-1						-1,913	-2,469
use		-271	-728			-234	-82	-1,102	-9					-1,030	-3,456
at December 31, 2022	**7,576**	**4,304**	**0**	**460**	**10,849**	**1,333**	**216**	**0**	**92**	**1,002**	**453**	**2,817**	**6,500**	**1,250**	**36,852**
incr. for business comb.															0
allocations		432				491	35				732	1,380		904	3,974
other changes	-661			-30						-1,002			-2,500	-234	-4,427
use		-2,128			-10,849	-1,333	-35		-1				-3971	-726	-19,043
at December 31, 2023	**6,915**	**2,608**	**0**	**430**	**0**	**491**	**216**	**0**	**91**	**0**	**1,185**	**4,197**	**29**	**1,194**	**17,356**

Other provisions for risks and charges mostly concern the parent company. The largest of these are described hereunder.

Other provisions for risks and charges include the use of € 3,971 thousand to cover costs in relation to the early retirement in 2023 of 86 employees, under an intergenerational turnover contract pursuant to Article 41 of Legislative Decree 148/2015 signed with the local labor unions on December 7, 2022. Since € 6,500 thousand was allocated for this in the previous year, the € 2,500 thousand difference was released as a contingent gain in the income statement.

Provision for hidden water leaks

These are the total amounts (net of use) charged for voluntary participation to the water service users, which can be credited to those users in the event of an anomalous leak in their water system after the meter.

The provision and its use are governed by regulations approved by the Basin Council.

At December 31, 2023 it amounted to € 6,915 thousand.

Provision for sludge awaiting disposal

The allocation to this provision refers to next year's costs for the disposal of sludge produced this year by the sewage treatment plants. While awaiting disposal, the sludge is stored in the 23-hectare area managed by Veritas since July 2021.

At December 31, 2023 the provision amounted to € 2,608 thousand.

Provision for tax audits

With a balance of € 430 thousand at December 31, 2023, this refers to tax or similar audits that have been finalized or are in the course of being finalized, including those the Group has contested. They mostly relate to the ICI and IMU property taxes.

Provision for 2008-2019 ICI/IMU tax

The balance of € 10,849 thousand was allocated in 2019 by Ecoprogetto (now Eco+Eco) to cover the ICI/IMU local property taxes for the years 2008 to 2019 after it lost the case heard on October 7, 2019 before the Court of Cassation. The decision announced on March 2, 2020 overturned the favorable rulings issued by the tax commissions of first and second instance in 2010 and 2011.

The provision includes the ICI/IMU due in 2020 and not yet paid pending the outcome of the entire dispute with regard to penalties and interest, which the Court of Cassation did not mention in its ruling.

Since 2021, due to the new land registry classification in accordance with current law, whose cadastral income has not been adjusted by the revenue agency, the company has paid the IMU due on the real estate complex in Fusina.

In 2023, the company decided to settle the pending tax disputes through the payment of reduced fines pursuant to Law n. 197/22, Article 1, paragraphs 186-202 in relation to IMU assessments for the years 2008 – 2019, for which risk provisions had been set up in previous years covering the principal plus penalties and interest.

The 5-year payment plan started with a first installment paid on June 30, 2023, which was followed by two others on October 31 and December 20, 2023.

As a result of the acceptance of the settlement offer, the payable to be settled is € 7,830 thousand including interest and charges, with the last installment due on March 31, 2028.

Accordingly, at December 31, 2023 the entire provision regarding the IMU dispute was dissolved, as the portion due was reclassified as payables due to the Municipality of Venice, and the € 2,235 thousand difference exceeding the amount due was recognized as contingent gains.

With the acceptance of the installment plan, the withdrawal of all other appeal actions filed relating to the IMU matter was requested, and the related court decrees confirm acceptance of this.

25. Retirement benefit obligations

The following table shows the changes in the retirement benefit obligations at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
present value of the obligations at beginning of period	20,443	23,652
present value of the obligations at the acquisition date	-341	-131
present value of the obligations for assets held for sale or discontinued operations		
curtailment effect"		
cost related to current service	259	265
interest cost	466	607
benefits paid	-2,133	-1,807
other changes	620	
actuarial (gain)/ loss on the obligations	535	-2,143
present value of the obligations at end of period	**19,849**	**20,443**

In accordance with IAS 19, the retirement benefit obligations accrued by the parent company and the largest Group companies up to December 31, 2006 are considered a defined benefit obligation where the liability is measured with actuarial methods.

The obligation accrued since January 1, 2007 is included in the category of defined contribution plans, both in the case of the option for supplementary pension plans and of assignment to the Treasury Fund at the Italian Social Security Institute (INPS). The accounting treatment of this post-employment benefit was thus assimilated to that in place for other types of contribution payments.

According to the current version of IAS 19, actuarial gains and losses are recognized directly in other comprehensive income among *other components*, and in a specific equity reserve (net of tax).

The main assumptions used to determine the present value of retirement benefit obligations are presented below:

	2023	2022
discount rate at beginning of year	2.78% – 3.28%	3.44% – 3.94%
expected salary increase rate	3% - 4.5%	3% - 4.5%
expected employee turnover rate	9.16%	7.85%
expected average remaining length of service of employees	10	11

In preparing the retirement benefit obligations at December 31, 2023 and updating the technical bases, the appointed independent actuary took into account the Group's information available from 2003 to the present. The rate curve chosen is the Europe Corporate AA+, AA, AA- Yield Curve-EUR. The curve values were updated to December 31, 2023.

Compared to the amounts at December 31, 2022, all the durations decreased, and an analysis of the actuarial losses shows that the most significant component refers to the change in financial assumptions, as a result of the updated discount rates at the measurement date.

26. Payables due to shareholders

The following table shows the information on the amounts due to shareholders at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023 due within 12 months	Dec. 31, 2023 due after 12 months	Dec. 31, 2022 due within 12 months	Dec. 31, 2022 due after 12 months
payables due to the Municipality of Venice	48,405	8,976	63,484	3,771
payables due to municipalities with ownership ex-				
payables due to municipalities with ownership below	31,561	4,441	32,382	4,988
total payables due to shareholders	**79,966**	**13,417**	**95,866**	**8,759**

Currently there are no shareholders whose ownership interest is more than 10% and less than 50%.

The total payables due to shareholder municipalities decreased by € 11,242 thousand; the payables due within one year fell by € 15,900 thousand while those due after one year rose by € 4,658 thousand.

The change in the amount due within one year concerns mainly the increase in Tares and Tari collection payables.

Overall, the payables due to shareholders for the Tari and Tares taxes collected, including the Tefa provincial surcharge and other related items, and not yet reversed to the municipalities, amount to € 68,127 thousand (€ 84,333 thousand in 2022).

The payables due after 12 months refer primarily to operating leases and to the reclassification of the provision for the IMU dispute as payables due to the Municipality of Venice, for the amount due.

The total payables deriving from the application of IFRS 16 (on Leases) is € 8,213 thousand (of which € 570 thousand short-term); the right-of-use asset underlying such liability refers largely to work carried out by municipalities for the integrated water service, for which the parent company, Veritas pays the municipalities for the installments on the loans taken out for that purpose. The useful life of the rights is estimated to end in 2038, when the integrated water service contract deliberated by the Venice Lagoon Basin Council is due to expire.

Details of the payables due to the Municipality of Venice are shown below:

(in thousands of euros)	Dec. 31, 2023 due within 12 months	Dec. 31, 2023 due after 12 months	Dec. 31, 2022 due within 12 months	Dec. 31, 2022 due after 12 months
payables due for cemetery concessions	660		815	
contract liabilities	1,523		1,215	
payables due under Law 206/95	3,770		3,642	
payables due for Tari/Tares/Tefa collection	40,630		57,192	
operating lease liabilities	83	3,688	80	3,771
sundry payables	1,739	5,288	540	
total payables due to the Municipality of Venice	**48,405**	**8,976**	**63,484**	**3,771**

The contract liabilities include the advances received by Veritas for the performance of work and supplies commissioned by the Municipality of Venice (€ 18,742 thousand) net of the work already carried out (€ 17,219 thousand), and they refer almost entirely to contracts for public works.

27. Payables due to associates

The following table shows the information on the payables due to associates at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023 due within 12 months	Dec. 31, 2023 due after 12 months	Dec. 31, 2022 due within 12 months	Dec. 31, 2022 due after 12 months
payables due to Sifa scpa	854		1,739	
payables due to Vier scarl	949		378	
payables due to O.M.D. srl	9,432		8,336	
payables due to Bioenergie italiane srl (fomerly Mia energia srl)	360			
payables due to 9-Tech srl	16			
total payables due to associates	**11,611**		**10,453**	

The item shows a total increase of € 1,158 thousand resulting largely from a lower amount due to Sifa (-€ 885 thousand) and a higher amount due to OMD (+€ 1,096 thousand).

28. Other non-current liabilities

The following table presents the information on the other non-current liabilities at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
security deposits from customers - IWS	10,346	10,947
advances on consumption	202	202
payables due to social security institutions - non-current portion	1,541	
other non-current payables	20,684	16,832
total other non-current liabilities	**32,773**	**27,981**

This item includes the security deposits for utilities relating to the integrated water service and advances on consumption. Since June 1, 2014, security deposits for IWS utilities have accrued interest, pursuant to Aeegsi Resolution 86/2013/R/idr, which established the application of legal interest when the contract is terminated or when the deposit is returned.

The parent company entered € 17,675 thousand among the other non-current payables for grants for equipment requested or already received in advance for works yet to be carried out.

29. Trade payables

The following table presents the information on the trade payables at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
trade payables	130,031	109,822
payables due to related parties	3,646	4,741
payables due to entities controlled by the Municipality of Venice	108	183
total trade payables	**133,785**	**114,746**

The trade payables do not normally produce interest and are generally settled within 60 to 150 days.

The portion of trade payables relating to invoices to be received by the parent company from third parties at December 31, 2023 amounts to € 40,889 thousand.

The trade payables deferred by way of the parent company's assignments to factoring companies (using the reverse factoring scheme) is € 1,472 thousand at December 31, 2023.

30. Derivative financial instruments

The following table presents the information on the derivative financial instruments at December 31, 2023 and December 31, 2022:

(in thousands of euros)				Dec. 31, 2023		Dec. 31, 2022	
type	bank	note	residual notional amount	fair value assets	fair value liabilities	fair value assets	fair value liabilities
IRS	Unicredit 2017	a)	1,244	16		90	
IRO	Bpm 2017	b)				8	
IRO	Bpm 2019	c)	523	6		33	
IRS	Ubi 2019	d)	4,306	148		347	
IRS	Bper 2019	e)	2,088	60		148	
IRS	Bpm 2020	f)	11,000	482		971	
IRS	Bnl 2020	g)	11,000	480		969	
Collar	Bnl 2023	h)	12,000		-241		
Collar	F2i 2023	i)	25,000		-731		
IRS	Bnl 2021	l)	9,625	493		918	
IRS	Bpm 2021	m)	3,938	202		376	
IRS	Unicredit 2021	n)	3,938	203		374	
total derivative financial instruments			**84,661**	**2,090**	**-972**	**4,234**	**0**

At December 31, 2023, the Group had:

a. an interest rate swap ("IRS") contract, entered into on June 1, 2017 by the parent company with Unicredit to hedge risks associated with changes in interest rates related to the € 15,000 thousand loan from Unicredit maturing on June 30, 2024. The contract provides for the payment of a premium on the residual notional amount, which at December 31, 2023 was € 1,244 thousand, equal to 0.29% per annum. The IRS has a positive fair value of € 16 thousand at December 31, 2023;

b. an interest rate option ("IRO") contract, entered into on May 30, 2017 by the parent company with Banco Bpm to hedge risks associated with changes in interest rates related to the € 10,000 thousand loan from Banco Bpm. The contract provided for the payment of a single upfront premium, calculated on the initial notional amount of the transaction (i.e. the disbursed amount of the loan) of € 125 thousand. It was extinguished together with the underlying loan on June 30, 2023;

c. an IRO contract entered into on May 8, 2019 by the parent company with Banco Bpm to hedge risks associated with changes in interest rates related to the € 5,000 thousand loan from Banco Bpm. The contract provided for the payment of a single up-front premium, calculated on the initial notional amount of the transaction (i.e. the disbursed amount of the loan) of € 27 thousand. The IRO has a market value of € 6 thousand at December 31, 2023. The underlying loan matures on June 30, 2024;

d. an IRS contract, entered into on June 20, 2019 by the parent company with Ubi Banca to hedge risks associated with changes in interest rates related to the € 15,000 thousand loan maturing on June 19, 2025 from Ubi Banca. The contract provides for the payment of a premium on the residual notional amount, which at December 31, 2023 was € 4,306 thousand, equal to -0.12% per annum. The IRS has a positive fair value of € 148 thousand at December 31, 2023;

e. an IRS contract, entered into on October 31, 2019 by the parent company with Bper to hedge risks associated with changes in interest rates related to the € 10,000 thousand loan from Bper Banca maturing on October 31, 2024. No premium is paid on this contract because the premium payment was set at the 5-year IRS rate on October 31, 2019, which was 0.00% then. The IRS has a positive fair value of € 60 thousand at December 31, 2023;

f. an IRS contract, entered into on November 12, 2020 by the parent company with Banco Bpm to hedge risks associated with changes in interest rates related to the € 20,000 thousand loan from Bpm (co-financed with Bnl for a total amount of € 40,000 thousand) maturing on September 30, 2026. The contract provides for the payment of a premium on the residual notional amount, which at December 31, 2023 was € 11,000 thousand, equal to -0.16% per annum. The IRS has a positive fair value of € 482 thousand at December 31, 2023;

g. an IRS contract, entered into on November 12, 2020 by the parent company with Bnl to hedge risks associated with changes in interest rates related to the € 20,000 thousand loan from Bpm (co-financed with Bnl for a total amount of € 40,000 thousand) maturing on September 30, 2026. The contract provides for the payment of a premium on the residual notional amount, which at December 31, 2023 was € 11,000 thousand, equal to -0.16% per annum. The IRS has a positive fair value of € 480 thousand at December 31, 2023;

h. a collar agreement, entered into on August 9, 2023 by the parent company with Bnl to hedge risks associated with changes in interest rates related to the € 12,000 thousand loan from Bnl (co-financed with F2i for a total amount of € 37,000 thousand) maturing on July 20, 2030.
Under the agreement, if at set expiration dates the variable rate should exceed the cap rate (3.76%), Veritas spa will be entitled to receive from the bank an amount (periodic differential amount) calculated by multiplying the difference between the two aforementioned rates by the residual notional amount; vice versa, if at the agreed expiration dates the variable rate should be below the floor rate (2.75%), Veritas spa will have to pay the bank the periodic differential amount calculated by multiplying the difference between the two aforementioned rates by the residual notional amount. If the variable rate should be between the cap rate and the floor rate, Veritas spa will not pay or receive any amount. This collar agreement has a negative fair value at December 31, 2023 of € 241 thousand;

i) a collar agreement, entered into on August 9, 2023 with F2i to hedge risks associated with changes in interest rates related to the € 25,000 thousand loan from F2i (co-financed with Bnl for a total amount of € 37,000 thousand) maturing on July 20, 2033. Under the agreement, if at set expiration dates the variable rate should exceed the cap rate (3.76%), Veritas spa will be entitled to receive from the bank an amount (periodic differential amount) calculated by multiplying the difference between the two aforementioned rates by the residual notional amount; vice versa, if at the agreed expiration dates the variable rate should be below the floor rate (2.75%), Veritas spa will have to pay the bank the periodic differential amount calculated by multiplying the difference between the two aforementioned rates by the residual notional amount. If the variable rate should be between the cap rate and the floor rate, Veritas spa will not pay or receive any amount. This collar agreement has a negative fair value at December 31, 2023 of € 731 thousand;

j. an IRS contract, entered into on July 28, 2021 by Ecoprogetto (now Eco+Eco) with Banca Nazionale del Lavoro to hedge the risks associated with changes in interest rates related to the € 11,000 thousand loan from the same bank (co-financed with Unicredit and Banco Bpm for a total amount of € 20,000 thousand) maturing on June 30, 2027. The IRS has a positive fair value of € 493 thousand at December 31, 2023;

k. an IRS contract, entered into on July 28, 2021 by Ecoprogetto (now Eco+Eco) with Banco BPM to hedge risks associated with changes in interest rates related to the 4,500 thousand loan from the same bank (co-financed with Banca nazionale del lavoro and Unicredit for a total amount of € 20,000 thousand) maturing on June 30, 2027. The IRS has a positive fair value of € 202 thousand at December 31, 2023;

l. an IRS contract, entered into on July 28, 2021 by Ecoprogetto (now Eco+Eco) with Banca Unicredit to hedge risks related to interest rate fluctuations associated with the 4,500 thousand loan from the same bank (co-financed with Banca nazionale del lavoro and Banco Bpm for a total amount of € 20,000 thousand) maturing on June 30, 2027. The IRS has a positive fair value of € 203 thousand at December 31, 2023.

After verifying the qualification of the derivative instruments described in points f), g), h), i)and j) above as interest rate hedges, hedge accounting was used for them, so a positive reserve of € 1,882 thousand (€ 1,482 thousand for the parent company), equal to the fair value net of tax, was recognized in equity.

31. Other current liabilities

The following table presents the information on the other current liabilities at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
advances from customers	1,587	2,617
payables due to employees	14,661	13,984
payables due to social security institutions	10,702	8,139
payables due for surcharges and excise duties	2,514	2,396
payables due to revenue agency for IRPEF withholding tax	4,297	5,132
payables due to revenue agency for VAT	125	1,268
accrued expenses and deferred income	1,128	929
other payables	5,319	5,380
total other current liabilities	**40,333**	**39,845**

The payables due to employees refer to unused vacation time and leaves of absence at the reporting dates, as well as performance bonuses, which the Group usually pays in August of the subsequent year. The payables include the related contributions.

The surtaxes and excise duties are due to the Metropolitan City of Venice and the Province of Treviso for collecting the provincial surtax (Tefa) on waste management rates (Tia1, Tia2, Tares and Tarip); they concern the parent company and Asvo spa.

The other payables include duplicate amounts received to be returned by the parent company in an amount of € 1,597 thousand.

32. Current tax liabilities

The following table presents the information on the current tax liabilities at December 31, 2023 and December 31, 2022:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
corporate income tax (IRES)	208	4
regional business tax (IRAP)	174	573
other taxes payable		114
total current tax liabilities	**382**	**691**

The amount of IRES and IRAP due corresponds to the difference, if positive, between the taxes due for the year and the taxes paid in advance.

With respect to the IRES due, note that the parent company and some subsidiaries participate in national tax consolidation.

For the parent company, this year the IRES and IRAP differences are negative, so they are recognized as a current tax asset (see Note 19).

33. Revenues from sales and services

(in thousands of euros)	2023	2022
revenue from water and sewerage rates	126,497	134,948
revenue from waste management rates	37,017	36,086
revenue from institutional services	178,362	169,723
revenue from services rendered to third parties	129,986	119,501
revenue from the sale of scrap and finished products	11,842	12,311
revenue from contract work	10,687	8,731
change in inventories of work in progress	-101	-975
contingent gains and unsubstantiated losses	55	1,127
total revenues from sales and services	**494,345**	**481,452**

The revenues from sales and services amounted to € 494,345 thousand, up by € 12,893 thousand from the previous year.

Water rate revenue amounted to € 126,497 thousand, down by € 8,451 thousand from the previous year.

Such revenues relate to services rendered in the 36 municipalities of the metropolitan area of Venice and the province of Treviso, within the Venice Lagoon area.

The 2023 water rate was applied, based on the guaranteed revenue constraint ("Vrg") decided upon by the Basin Council on November 14, 2022, and then approved with amendments by Arera on December 13, 2022, which raised it by 7% from the 2021 rate.

The revenue from water rates regarding bills to be issued at December 31, 2023 is € 14,913 thousand, as calculated by the parent company based on the estimated consumption.

With the adjustment of revenues to the 2023 revenue constraint, the parent company also had to account for positive adjustments of € 3,425 thousand.

The revenue from waste management rates, € 37,017 thousand, refers to the parent company's use of the punctual Tarip rate; it has grown by € 931 thousand from the previous year.

The 2023 revenue from institutional services is € 178,362 thousand, up by € 8,639 thousand from 2022.

The latter revenue includes € 37,017 thousand in municipal waste management fees for municipalities. Thus, the revenue from the waste management service (sum of rates and municipal fees) is € 215,379 thousand, up by € 9,569 thousand from the previous year.

The increase is attributable primarily to the 5% rate increase from that of 2022, recognized in the 2023 financial plans for the parent company with the Basin Council's approval of the 2022-2025 financial plans.

The Mtr-2 rate method is in effect for the waste management rates and fees for the 2022-2025 regulatory period.

Details of the revenue from services rendered to third parties are provided below:

(in thousands of euros)	2023	2022
revenue from services and work on green spaces		6
rental revenue	2,058	1,839
revenue from wastewater treatment	15,307	14,280
revenue from waste disposal service	7,979	8,217
revenue from disposal of sorted waste	34,108	30,853
revenue from cleaning and restroom services	1,223	615
consulting revenue	4,698	4,066
revenue from subcontracted plant operation	27,585	26,502
revenue from land reclamation	1,693	1,389
revenue from cemetery services	5,496	5,469
revenue from water service maintenance and connections	993	1,274
revenue from heat management	5,529	6,763
revenue from electricity sales	1,171	2,516
other revenue from services rendered to third parties	21,817	15,452
revenue reversals to shareholders	2	
sundry minor revenue	327	260
total revenues from services rendered to third parties	**129,986**	**119,501**

These revenues rose by € 10,485 thousand.

Among the main changes are the increase in other revenues from services rendered to third parties (€ 6,365 thousand) and revenues from the disposal of sorted waste (€ 3,255 thousand).

34. Other income

(in thousands of euros)	2023	2022
lease and concession income	977	917
gains from asset disposals	202	182
sundry reimbursements and expense charges	1,262	1,897
compensation for damages	631	438
seconded personnel	241	213
contingent gains and unsubstantiated losses	6,038	4,042
sundry income	2,507	2,686
grants for operating expenses	4,883	9,861
total other income	**16,741**	**20,236**

Other income fell by € 3,495 thousand from 2022; the decrease is largely affected by the € 4,978 thousand reduction for grants for operating expenses.

The 2023 grants for operating expenses include tax credits of € 2,573 thousand for electricity, tax credits of € 530 thousand for natural gas, water regulatory bonuses of € 356 thousand and other grants totaling € 1,424 thousand.

The lease and concession income refers to leased parts of buildings (recognized under service concession arrangements) that generate revenue of € 931 thousand for Veritas and leased buildings (recognized as property, plant and equipment) that generate revenue from third parties of € 34 thousand for the parent company, € 3 thousand for Euroscavi srl, and € 9 thousand for Metalrecycling Venice srl (see Note 2.3 on leases).

35. Raw and ancillary materials and consumables used

(in thousands of euros)	2023	2022
drinking water	86	48
purchases of other materials	12,922	14,430
fuels and lubricants	11,278	11,944
consumables and materials for routine maintenance and repair	15,267	13,611
reagents	10,757	11,856
capitalized costs of raw and ancillary materials and consumables used	-2,850	-1,755
change in inventories of raw materials, consumables and goods	-474	-1,556
total raw and ancillary materials and consumables used	**46,986**	**48,578**

The costs for raw materials and consumables fell by € 1,592 thousand from the prior year.

The most significant changes regarded the increase in consumables and materials for routine maintenance and repair (€ 1,656 thousand) and the increase in inventories of raw materials, consumables and goods (€ 1,082 thousand), offset by the decrease in the costs for purchases of other materials (€ 1,508 thousand) and for reagents (€ 1,099 thousand).

36. Costs of services

(in thousands of euros)	2023	2022
engineering work and maintenance	33,107	31,659
industrial services	13,750	13,667
utilities	36,443	46,162
operational services	60,077	54,216
general services	30,337	25,920
company boards	802	760
adjustment to additional services of previous years	438	396
services capitalized	-271	-190
accruals for services	666	2,024
total costs of services	**175,349**	**174,614**

The service costs rose by € 735 thousand from the previous year.

The change regards mainly utilities (-€ 9,719 thousand), operational services (€ +5,861 thousand) and general services (€ +4,417 thousand).

Engineering work and maintenance refer to routine maintenance on the corporate assets and the activities of the engineering division, which is prevalently involved in the construction of water and sewerage systems; for the parent company, the costs increased by € 1,674 thousand.

The utility costs amount to € 36,443 thousand (including € 31,928 of the parent company), down by € 9,719 thousand from the previous year.

The most significant item concerns the procurement of electricity for € 31,901 thousand (€ 28,983 thousand for the parent company). Such cost fell shows a € 9,061 thousand decrease from that of 2022 (€ 7,959 thousand for the parent company), reflecting the general increases in raw material and electricity prices in 2022 resulting from the global economic effects of the Russo-Ukrainian conflict.

Among the operational services, the parent company's costs for municipal solid waste and special waste disposal rose by € 2,671 thousand, and those for collected sorted waste rose by € 2,238 thousand, whereas the cost for sludge disposal fell by € 1,129 thousand.

The company boards include the remuneration of directors, statutory auditors and members of supervisory bodies.

Under the parent company's policy, any assignments of Veritas Board of Director members to subsidiaries are not remunerated. Therefore, the total remuneration of the Veritas Board of Director members, € 330 thousand, also corresponds to the full amount of the remuneration paid by the Group to Veritas directors.

The accruals for services (€ 666 thousand) refer to Veritas's accrual for the year regarding the costs to be incurred in the next year for the disposal of sludge produced this year from wastewater treatment (€ 432 thousand) and future waste disposal costs (€ 234 thousand).

37. Costs of use of third-party-assets

(in thousands of euros)	2023	2022
rental payments	2,550	3,016
rent and lease payments	185	364
concession and water diversion payments	2,040	1,770
payments for infrastructure use and assignments of services	717	795
contingent losses	647	174
capitalized costs for use of third-party assets		
total costs for use of third-party assets	**6,139**	**6,119**

The total costs for the use of third-party assets rose by € 20 thousand from those of the previous year.

Such costs relate to payments on operating leases outside the scope of application of IFRS 16, which has been in effect since 2019.

38. Personnel costs

(in thousands of euros)	2023	2022
wages and salaries	133,905	128,198
social security costs	43,088	40,974
retirement benefit obligations	8,221	8,182
agent termination and similar benefits	15	15
other costs and contingencies	-2,725	6,465
capitalized personnel costs	-5,626	-4,641
total personnel costs	**176,878**	**179,193**

The total personnel costs fell by € 2,315 thousand from those of 2022.

The decrease is attributable primarily to Veritas's non-recurring provision of € 6,500 thousand present in 2022 for costs relating to the intergenerational turnover agreement pursuant to Article 41 of Legislative Decree 148/2015 reached with the unions on December 7, 2022, entailing early retirement for 86 employees in 2023. Since the actual costs of the agreement were € 3,970 thousand, a contingent gain of € 2,500 thousand was accounted for in 2023, reducing the personnel costs.

Net of that non-recurring item and capitalized costs, personnel costs were € 5,171 thousand higher than in the previous year (€ 182,504 thousand in 2022 versus € 177,334 thousand in 2023) with an average work force essentially consistent over the two years. The increase stems from the raises called for in the renewed national collective labor agreements (for the gas & water and waste management sectors) and the pay scale patterns of the company agreements.

The following table shows the annual changes in the Group's work force by category, expressed as the average number of full-time equivalents (FTEs).

average annual headcount (FTEs)	2023	2022	change
upper management	25.00	21.84	3.16
lower management	87.01	84.52	2.49
white-collar	1,036.03	1,022.79	13.24
blue-collar	2,250.55	2,251.91	-1.36
total average headcount	**3,398.59**	**3,381.06**	**17.53**

39. Other operating expenses

The other operating expenses amount to € 12,766 thousand, down by € 5,898 thousand compared with the previous year.

(in thousands of euros)	2023	2022
allocations for doubtful debts	3,102	5,955
allocations for interest on arrears	6	13
allocations for risks and charges	1,879	4,121
membership dues and other fees	852	809
Ato operating expenses	604	610
special landfill tax	252	257
local taxes and duties	3,118	3,235
credit losses	1,231	1,675
losses on asset disposals	440	793
sundry minor costs	608	698
ordinary contingent losses	496	424
fines and damage compensation	178	74
total other operating expenses	**12,766**	**18,664**

The allocations for doubtful debts were reduced by € 2,853 thousand due to an annual improvement in the default indices.

The € 2,242 thousand decrease in the allocations for risks and charges is attributable largely to reduced allocations for the closure costs of the Jesolo landfill (€ -1,437 thousand) and reduced allocations for post-closure costs of the Centa Taglio landfill (€ -1,409 thousand).

Veritas's credit losses were € 1,225 thousand, and they refer to the write-offs of Tia1 receivables, for which the default risk is borne by the municipalities due to the tax nature of the rate. Therefore, again this year an equal amount was recognized in the revenues for the waste management service (from rates and municipal fees), since such loss will be covered in the waste management financial plans.

40. Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses amount to € 55,656 thousand, versus € 55,029 thousand in 2022, an increase of € 627 thousand.

Depreciation was reduced by the annual amount of equipment grants, just as the value of property, plant and equipment was reduced by the amount of the grants issued.

(in thousands of euros)	2023	2022
amortization of intangible assets	5,633	5,867
amortization of service concession arrangements	21,820	20,936
depreciation of property, plant and equipment	36,805	35,961
depreciation of investment property	3	3
impairment losses on property, plant and equipment	113	637
grants for equipment	**-8,718**	**-8,375**
total amortization, depreciation and impairment losses	**55,656**	**55,029**

41. Share of results of equity-accounted investees

No changes were made to the value of the equity investments.

42. Finance costs and income

Finance costs

The finance costs amount to € 22,182 thousand, versus € 17,944 thousand in 2022, an increase of € 4,238 thousand.

The finance costs include € 3,702 thousand for discounting payables to present value, specifically the retirement benefit obligations (€ 466 thousand), financial payables due to parent companies (€ 11 thousand), the receivable due from the Metropolitan City of Venice guaranteeing the Jesolo landfill (€ 1,598 thousand), the provision for post-closure care of the Jesolo landfill of Alisea (now Veritas) (€ 1,058 thousand), the Centa Taglio landfill operated by Asvo (€ 466 thousand), the amount due to INPS for the intergenerational turnover agreement (€ 82 thousand), financial payables due to other related parties (€ 3 thousand) and financial payables (€ 18 thousand).

The main changes refer to the finance costs with banks relating to long-term loans (+€ 1,336 thousand), interest expense with banks on bank account overdrafts (€ +978 thousand) and discounting (€ +1,706 thousand). The finance costs to service financial debt (with banks), factoring transactions and on the use of other financial instruments (including bond notes) amount to € 18,881 thousand, with an average interest rate of around 6.79% (5.82% in 2022).

They are summarized below:

(in thousands of euros)	2023	2022
finance costs from parent companies	30	32
interest expense with banks on bank account overdrafts	1,109	131
finance costs on long-term loans	10,184	8,848
finance costs on leases and rentals	808	611
finance costs on derivative instruments	396	193
finance costs from other discounting	3,225	1,519
finance costs from discounting retirement benefit obligations	466	607
finance costs on factoring transactions	355	435
interest expense on bonds	4,365	4,526
write-downs of equity investments	4	
capitalized finance costs	-193	
other finance costs	1,433	1,042
total finance costs	**22,182**	**17,944**

Finance income

The finance income amounts to € 5,949 thousand, versus € 3,906 thousand in the previous year, an increase of € 2,043 thousand. It is summarized below:

(in thousands of euros)	2023	2022
income from other investees	18	
interest income from banks	1,408	227
fair value measurement of derivatives	1,998	1,205
interest on arrears and extensions	1,548	106
finance income from associates	471	374
finance income from other discounting	430	1,427
sundry finance income		1
other finance income	76	566
total finance income	**5,949**	**3,906**

The finance income from associates (€ 136 thousand from Sifa) includes income from the discounting of financial receivables originating in 2016 pursuant to the signing of new shareholder agreements by Sifa's shareholders, revised on the basis of the repayment plan guaranteed by the associate.

43. Income tax for the year

The following table presents the reconciliation of the corporate income tax (IRES) applicable to the Group's pre-tax profit, using the current tax rate, with that obtained using the effective tax rate, for the period ended December 31, 2023:

(in thousands of euros)	2023	2022
ordinary tax rate applicable	**24.00%**	**24.00%**
profit before tax	**21,079**	**5,445**
theoretical tax expense/(income)	**5,059**	**1,307**
adjustments to previous year's tax	-46	-23
writedowns and adjustments of deferred tax assets recognized in the previous year	579	-217
recognition of deferred tax assets on temporary differences arising in previous years	-35	
derecognition of deferred tax liabilities arising in previous years as a result of tax realignment		
non-recognition of deferred tax assets on tax losses of the year on temporary differences	3	8
non-recognition of deferred tax assets/liabilities of the year on temporary differences	326	112
tax consolidation/(income)/expense		
exemption of tax mismatches, net of substitute tax		
tax-exempt income / tax relief	-2,802	-2,767
non-deductible costs	852	-325
other permanent differences	-63	-24
effective IRES tax	**3,873**	**-1,929**
effective tax rate	**18.37%**	**-35.43%**
current taxes	940	1,725
deferred tax liabilities/(assets)	2,979	-3,631
tax from prior periods	-46	-23
substitute tax	0	0
tax consolidation (income)/expense		
effective IRES tax expense/(income)	**3,873**	**-1,929**
current local tax (IRAP)	1,391	1,643
local deferred tax liabilities/(assets)	5	-426
local tax from prior periods	-21	2
effective local tax expense/(income)	**1,375**	**1,219**
total effective tax expense /(income)	**5,248**	**-710**

The parent company's and Asvo spa's current IRAP rate is 4.2% (specific rate for enterprises holding concessions to operate public services and works).

The deferred tax assets and liabilities for the two years ended December 31, 2023 and 2022 are as follows:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
provision for doubtful debts	4,096	4,536
provision for risks and charges	9,693	11,679
inventory impairment provision	184	184
fixed asset impairment	469	476
maintenance costs	204	269
statutory depreciation difference	8,449	9,037
other costs deductible in subsequent periods	332	516
fair value adjustment of derivative instruments	233	
business combination bonuses	78	157
reversal of gains on intra-Group transactions		
sundry minor items	1,259	1,422
interest expense deductible in the future (based on GOM)	36	36
tax losses	109	132
actuarial gains/losses on retirement benefit obligations	-15	382
total deferred tax assets	**25,127**	**28,826**

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
tax-exempt interest on arrears	369	216
tax-exempt revenues	1,585	1,680
landfill asset		
other temporary changes	-100	-407
gain allocated to fixed assets	758	987
leased assets	892	1,113
separation of land		
fair value adjustment of derivative instruments	446	866
total deferred tax liabilities	**3,950**	**4,455**

Veritas spa and most of its subsidiaries have jointly exercised the Group taxation option available under Italian income tax regulations (*Testo unico delle imposte sui redditi*). The transactions and reciprocal responsibilities and obligations between the consolidating company and the other participating companies are defined in a specific tax consolidation agreement.

The deferred tax assets of € 25,127 thousand include € 7,097 thousand referring to the parent company's writedowns of property, plant and equipment and service concession arrangements within the scope of the extraordinary transaction carried out in 2017 with Asi spa (such deductible temporary difference is absorbed over the fiscally relevant depreciation and amortization plans of the assets written down), € 4,096 thousand regarding the provision for doubtful debts and € 9,693 thousand regarding the provisions for risks and charges.

Due to the nature of the items that originate deferred tax assets, particularly deductible temporary differences, their recovery in subsequent reporting periods is ensured by the future recovery (extinction) of the carrying amount of the assets (liabilities) recognized in the statement of financial position and to which they refer.

44. Commitments and risks

Commitments from operating leases - the Group as lessor

The Group has stipulated commercial leases to enhance the value of the equipment and buildings located in the area. These non-cancellable leases have a residual term of 5 to 10 years. All the leases include a clause allowing the rent to be revalued annually at market conditions.

The rent income received by the Group in the year was € 977 thousand (€ 917 thousand in 2022). It refers to leased parts of buildings (recognized in service concession arrangements) that generate income of € 931 thousand for Veritas and leased buildings (recognized in property, plant and equipment) that generate revenues of € 34 thousand for the parent company, € 3 thousand for Euroscavi srl, and € 9 thousand for Metalrecycling Srl (see Note 2.3 on leases).

The future payments regarding non-cancellable operating leases in effect at December 31, 2023 and 2022 are as follows:

(in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
due within one year	394	412
due after one year and within five years	1,228	1,378
due after 5 years	114	294
total commitments for property rentals and leases	**1,736**	**2,084**

Commitments for water investments - FONI and FNI component

Under the Mti-3 waste rate method, the components to calculate the rate include the New Investments Fund (FONI). Article 14.1 of Arera Resolution 580/2019/R/idr (Mti-3) states that the operator is required to allocate a specified portion of the guaranteed revenue constraint (Vrg) exclusively to the realization of new investments identified as priorities.

The amount of the New Investments Fund related to the 2023 revenue constraint is € 22.7 million. Veritas's directors decided to account for this allocation by setting up a specific equity reserve. It was proposed to allocate part of the 2023 profit to a non-distributable reserve based on the FONI constraint.

The directors consider reasonable to expect that the water investments for which the allocation constraint applies will be realized; therefore, the 2023 FONI reserve set aside at the time of approval of these financial statements may become available next year.

Also in this year, the FONI amount includes the FNI component – the advance payment for financing new investments - equal to € 6,000 thousand generated by the positioning of Veritas within the 6th quadrant of the regulatory scheme matrix, due mainly to the high investment requirements planned in the 2020-2023 Regulatory Plan and the continued perimeter and process expansion.

With respect to the investment requirements, the expected acquisition of the Savec Est water infrastructure of Veneto Acque has led to a significant increase in the amount of investments for the four-year period of 2020 to 2023, to the extent that the ratio to the current Regulatory Asset Base (RAB) has exceeded the threshold (parameter w, equal to 0.50) for which the operator is given the FNI component.

The FNI activation undergoes an assessment every four years when completed. If the investments realized are so low that the ratio falls below the threshold, the operator is required to return the components given as advance payments and redesign the rates to meet the new annual increase constraint.

Considering that the actual amount of the water investments for the years 2020, 2021, 2022 and 2023 meets in substance the target set for the four-year period, currently no elements of particular uncertainty are deemed to exist that would require an allocation to a risk provision for the possible return of the component at the end of the four years.

Guarantees issued

The parent company issued guarantees consisting of sureties and comfort letters to third parties totaling € 57,439 thousand at December 31, 2023.

Eco-ricicli Veritas srl (now Eco+Eco) issued a € 250 thousand surety bond to subsidiary Metalrecycling Venice srl.

Depuracque servizi srl issued a surety of € 810 thousand jointly with the other quotaholder of subsidiary Rive srl to Veritas spa.

Below is a breakdown of the entities to which the parent company issued guarantees, which consist solely of Veritas subsidiaries and associates:

sureties given (in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
Eco+Eco srl	35,389	35,389
Rive srl	7,600	6,200
sureties issued to subsidiaries	**42,989**	**41,589**

comfort letters (in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
Eco+Eco srl	9,750	12,250
Rive Srl	0	6,200
Metalrecycling Venice srl	1,200	1,200
Veritas Conegliano srl	3,000	3,000
comfort letters issued to subsidiaries	**13,950**	**22,650**
Ecolegno CM Venezia srl	500	500
comfort letters issued to associates	**500**	**500**
total comfort letters issued	**14,450**	**23,150**

Below is a breakdown of the sureties received from third parties by beneficiary, for which the Group is the guaranteed entity:

sureties received from third parties (in thousands of euros)	Dec. 31, 2023	Dec. 31, 2022
Municipality of Venice	32	32
other municipalities	179	179
sureties received by parent companies	**211**	**211**
Port Authority - former Water Authority	2,247	1,869
Metropolitan City of Venice	38,517	39,881
Ministry of the Environment	9,468	22,279
Banks and insurance companies		4,478
local health authorities (ULSS)	117	117
INPS	4,559	
Other local authorities	91	78
other entities	9,775	2,918
sureties received by others	**64,774**	**71,620**
total sureties received	**64,985**	**71,831**

In addition, the Group assigned tangible assets to secure some mortgage loans. See Note 22 for more details.

Other risks and uncertainties

The Report on Operations provides this information.

45. Transactions with related parties

Subsidiaries

The consolidated financial statements include the financial statements of Veritas spa and of the subsidiaries listed in the table hereunder:

consolidated companies	registered rffice	share capital	Group's share Dec. 31, 2023	Group's share Dec. 31, 2022
Veritas spa (parent company)	Venice	145,397,150		
Eco+Eco srl	Venice	80,432,024	68.00%	61.00%
Asvo spa	Portogruaro (Venice)	18,969,650	56.00%	56.00%
Consorzio per la Gestione dei Servizi Comuni – Fusina	Venice	50,000	88.00%	82.00%
Metalrecycling Venice srl	Venice	1,800,000	68.00%	61.00%
Depuracque servizi srl	Salzano (Venice)	223,080	100.00%	100.00%
Lecher ricerche e analisi srl	Salzano (Venice)	46,800	100.00%	100.00%
Rive srl	Venice	100,000	70.00%	70.00%
Euroscavi srl	Badia Polesine (Rome)	10,329	100.00%	0.00%
Ecodistretto Trasporti scarl	Venice	20,000	55.00%	49.00%
Veritas Conegliano srl	Venice	100,000	73.00%	73.00%

The changes of the year are described in section 2.1.1 of the Report on Operations.

Shareholders

The following table presents the total amounts of the transactions conducted with shareholders during the year:

(in thousands of euros)	2023	2022	2023	2022	2023	2022	2023	2022
	income from shareholder municipalities		expenses with shareholder municipalities		receivables due from shareholder municipalities		payables due to shareholder municipalities	
Municipality of Annone Veneto	316	358			133	136	1	15
Municipality of Campagna Lupia	22	55	5	5	9	47		
Municipality of Campolongo Maggiore	35	95	17	17	9	80	149	165
Municipality of Camponogara	33	105	12	10	3	84	3	
Municipality of Caorle	6,362	6,011	63	60	2,280	2,048	1,195	1,504
Municipality of Cavallino Treporti	5,425	5,241	17	16	1,014	903	4,447	4,357
Municipality of Cavarzere	1,987	1,939			576	370		
Municipality of Ceggia	641	611	24	22	114	22	1,482	1,769
Municipality of Cessalto	7	6	3	3	1	1		
Municipality of Chioggia	20,496	18,626	83	81	1,072	1,774	4,582	7,091
Municipality of Cinto di Caomaggiore	249	285			99	99	1	12
Municipality of Cona	2	1			-7	24		
Municipality of Concordia Sagittaria	1,005	1,134		3	297	319	4	53
Municipality of Dolo	363	169	68	36	46	89		12
Municipality of Eraclea	2,587	2,454	42	39	254	161	2,108	1,981
Municipality of Fiesso d'Artico	159	241	8	6	37	139		
Municipality of Fossalta di Piave	21	29	5	5	33	44	64	63
Municipality of Fossalta di Portogruaro	1,025	1,030			318	321	1	32
Municipality of Fossò	13	72	16	15		65	176	197
Municipality of Gruaro	225	249			71	68	1	13
Municipality of Jesolo	13,530	11,552	535	548	374	-121	6,082	5,199
Municipality of Marcon	30	301	1	1	21	40	-1	-1
Municipality of Martellago	2,591	2,487	9	9	244	256	1,918	1,860
Municipality of Meolo	15	10	1	1	6	2	8	10
Municipality of Mira	111	343	17	174	14	315	4	224
Municipality of Mirano	234	462	48	47	56	321	64	38
Municipality of Mogliano Veneto	4,583	4,237	27	25	1,082	1,041	3,145	2,324
Municipality of Morgano	6	5	3	3	1	1		
Municipality of Musile di Piave	1,304	1,242	25	22	23	-45	1,408	1,293
Municipality of Noale	2,147	2,017	43	161	100	82	777	881
Municipality of Noventa di Piave	814	786	11	11	58	55	567	581
Municipality of Pianiga	1,865	2,025	19	15	1,019	882	1,281	1,093
Municipality of Portogruaro	2,919	3,202	3	11	1,111	1,139	22	57
Municipality of Pramaggiore	347	402			106	112	4	24
Municipality of Preganziol	55	102	13	11		14		
Municipality of Quarto d'Altino	21	38	1	1	1	24	5	12
Municipality of Quinto di Treviso	5	10	5	4	-1			
Municipality of Salzano	35	88	17	16	4	67	195	213
Municipality of San Donà di Piave	496	669	80	79		335	1,206	1,202
Municip. of San Michele al Tagliamento	6,071	6,170	2	9	1,795	1,683	39	243
Municipality of San Stino di Livenza	1,256	1,395	1	1	678	493	66	44
Municipality of Santa Maria di Sala	46	121	107	106		112	-2	-4
Municipality of Scorzè	2,302	2,197	14	13	275	487	965	689
Municipality of Spinea	3,397	3,303	64	58	162	155	3,557	3,329
Municipality of Stra	17	31	39	38	7	36		
Municipality of Teglio Veneto	150	171			46	48		19
Municipality of Torre di Mosto	587	553	9	10	131	81	454	764
Municipality of Venice	120,123	112,816	1,367	40	13,795	11,415	74,600	84,898
Municipality of Vigonovo	13	91	7	6	74	82	21	20
Municipality of Zenson di Piave	7	14	1	2	1	8	38	38
Municipality of Zero Branco	3	4	4	3	1	-1		
total nominal amounts	**206,053**	**195,555**	**2,836**	**1,743**	**27,543**	**25,913**	**110,637**	**122,314**
provision for doubtful debts					**-2,778**	**-1,310**		
discounting of receivables/payables							**-35**	**-46**
advances on work recognized as a reduction of contract work in progress							**-17,219**	**-17,643**
Total	**206,053**	**195,555**	**2,836**	**1,743**	**24,765**	**24,603**	**93,383**	**104,625**

The provision for doubtful debts of € 2,778 thousand comprises € 78 thousand regarding the request to recognize certain transactions attributable for the shareholders to "off-balance-sheet payables", i.e. receivables due for services duly performed by the company, but for which the shareholder municipality had not, for various reasons, expected the expense, and € 2,700 thousand for writedowns of receivables for waste management rate adjustments whose inclusion in the 2024-2025 FPs generated an over-cap to carry forward beyond 2025, including the amount over the 2020-2021 Cap already written down in the prior year (see Notes 14 and 15 for additional details).

The payables due to shareholders are shown net of the € 35 thousand discounting amount.

The service contracts with shareholders refer primarily to waste management activities for municipalities that have applied the Tari tax since 2014.

Excluded are the municipalities of Fiesso d'Artico, Stra, Salzano, Camponogara, Campolongo Maggiore, Campagna Lupia, Fossò, Vigonovo, Santa Maria di Sala, Marcon, Mira, Fossalta di Piave, San Donà di Piave, Meolo, Quarto d'Altino, Dolo, Mirano and Cona for which, as these municipalities decided to apply the punctual rate instead of the tax, Veritas has been able to invoice the end users directly.

In the case of the Municipality of Venice, the following services are charged in addition to waste management services:

- cemeteries
- markets;
- elevated walkways for high tide.

Cemetery services are charged to other municipalities (Spinea, Mirano, Martellago, Portogruaro, San Michele al Tagliamento, San Stino di Livenza, Fossalta di Portogruaro and Cinto Caomaggiore, Dolo); and for the municipalities of Chioggia, Fossalta di Portogruaro and Fiesso d'Artico, public lighting services are provided. In 2019 the Municipality of Portogruaro, and in 2020 the municipalities of San Michele al Tagliamento and Fossalta di Portogruaro, also assigned public green space maintenance services.

Terms and conditions of transactions with shareholders

The service contracts between Veritas and the Municipality of Venice for the services referred to above are duly invoiced on a monthly or quarterly basis and paid for on average within 30 to 60 days from the invoice issuance date.

Work on the construction of new sewerage systems and the related extraordinary maintenance (engineering work) and work regarding public works are charged to the Municipality of Venice on the basis of a service contract providing for the recognition of a percentage of the work linked to the engineering and management costs and the coverage of general expenses.

Loans from shareholders

In previous years, loans were taken out from the Cassa Depositi e Prestiti by municipalities in the Mirano area to finance investments in the water sector, for which Veritas provides repayment.

Also recognized is a payable transferred with the Asi merger relating to a funding advance from the Municipality of Jesolo, also for investments in the water sector.

The total amount of the loans amounted to € 546 thousand at December 31, 2023.

Associates

The Group has the following investments in associates:

companies accounted for using the equity method	registered office	share capital	Dec. 31, 2023 Group's share	Dec. 31, 2022
associates				
Sifa scpa	Mestre (Venice)	30,000,000	33.17%	33.17%
Ecolegno CM Venezia srl	Venice	50,000	27.31%	24.52%
OMD srl	Nervesa della Battaglia (Treviso)	160,000	17.07%	15.32%
Bioenergie Italiane srl (formerly Mia energia srl)	Venice	110,000	33.45%	30.03%
9-Tech srl	Eraclea (Venice)	128,200	22.00%	0.00%
Ri.cart srl	Istrana (Treviso)	200,000	30.72%	0.00%
Vier scarl	Venice	100,000	49.00%	49.00%

The following table presents the total amounts of the transactions conducted with associates during the year:

(in thousands of euros)	2023 income from associates	2022	2023 expenses with associates	2022	2023 receivables due from associates	2022	2023 payables due to associates	2022
Sifa Scpa	17,775	19,483	4,273	4,685	15,452	13,666	854	1,739
Veritas Conegliano srl		166		108				
Vier scarl	452	476	158	991	3,264	3,644	949	378
OMD srl	348	561	11,097	7,761	110	633	9,432	8,336
Ecolegno CM Venezia srl								
Bioenergie Italiane srl (formerly Mia energia srl)							360	
9-Tech srl	23		17				16	
Ri.cart Venezia srl								
total	**18,598**	**20,686**	**15,545**	**13,545**	**18,826**	**17,943**	**11,611**	**10,453**

The transactions with associates are carried out on an arm's length basis.

Sifa scpa conducted trade transactions primarily with the parent company; the income refers to the operation of industrial wastewater treatment plants on behalf of the parent company, whereas the expenses relate mainly to the storage and disposal of wastewater and leachate produced by Veritas plants.

Other related parties

The other related parties include companies and entities controlled by the Municipality of Venice and by other local entities that are shareholders of Veritas, companies in which the Group holds, even indirectly, an interest of less than 20%, and investees of non-controlling shareholders that are significant for the Group.

The following table presents the total amounts of the transactions with other related parties during the year:

(in thousands of euros)	2023 income from related parties	2022 income from related parties	2023 expenses with related parties	2022 expenses with related parties	2023 receivables due from related parties	2022 receivables due from related parties	2023 payables due to related parties	2022 payables due to related parties
Actv spa	234	250			57	97		
Ames spa	104	103			23	23	7	7
Avm spa	558	57	115	119	105	17	74	68
Inst. Bevilacqua La Masa Foundation	1							
La Biennale Foundation	58	60			17	16		
Casinò di Venezia gioco spa	100	80			1	48		34
La Fenice Theater Foundation	7	6			1	1		
Insula spa	21	81		22	7	275	12	12
Ive srl								
Marco Polo system geie in liquidation						92		
Venice City Museums Foundation	30	26			5	7		
Tourist accommodation centers	3	4						
Venezia spiagge spa	108	84			7	15	3	
Consorzio Urban in liquidation	69	40			314	239		
Vega scarl	146	128	14	54	56	70	295	59
Vela spa	81	603	6	5	-1	850		4
Venis spa	8	7	49	62	2	2	16	56
Venice Lagoon Basin Council			604	610			302	312
Bioman spa	424	1,767	6,540	4,943	412	824	4,285	5,299
Caorle City of Sport Foundation	22	25			4	3		
Venice Environment Basin Council	12		151	151	24		151	299
Eraclea patrimonio e servizi srl	1	1						
Jesolo patrimonio srl	14	10	12	13	2	4	358	400
Jtaca srl	1	1				1		
Jesolo tourism spa	214	452			81	369		
Azienda speciale Don Moschetta	34	38			4	5		
Musile servizi e patrimonio srl in liquidation								
Noventa servizi e patrimonio srl								
Sibelco green solutions srl	6,647	4,065	773	1,234	1,364	602	268	147
Serimi srl	42	46			-2	-1		
Sst spa	103	105		-20	84	94	1	
Viveracqua scarl	88	112	258	175	39	96	58	35
other related parties								
total	**9,130**	**8,151**	**8,522**	**7,368**	**2,606**	**3,749**	**5,830**	**6,732**

The trade transactions of Bioman spa and Sibelco Green Solutions refer to Eco+Eco srl and the parent company.

The payables due to related parties include operating lease payables of € 3 thousand due to Avm, € 295 thousand due to Vega, € 722 thousand due to Bioman, € 306 thousand due to Jesolo Patrimonio by the parent company, and € 750 thousand due to Bioman by Eco+Eco.

Financial payables of € 362 thousand due by the latter subsidiary to Bioman, originating from the operation of the biogas plant in Fusina, are also included.

The transactions with the other related parties are carried out on an arm's length basis.

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

In accordance with Legislative Decree 127/1991, Article 38, the remuneration of directors and statutory auditors for the performance of their functions, including in other companies within the consolidation perimeter, is disclosed hereunder. It is corporate policy not to pay additional remuneration for activities performed by parent company directors in other subsidiaries. Therefore, the total remuneration corresponds to the amount recognized in Veritas spa.

(in thousands of euros)	2023	2022
Board of Directors		
remuneration for the role	185	155
other fees		
other benefits	26	23
total costs for services	**211**	**178**
Board of Statutory Auditors		
remuneration for the role	89	89
other fees		
other benefits		
total costs for services	**89**	**89**

Independent auditor fees for audit and non-audit services

The 2023 fees for the auditing firm for services rendered to the parent company and its subsidiaries are presented below:

(in thousands of euros)	2023	2022
Fees paid to the auditing firm for the parent company's audit services	130	114
Fees paid to the auditing firm for the subsidiaries' audit services	118	107
Fees paid to other firms in the parent company's auditing firm's network for the foreign affiliates' audit services		–
Fees paid for audit services	**248**	**221**

(in thousands of euros)	2023	2022
Fees paid to the auditing firm for audit services involving the issuance of a certificate of the parent company	47	45
Fees paid to the auditing firm for audit services involving the issuance of a certificate of subsidiaries	4	6
Fees paid to other firms in the parent company's auditing firm's network for audit services involving the issuance of a certificate		–
Fees paid for audit services involving the issuance of a certificate	**51**	**51**

46. Financial risk management: objectives and policies

The main financial instruments used by the Group include bank loans, finance and operating leases, direct and indirect factoring contracts, sight and short-term bank deposits, and the issuance of bond notes. The main purpose of these instruments is to fund the Group's operations and investments. The Group has other types of financial instruments deriving from its operating activities, such as trade payables and receivables.

The Group does not enter into speculative derivative transactions; it enters into derivative transactions solely to purely hedge (with swaps) or to limit (with caps or collars) the risk of interest rate changes.

The Group's policy is, and has been in previous periods, not to trade financial instruments.

The main risks generated by the Group's financial instruments are interest rate risk, liquidity risk and credit risk. Price risk is not significant because the Group operates mostly in regulated industries, where rates are regulated and subject to approval by the relevant authorities. The parent company's Board of Directors reviews and approves the policies to manage these risks, which are summarized below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates mainly to the long-term bonds with variable interest rates assumed by the Group.

The Group's policy is to manage the finance cost by using a combination of fixed and variable borrowing rates.

It also excludes entering into derivative instruments for non-hedging purposes.

With respect to the sensitivity to interest rate fluctuations and the impact that it could have on profit and equity, most existing loans are at fixed rates or at variable rates hedged by derivatives; therefore, even substantial interest rate changes would have an immaterial impact on the Group's profit or equity.

Credit risk

The Group considers its credit risk to be normal and consistent with the industry dynamics.

Billing receivables (for Veritas spa and Asvo spa) are by nature fragmented because they are spread over a very large number of users and have modest average amounts.

The default rate for waste management receivables (Tarip), historically around 5% (a rate considered low on average for the sector), continues to be nearly 2.5% higher than that due to the economic crisis triggered first by Covid and now by the general price increases stemming from the Russo-Ukrainian war.

After the transition to Tari, credit risk in its past and present (and therefore future) dimension is substantially borne by the municipalities, either directly or indirectly, and must be taken into account in the final formulation of the rate.

In the water sector, where default rates are historically lower (around 1% of sales), growth of approximately 0.5% is evident for the aforementioned reasons.

The credit risk relating to the Group's other financial assets, which include cash and cash equivalents, other equity investments, loan certificates and derivative instruments, presents a maximum risk in the event of counterparty default equal to the carrying amount of those assets.

Liquidity risk

The Group controls liquidity risk using a liquidity deployment planning tool. This instrument considers the maturity of the financial investments, financial assets (trade receivables and other financial assets), and the expected cash flows from operating activities.

The liquidity risk is the risk that the financial resources available may be insufficient for meeting the short-term obligations, consisting of approximately € 51.6 million on bank loans and € 1.6 million on bonds, and for handling any decreases in working capital.

The Group's objective is to maintain a balance between funding and flexibility by using overdrafts, loans and, to a lesser extent, finance and operating leases and factoring transactions. Under the Group's policy, no more than 20% of long-term loans are due within 12 months. At December 31, 2023, less than 20% of the long-term financial debt was due to mature within one year.

At December 31, 2023, the Veritas Group had undrawn credit lines of approximately € 121.9 million, up from € 115.2 million at December 31, 2022.

The concept remains that the operational investment plans, which continue mainly in the water sector (and thus concern the parent company), are counterbalanced by the rate adjustments set by the water authorities.

Work continues on implementing a municipal waste management rate/tax on a fee/quantitative basis to achieve greater fairness for users and more control for municipalities, which also has the effect of returning direct finance to the Group, eliminating strains on working capital and increases in finance costs.

In 2023, the Group obtained additional long-term bank loans totaling € 94.6 million.

Also in 2023, short-term financial management tools were used, mainly direct factoring contracts, whereas indirect (reverse) factoring contracts continue to be used marginally. No new finance leases were stipulated in the period.

The 2023 changes in the financial payables are presented below. Additional information is provided in the statement of cash flows.

(in thousands of euros)	Dec. 31, 2022	bond note redemption	loans secured	loan repayments	increase/ decrease in payables	other non-financial changes	leases entered into	leases ended	Dec. 31, 2023
financial liabilities	234,396		94,600	-52,027		-1,617			275,352
financial liabilities from other lenders	34,024			43	-3,832	2,395	17,588	-115	50,103
financial payables due to associates	172				-159	1		-14	
loan payables due to shareholders	9,415			-540	-880	374	389		8,758
other financial payables (derivatives)						972			972
convertible and non-convertible bonds	135,430	-750				16			134,696
total financing	**413,437**	**-750**	**94,600**	**-52,524**	**-4,871**	**2,141**	**17,977**	**-129**	**469,881**

Capital management

The Group's net debt is € 338,305 thousand at December 31, 2023 (€ 65,008 thousand at December 31, 2022), and its total equity is € 334,563 thousand at the same date.

The ratio of net financial debt to equity, which indicates the balance between external and internal funding, was 1.01 at December 31, 2023 (0.83 at December 31, 2022).

Fair value measurement and hierarchy

A comparison between the carrying amount and the fair value by category of all the Group's recognized financial instruments did not reveal any significant differences, other than those presented, to be reported.

All the financial instruments recognized at fair value can be classified into the three categories defined below:

- *level 1* quoted market prices
- *level 2* valuation techniques (based on observable market data)
- *level 3* valuation techniques (not based on observable market data).

The fair value of the derivatives and loans was calculated by discounting the expected cash flows using the prevailing interest rates. The fair value of bonds and other financial assets was calculated using market interest rates.

At December 31, 2023, the Group held the following financial instruments measured at fair value:

(in thousands of euros)			Dec. 31, 2023		Dec. 31, 2022	
type	bank	residual notional amount	fair value assets	fair value liabilities	fair value assets	fair value liabilities
IRS	Unicredit 2017	1,244	16		90	
IRO	Bpm 2017				8	
IRO	Bpm 2019	523	6		33	
IRS	Ubi 2019	4,306	148		347	
IRS	Bper 2019	2,088	60		148	
IRS	Bpm 2020	11,000	482		971	
IRS	Bnl 2020	11,000	480		969	
Collar	Bnl 2023	12,000		-241		
Collar	F2i 2023	25,000		-731		
IRS	Bnl 2021	9,625	493		918	
IRS	Bpm 2021	3,938	202		376	
IRS	Unicredit 2021	3,938	203		374	
total derivative financial instruments		**84,661**	**2,090**	**-972**	**4,234**	**0**

All the assets and liabilities measured at fair value at December 31, 2023 are classifiable within level 2 of the fair value hierarchy.

47. Segment information

IFRS 8 requires the Group to report information about its operating segments to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

The standard defines an operating segment as:

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

The amount of each segment item reported must correspond to the assessment reported to the chief operating decision maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

The Group has identified the following segments as the basis for segment reporting:

- *Waste management segment*: includes sweeping, integrated waste cycle activities (waste collection, sorting and recycling, transport, treatment, disposal and brokering), operation of industrial plants and post-closure care of landfills.
- *Integrated water service segment:* includes activities related to the drinking water cycle for domestic and industrial use (water withdrawal, treatment, pumping and distribution), activities related to the domestic and industrial wastewater cycle (collection, treatment, cleanup), engineering activities, laboratory analysis and operation of the Venice fire protection systems.
- *Other services segment*: includes collective urban services (cemetery services, crematorium operation, special services for Venice, restroom management, environmental remediation, public works) and energy-related activities (photovoltaic systems, district heating, heat management, public lighting, biogas-biomethane-hydromethane).

These segments include activities both regulated and not regulated by Arera.

Waste management

- sweeping
- *integrated waste cycle*
  - collection
  - sorting and recycling
  - transport
  - treatment
  - disposal
  - brokerage
- industrial plant operation
- landfill post-closure care

Integrated water service

- *drinking water cycle for domestic and industrial use*
  - withdrawal
  - treatment
  - pumping
  - distribution
- *domestic and industrial wastewater cycle*
  - collection
  - treatment
  - cleanup
- *engineering*
- *laboratories*
- *fire protection system in Venice*

Other services

- cemetery services
- crematorium operation
- special services for Venice
- restroom management
- environmental reclamation
- photovoltaic systems
- district heating
- heat management
- public lighting
- biogas-biomethane-hydromethane
- public works

The Group's directors monitor separately the results achieved by the business units in order to make decisions about allocating resources and assessing the performance.

The performance of the segments is assessed for statement of profit or loss purposes on the basis of the operating income (EBIT) and for statement of financial position purposes based on the fixed assets.

Structural expenses and income are reversed to the individual business units according to performance drivers, consistent with unbundling regulations.

The fixed assets of the corporate segment regard structural assets.

Intra-segment revenues are eliminated on consolidation and are reflected in the "adjustments and eliminations" column hereunder.

2023 results by operating segment (in thousands of euros)	waste manage-ment	integrated water service	other segments	adjust-ments and elimina-tions	total
revenues from sales and services	-267,333	-194,115	-29,117	0	-490,565
other income	-2,375	-4,279	-1,456	0	-8,110
intra-segment revenues	-180	-322	0	502	0
corporate revenues	-7,333	-4,470	-608	0	-12,411
total net revenues	**-277,221**	**-203,186**	**-31,181**	**502**	**-511,086**
costs for raw and ancillary materials and consumables used	26,843	18,256	1,392	0	46,491
costs for services	74,696	62,438	19,054	0	156,188
costs of use of third-party assets	1,951	3,925	161	0	6,037
personnel costs	101,157	37,558	8,933	0	147,648
other operating expenses	4,157	1,982	174	0	6,313
intra-segment operating expenses	322	180	0	-502	0
corporate operating expenses	29,430	21,084	3,048	0	53,562
total operating expenses	**238,556**	**145,423**	**32,762**	**-502**	**416,239**
EBITDA	**-38,665**	**-57,763**	**1,581**	**0**	**-94,847**
allocations to provisions for risks and charges	-584	1,390	230	0	1,036
allocations to provisions for corporate risks and charges	450	337	56	0	843
amortization, depreciation and impairment losses	25,586	19,961	1,601	0	47,148
corporate amortization, depreciation and impairment losses	3,452	4,073	983	0	8,508
operating income/(loss)	**-9,761**	**-32,002**	**4,451**	**0**	**-37,312**

2022 results by operating segment (in thousands of euros)	waste manage-ment	integrated water service	other segments	adjust-ments and elimina-tions	total
revenues from sales and services	253,804	193,896	28,403	0	476,103
other income	2,855	6,709	2,775	0	12,339
intra-segment revenues	69	214	0	-283	0
corporate revenues	7,437	5,053	756	0	13,246
total net revenues	**264,165**	**205,872**	**31,934**	**-283**	**501,688**
costs for raw and ancillary materials and consumables used	-28,724	-17,306	-1,032	0	-47,062
costs for services	-67,126	-70,596	-19,340	0	-157,062
costs of use of third-party assets	-2,280	-3,095	-310	0	-5,685
personnel costs	-98,646	-34,897	-8,763	0	-142,306
other operating expenses	-3,930	-2,239	650	0	-5,519
intra-segment operating expenses	-188	-95	0	283	0
corporate operating expenses	-33,682	-27,058	-4,673	0	-65,413
total operating expenses	**-234,576**	**-155,286**	**-33,468**	**283**	**-423,047**
EBITDA	**29,589**	**50,586**	**-1,534**	**0**	**78,641**
allocations to provisions for risks and charges	-3,571	-491	-1	0	-4,063
allocations to provisions for corporate risks and charges	-28	-23	-7	0	-58
amortization, depreciation and impairment losses	-26,448	-18,474	-1,572	0	-46,494
corporate amortization, depreciation and impairment losses	-3,594	-3,928	-1,013	0	-8,535
operating income/(loss)	**-4,052**	**27,670**	**-4,127**	**0**	**19,491**

fixed assets by operating segment at Dec. 31, 2023 (in thousands of euros)	waste manage-ment	integrated water service	other segments	corporate	total
intangible assets	11,411	3,007	777	3,189	18,384
service concession arrangements	0	309,208	125	16	309,349
goodwill	20,435	3,253	0	0	23,688
property, plant and equipment	276,166	51,291	21,470	74,416	423,343
investment property	0	0	0	12	12
total fixed assets	**308,012**	**366,759**	**22,372**	**77,633**	**774,776**

fixed assets by operating segment at Dec. 31, 2022 (in thousands of euros)	waste manage-ment	integrated water service	other segments	corporate	total
intangible assets	11,752	6,257	808	3,015	21,832
service concession arrangements	0	283,417	0	6	283,423
goodwill	20,435	788	0	0	21,223
property, plant and equipment	243,570	30,849	20,859	70,654	365,932
investment property	-27	2,507	0	14	2,494
total fixed assets	**275,730**	**323,818**	**21,667**	**73,689**	**694,904**

48. Disclosure obligations under Law 124/2017, Article 1, paragraph 125

In accordance with Law 124, Article 1, paragraph 125 *et seq.* of August 4, 2017, as amended by Decree Law 34/2019, Article 35, the public funding received by the Group in 2023 is set out below.

Public funding means grants, subsidies, benefits, contributions or aid, whether in the form of money or in-kind, that are not general and do not have a nature of consideration, remuneration or compensation (Law 124/2017, Article 1, paragraph 125).

In accordance with the regulations, the list excludes funding of less than € 10,000 per beneficiary and general grants, or benefits received on the basis of an aid scheme that rewards all parties that meet specific conditions set out by law.

grantor	Group beneficiary	type of public funding	amount in euros	present in National State Aid Register
Fondimpresa	Veritas spa | Depuracque servizi srl	Training plan to strengthen and expand staff skills	154,768	
Fondirigenti	Veritas spa	Fdire 32574 Training Plan *Enhancing the differences in Veritas*	12,500	X
Conai	Veritas spa	Local communication projects under 2019-2020 call Anci Conai framework	18,789	
Veneto Region	Veritas spa	Construction of new water and sewage pipelines to connect the Valli hamlet to the Ca' Bianca hamlet in the Municipality of Chioggia	939,115	
Veneto Region	Veritas spa	Expansion of Jesolo dunes pumping and storage plant Municipality of Jesolo pumping station	80,289	
Veneto Region	Veritas spa	Separate sewerage network in Villaggio San Marco - Mestre Venice lot III and lotto IV – excerpt 2	2,825,757	
Veneto Region	Veritas spa	Workplace adjustment grant	2,455	X
Veneto Region	Veritas spa	Works to clean up the Venice lagoon – reclamation work at the former municipal solid waste landfill in the Municipality of Spinea, via Luneo	49,433	
Venice Environment Basin Coun-	Veritas spa	Waste education campaign - 2017, 2018 and 2019	37,721	
Venice Lagoon Basin Council	Veritas spa	Creation of EU taxonomy for 2021-2022	40,000	
Municipality of Venice	Veritas spa	Completion of pumping station and storage tank in via Torino	173,519	
Municipality of Venice	Veritas spa	Work under the *Mite Development and Cohesion Plan* (former 2014-2020 FSC Environment Operational Plan) for improvements to the integrated water service - special index 23053 of June 23, 2022	7,395,897	
Municipality of Venice	Veritas spa	Pact for the Development of the City of Venice - Fusina integrated project: screening system for biological wastewater plant output - PIF input	95,910	
CSEA – Energy and Environmental Services Fund	Veritas spa	2020-2021 water quality bonus as per Arera Resolution 477/2023	356,386	
Energy Services Operator - GSE spa	Veritas spa | Depuracque servizi srl	Photovoltaic systems grant	159,034	
European Space Agency	Veritas spa	Esa-Estec Project Purple-B: Hydrogen production from immobilized cells in photo-bioreactors	68,000	
Consorzio Erp Italia	Veritas spa	Subsidies for waste electrical and electronic equipment (WEEE) management	51,326	
Ecoped consortium	Veritas spa	Subsidies for WEEE management	60,991	
Cobat WEEE	Veritas spa	Subsidies for WEEE management	10,235	
Erion Wee	Veritas spa	Subsidies for WEEE management	154,272	
INPS	Veritas spa | Lecher ric. analisi | Asvo spa | Depuracque servizi srl	Exemption from payment of social security contributions Law 178/2020, Article 1, para. 306 - 308)	65,723	X
Customs and Monopolies Agency	Veritas spa | Depuracque servizi srl | Eco+Eco srl	Subsidy on haulage diesel excise duties	154,097	
Customs and Monopolies Agency	Veritas spa | Eco+Eco srl	Subsidy on diesel excise duties	44,901	
Ministry of Infrastructure and	Depuracque servizi srl	Investment incentives for haulage sector under Departmental Decree 145/2020	30,000	X
Ministry of Economic Develop-	Eco+Eco Srl	Special rates for energy-intensive businesses as per Ministry of Economic De-	206,708	
		total for Veritas Group	**13,187,826**	

49. Subsequent events

Equity investments and acquisitions

On January 11, 2024, Veritas completed the acquisition of a 51.16% stake in its associate Sifa scarl from the private controlling shareholder and some of its subsidiaries, thus obtaining the control and the consolidation of the company within the Group from such date. The transaction also consisted of the acquisition of some financial receivables held by such entities due from Sifa, for consideration below the nominal value. These were receivables deriving from the December 27, 2016 shareholders' agreements under which trade receivables were converted into financial receivables.

On January 1, 2024, Asvo's lease to Veritas commenced for the waste management business unit with index 39901 of November 14, 2023 of notary Mr. Todeschini, regarding the service in the 11 municipalities in the Portogruaro area of the province of Venice. The business unit does not include the management of the cemeteries, urban green spaces and Centa Taglio landfill, which have remained the responsibility of Asvo. The service is performed for 7 municipalities using the Tari regime and 4 municipalities using the Tarip regime.

The business unit lease is part of the process of integrating Asvo into Veritas, for which an absorption merger of the former company into the latter one is expected in the medium/short term.

On March 6, 2024, Eco+Eco reached an agreement to sell its investment in Sibelco Green Solutions S.r.l. Eco+Eco Srl's stake is 10%, for a historical value of € 590 thousand. The price, equal to the carrying amount of the investment, was paid on April 3, 2024.

On May 21, 2024, Depuracque servizi subscribed a share capital increase for Rive, equal to € 1,330 thousand, and 9-Tech for € 28 thousand. The percentage of ownership remains the same for both companies.

Current scenarios of economic crisis

Uncertainty continues to exist in connection with geopolitical crises in 2024, especially the ongoing Russo-Ukrainian war, although the 2022 crisis caused by raw material price hikes, which drove up inflation and therefore interest rates, seems to be abating.

The Group is monitoring the impacts of these economic scenarios, particularly in its measurements of expected credit losses and in billing.

Water rate regulation

In 2024 the Mti-4 waste rate method approved by Arera with Resolution 639/2023/R/idr of December 28, 2023 enters into effect for the 2024-2029 regulatory period.

The rates of such period are undergoing approval by the Venice Lagoon Basin Council; the approval will then be subject to updating every two years.

Waste rate regulation

With Resolution 4 of April 4, 2024, the Venice Environment Basin Council approved the two-year updating of the 2024-2025 financial plans using the Mtr-2 waste rate method.

The approval has made the 2022 and 2023 adjusting entries recognized in these financial statements definitive.

Adoption of the Tari or Tarip rate packages for 2024 is undergoing approval by the municipalities, on the basis of the new 2024 financial plans approved by the Basin Council.

Regarding the application of the Mtr-2 rate method to treatment and disposal plants, and specifically to the Jesolo landfill, on April 9, 2024 the Veneto Region approved the rates for 2022 and 2023, and the approval process for 2024 - 2025 has begun.

On January 1, 2024 the application of the flow equalization components planned for waste management (UR1 and UR2 components) under Arera Resolution 386/2023 also became effective.

Business management

In the first month of 2024, Metalrecycling purchased from Ecosorting Venice srl a set of equipment that mechanically treats the metal packaging waste and ferrous scrap assigned to municipal collection facilities. The equipment, previously operated through a subcontracting agreement with Ecosorting Venice srl, will undergo significant revamping by the company and will be included in an alternative to the current environmental authorization. The expansion of the treatment line, managed directly by the company since January 2024, is expected to conclude by mid-2024. The operation of the equipment will initially incure greater average production costs due to the interference of the revamping activities on normal operations.

2.7 Auditors' reports

2.7.1 Board of Statutory Auditors’ Report

Board of Statutory Auditors’ Report on the 2023 financial statements (Civil Code Article 2429, paragraph 2)

To the shareholders of Veritas spa
(Veneziana energia risorse idriche territorio ambiente servizi)

With this report, drawn up under Italian Civil Code Article 2429, paragraph 2, we describe the supervisory and control activities performed in fulfillment of our duties during the year ended December 31, 2023.

Supervisory activities

During the year ended December 31, 2023, our supervisory activities were informed by the legal provisions and the rules of conduct for statutory auditors recommended by the Italian Accounting Profession (CNDCEC). The CNDCEC rules of conduct that we followed are those updated on December 20, 2023 for unlisted companies and, where deemed more effective, those of December 2023 for listed companies.

This report shall inform you of such activities and the results achieved.

Supervision of compliance with the law and the by-laws

In the performance of our supervisory and control activities, we periodically obtained from the directors, including by attending Board of Directors meetings, information on the activities carried out and on the most significant business, financial and equity transactions decided upon and implemented by Veritas and its subsidiaries, ensuring that such actions were in compliance with the law and the company’s by-laws and were not manifestly imprudent, risky, in potential conflict of interest or able to compromise the integrity of the company’s net worth. Except in specific cases, meetings of the Board of Directors are scheduled at the start of the year and take place monthly.

We regularly attend as guests the Coordination and Control Committee meetings of Veritas spa’s shareholder municipalities, formed in accordance with Article 40 of the by-laws to ensure joint influence with the General Meeting over the company’s strategic objectives and significant decisions.

Concerning the annual financial statements as a whole, we found that the Board of Directors, in its Report on Operations and the Notes to the Financial Statements, has provided adequate disclosures on related-party transactions (Note 46), in consideration of the regulations in force. To the best of our knowledge, there were no intra-Group or related-party transactions in 2023 that conflicted with the Company’s interests.

During 2023, Veritas did not carry out any atypical or unusual transactions with third parties or related parties (including Group companies). As far as major transactions of an ordinary nature are concerned, they are all within the limits of prudence, do not conflict with General Meeting resolutions, and are not detrimental to the Company’s assets.

Supervision of the adequacy of the internal control system, risk management systems and organizational structure

We have:

- as within our competence, monitored the adequacy of the company's organizational structure, including by gathering information from the directors and department heads;
- interacted with senior management to review, among other things, the internal control system and the measures in place to monitor material risks.

The internal control and risk management system consists of the set of rules, procedures and organizational structures designed to facilitate sound, correct management that is in line with company objectives through an adequate system of identification, measurement, management and monitoring of the principal risks.

Such a system involves several parties, who interact in a coordinated manner according to their responsibilities:

I. guidance and strategic supervision, by the Board of Directors and General Manager;

II. mitigation and management, by the executive team;

III. monitoring and support to the Board of Directors for risk control and management, by the head of Internal Audit (HIA);

IV. oversight, by the Board of Statutory Auditors.

Although it does not have a separate Internal Audit department, the company has developed a process of formalizing and structuring concretely functioning activities that act as and implement the internal control system, headed by the Board of Directors and the General Manager.

Overseeing internal audit activities and therefore acting as the head of Internal Audit (HIA) is the person in charge of Quality, Environment and Safety, who reports directly to the General Manager. The HIA is also in charge of Team 231 – in this role reporting directly to the Board of Directors – with specific responsibilities for the prevention and control of the crimes contemplated by Legislative Decree 231/2001.

The HIA has an appropriate level of independence and enough resources to perform the role. The position entails supporting the directors and statutory auditors in verifying the adequacy, full operation, and effective functioning of the internal control and risk management system and proposing corrective measures in the event of anomalies, irregularities and/or deficiencies.

The HIA reports to the Board of Directors and the General Manager, who are in charge of the internal control and risk management systems, as well as to the Board of Statutory Auditors.

The HIA's main function is to assess the efficacy of the internal control and risk management system as concerns the effective achievement of the objectives assigned to individual departments, in light of qualitative/quantitative risk factors and the likelihood that they will influence the achievement of such objectives.

This is ensured through:

- the performance of assurance services (audit and complementary activities, known as 3rd level checks, aimed at assessing governance, risk management and control processes) and consulting;
- overseeing the implementation of improvement plans through continuous monitoring and specific follow-ups when the original issues are especially significant and complex.

The HIA performs the same function at subsidiaries without their own audit departments, acting in their interest and reporting to their respective bodies.

The internal control and risk management system also includes the "231 Organizational Model" aimed at preventing the commission of offenses for which the Company may be held liable under Legislative Decree 231/2001. The Organizational Model provides for the appointment of a Compliance Committee with autonomous powers of initiative and control, which oversees the functioning and observance of the Model itself and makes recommendations for its revision.

The duties of the Compliance Committee are distinct from those of the Board of Statutory Auditors because of the number and complexity of the topics already covered by the statutory auditors and the specific nature of the Committee's tasks.

The risk management system also covers the Market Abuse Regulation on corporate disclosures and internal dealing, with particular reference to the handling of inside information. This is relevant to Veritas as the issuer of the following bond notes:

- the € 100 million bond issued first in 2014 and subsequently in December 2020, duration 7 years, listed on the Irish Stock Exchange;
- the € 15 million Viveracqua Hydrobond issued in 2014 by the former Asi, duration 20 years, listed on the ExtraMot Pro in Italy;
- the € 25 million bond issued in December 2021, duration 17 years (private placement for professional investors).

In conclusion, based on the activities performed and the information acquired by the HIA, we consider the internal control system, the risk management system, and the organizational structure to be proportionate to the Company's size and complexity and to the nature and manner of its pursuit of the corporate purpose. In addition, regarding the 2023 financial year, we find no significant shortcomings in the internal control system.

Supervision of the administrative-accounting system and the financial and non-financial reporting process

In our role as internal control and audit committee, we monitored the process and checked the effectiveness of the internal control and risk management systems as they concern financial reporting.

As recommended by standard of conduct Q.3.6, in order to monitor the production of financial information and ensure its integrity, correctness, reliability, and completeness, we met periodically with the Controller and department executives to exchange information on the administrative-accounting system and on its reliability to properly represent business events.

These meetings, during which we examined company documentation and reviewed the findings of the independent audit firm, highlighted no significant deficiencies in operational and control processes that might affect the opinion on the adequacy and effective application of the administrative and accounting procedures.

We also took note of the controls developed by the Controller's office with regard to the subsidiaries in the scope of consolidation, from which no critical issues emerged. We met with the supervisory bodies of the main subsidiaries and obtained the same information about the main business matters, the respective annual reports at the General Meeting and the independent auditors' reports.

In our role as internal control and audit committee, and for the purpose of monitoring the independent audit and stating observations on the additional report prepared under Regulation (EU) 537/2014, Article 11, we received from the independent auditors information about the methodological system adopted and with them took into account:

- the ways of identifying materiality thresholds;
- the evaluations made when planning the audit with respect to the composition and depth of the various possible audit procedures;
- the audit approach adopted and its consistency concerning the considerations made about the reliability of the internal control system;
- the planning and execution of the audits at the main subsidiaries;
- the time employed by professional qualification, including with respect to the expectations;
- the progressive assessment of risks, distinguishing those that will be included in the additional report; the methodologies used, including the impact of any changes to such methodologies, in assessing the financial statements areas, particularly those most subject to estimates.

In periodic meetings, the audit firm Deloitte & Touche SpA did not report to us any critical situations that might affect the internal control system as concerns the administrative and accounting procedures, nor any wrongdoing or irregularities.

The Company has prepared a Non-Financial Statement (NFS) in compliance with Legislative Decree 254/2016.

In Report on Operations section 1.2.10 on the significant events of the year, the Company provided information about the regulatory developments that extended the reporting obligations of the 2023 NFS concerning economic activities that could substantially contribute to the attainment of the 4 additional climate change mitigation and adaptation objectives identified in Regulation (EU) 2020/852 (Taxonomy Regulation).

It also stated that on January 1, 2024 Directive EU 2022/2464 – the *Corporate Sustainability Reporting Directive* ("CSRD") – enters into effect. The CSRD information, prepared on the basis of new reporting standards issued by the European Financial Reporting Advisory Group (EFRAG) in 2023, will be included in the Report on Operations accompanying the 2024 consolidated financial statements.

The 2023 NFS was prepared as a stand-alone document on a consolidated basis; in light of the provisions of Article 3, paragraph 7 of Legislative Decree 254/2016 and as recommended by standard of conduct Q.3.8, we have verified - also in light of the audit firm's findings in its report pursuant to Article 3, paragraph 10 of Legislative Decree 254/2016, provided in advance to us and issued yesterday to the Company - its completeness and compliance with regulations and with the preparation criteria described in the Notes to the NFS without finding anything to mention in this report.

In the light of the above, therefore, there is no evidence to suggest that business was not conducted following the principles of fair administration, nor that the organizational structure, the internal control system, or the accounting-administrative system are not, as a whole, adequate for the company's needs and size.

Oversight activities pursuant to Legislative Decree 39/2010

In our role as internal control and audit committee, we oversaw the operations of the independent audit firm as required by Article 19 of Legislative Decree 39/2010.

As mentioned earlier, in accordance with Civil Code Article 2409 septies and as recommended by standards of conduct 5.3 and Q.5.3, we interacted during the year with the independent audit firm to exchange data and information concerning the activities performed in accordance with respective duties.

The independent auditors never informed us of any facts, circumstances, or irregularities that needed to be brought to our attention, and thus mentioned in this report.

Yesterday, the independent auditors issued their report pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EU) 537 of April 16, 2014, stating (as announced to us in advance) that the financial statements for the year ended December 31, 2023 are prepared clearly and give a true and fair view of the financial position, financial performance and cash flows of Veritas spa for that year. That opinion is consistent with the Additional Report addressed to the Board of Statutory Auditors, in our role as internal control and audit committee, prepared in accordance with Article 11 of the EU Regulation.

In its main report, the independent auditors listed the "key audit matters" as the "recognition of revenue from the integrated water service – revenue accrued and not yet invoiced" and described the audit procedures carried out in that respect.

In the independent auditors' opinion, moreover, the Report on Operations is consistent with the separate financial statements for the year ended December 31, 2023.

As mentioned above, the independent auditors provided us with the Additional Report required by Article 11 of Regulation (EU) 537/2014, issued to the Board of Statutory Auditors in advance and provided yesterday to the company, which we will bring to the attention of the Board of Directors.

The Additional Report does not list any significant shortcomings in the internal control system concerning the financial reporting process worthy of being brought to the attention of those responsible for governance.

The Additional Report includes the statement of independence required by Article 6 of Regulation (EU) 537/2014, from which no circumstances emerged that might compromise the audit firm's independence or constitute grounds for incompatibility under the decree mentioned above.

In addition, we took note of the 2023 Transparency Report of September 28, 2023 prepared by the audit firm and published on its website in accordance with Legislative Decree 39/2010, Article 18.

The Company has established suitable controls regarding the fees paid to the audit firm.

In 2023, other than the audit of the separate financial statements, the consolidated financial statements, the NFS, and the financial statements of the subsidiaries, Deloitte & Touche spa was given no additional audit-related assignments (which require prior authorization from the parent company's Board of Statutory Auditors), also considering the expanded range of ordinary services included in its assignment with respect to those carried out by EY spa, whose assignment expired in 2022 with the approval of the 2021 financial statements.

In 2023 Deloitte & Touche spa communicated that it had received the following engagements for audit services (that do not require prior authorization from the parent company's Board of Statutory Auditors):

- from the subsidiary Depuracque spa, to perform the audit required by law of the research and development expenditure incurred in 2022, for the purposes of Law 160/2019, Article 1, paragraph 200; the engagement resulted in a € 2,500 change in fees;
- from the subsidiary Eco+Eco srl, to perform the requested audit of the company's receivable and payable balances with shareholder municipalities (Municipality of Jesolo), pursuant to Legislative Decree 118/2011, Article 11, paragraph 6(j); the engagement resulted in a € 1,000 change in fees;
- from the subsidiary Depuracque spa, to audit the statement drawn up to demonstrate the existence of the financial standing requisites of road transport operators, pursuant to Regulation (EC) 1071/2009, Article 7, paragraph 1; the engagement resulted in a € 1,000 change in fees;

Interactions with the Compliance Committee under Legislative Decree 231/2001, Article 6, paragraph 1(b)

In performing our duties we met with the Compliance Committee established under Legislative Decree 231/2001, with regard to reciprocal controls and in accordance with the standards of conduct for statutory auditors laid down by the Italian Accounting Profession.

No issues to be brought to the shareholders' attention emerged from this meeting.

Through the Compliance Committee's Annual Report issued on January 26, 2024 and brought to the attention of the directors and statutory auditors at the Board of Directors' meeting of February 22, 2024, we acquired information on the Committee's activities pertinent to the "231 Organizational Model. These activities concerned the functioning of the Compliance Committee in coordination with the other control and management bodies, the planning and performance of supervisory activities, the management of complaints and conduct of investigations, and the adequacy of the assessment and updating of the Model.

In 2023, the Compliance Committee did not report to us any facts, circumstances, or shortcomings regarding the 231 Organizational Model, pursuant to Article 6 of its regulations.

In the light of what the Committee disclosed in its Annual Report and in the absence of any findings or shortcomings regarding the 231 Organizational Model, there is no evidence to suggest that the Model is incompatible with the Company's organizational structure, size, and complexity.

The activities of the Compliance Committee are documented in its Annual Report.

On January 25, 2024, the Board of Directors passed a resolution to appoint the following new Compliance Committee members, for a three-year term commencing on the day the appointments are accepted: Chair Antonio Matera; member Fiorella Gottardo; member Maurizio Zuin.

The Board of Statutory Auditors is unaware of any events or situations to be reported to the General Meeting.

In the course of our supervisory activities and based on the information obtained, no complaints were filed under Civil Code Article 2408, nor were there any findings of omissions, wrongdoing, limitations, exceptions, irregularities, or significant facts that would require mention in this report.

No opinions were issued during 2023.

Separate financial statements

The separate financial statements of Veritas spa for the year ended December 31, 2023, drawn up in accordance with the Italian regulations that govern their preparation, have been submitted for your review. The financial statements were made available to us within the legal time limit.

The draft financial statements for the year ended December 31, 2023, which the Board of Directors submits for your review and approval, have been prepared in accordance with IAS/IFRS.

As a public-interest entity (PIE) that has issued bonds listed on regulated markets, Veritas is required to prepare financial statements using international accounting standards in accordance with Legislative Decree 38/2005.

The draft financial statements are therefore made up of:

I. a statement of financial position broken down into current and non-current assets and liabilities, based on whether they will be realized or settled as part of the normal operating cycle within or after 12 months from the end of the year;

II. a statement of comprehensive income that classifies income and expenses based on their nature, a method the directors deem most representative of the Company's business segment;

III. a statement of cash flows prepared using the indirect method;

IV. a statement of changes in equity;

V. explanatory notes containing the information required by applicable regulations and international accounting standards, appropriately presented with respect to the format of the financial statements. The draft financial statements are accompanied by the Report on Operations, which describes the Company's situation, performance, and outlook and the significant events that took place during the year and after it ended.

This set of documents was made available to us during the Board of Directors' meeting held on May 28, 2024.

The year 2023 shows a profit of € 8,230,940, as reported in the financial statements, which are consistent with the facts and the information that have come to our attention in the course of performing our supervisory duties and exercising our powers of inspection and control. We have no observations in this regard.

Since we are not responsible for the legally mandated audit, we performed the supervisory activities envisioned by standards 3.8. and Q.3.6. of the rules of conduct for statutory auditors; since we do not perform detailed controls over the separate and consolidated financial statement content, and we do not express an opinion on their reliability, we are responsible for checking the directors' compliance with the procedural rules for their formation, filing and publication. The independent auditors are responsible for verifying the correspondence to the accounting data.

We have verified that, to the best of our knowledge, the directors, in preparing the financial statements, have not departed from the accounting policies adopted.

As recommended by the rules of conduct for statutory auditors, we have verified:

- the directors' compliance with the accounting standards adopted o prepare the financial statements;
- the compliance with IAS/IFRS of the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of cash flows, and statement of changes in equity;
- the correct statement in the notes to the financial statements of the measurement policies and their compliance with the law and the accounting standards adopted;
- the compliance of the notes to the financial statements and the Report on Operations with Civil Code Articles 2427, 2427 BIS and 2428;
- the informational completeness and clarity of the notes to the financial statements and the Report on Operations, in accordance with the principles of truth, fairness and clarity required by law. We confirm that the Report on Operations contains adequate information on the internal control system and risk management, and that the information provided by the directors on related party transactions regarding the business purpose is complete.

The independent auditors, Deloitte & Touche spa, delivered to us its report dated June 11, 2024 containing a clean opinion.

Consolidated Financial Statements

As required by law, the Board of Directors has prepared the consolidated financial statements of the Veritas Group at December 31, 2023, which are audited by Deloitte & Touche spa. The scope of consolidation clearly indicated in the introduction to the Report on Operations has changed since the previous year, as a result of:

- the cancellation of the liquidation of Consorzio bonifica Fusina, name change, loss settlement, and reconstitution of share capital with an ownership change;
- Euroscavi srl added to the scope of consolidation with Lecher ricerche e analisi srl's purchase of its entire share capital.

Concerning the consolidated financial statements, according to standards of conduct 3.8 and Q.3.6, our only role is to supervise compliance with the procedural rules on the preparation and layout of the financial statements and the Report on Operations; we have no obligation to issue a report or any formal opinion.

We have verified the composition of the Group and the shareholding relationships as defined by Civil Code Article 2359 and Article 26 of Legislative Decree 127/1991 and, within the organizational structure of the parent company, the existence of an efficient and operational unit responsible for transactions with subsidiaries and associates.

Yesterday, pursuant to Article 14 of Legislative Decree 39/2010, the independent auditors issued their audit report on the consolidated financial statements confirming, as announced to us in advance, that the consolidated financial statements for the year ended December 31, 2023 are presented clearly and provide a true and fair view of the Veritas Group's financial position, financial performance and cash flows for the year then ended. In the independent auditors' opinion, moreover, the Report on Operations is consistent with the consolidated financial statements for the year ended December 31, 2023.

In its report, the independent auditors listed the "key audit matters" as the "recognition of revenue from the integrated water service – revenue accrued and not yet invoiced" and described the audit procedures carried out in that respect.

The report also contains the statement pursuant to Article 4 of the Consob Regulation concerning the Non-Financial Statement (NFS).

Conclusions

2023 featured some resolution of the emergencies that arose during 2022, which included droughts and the economic consequences of the Russo-Ukrainian conflict in terms of increases in energy prices and interest rates.

Although 2023 was an exceptionally hot year, there were no droughts or water scarcity, and actually the levels and productivity of the aquifers recovered in the second half of the year. However, the intensification of extreme weather events continues to involve the company in the assessment of climate change risks on the Group's structures and activities, and in the adoption of mitigation and contrasting measures involving the water and waste management sectors. This is the scenario in which the annual investments of € 63,038 thousand in water infrastructure and the funding of the investments planned by Eco+Eco (partly through the subscription of a share capital increase) for the second line of the waste-to-energy plant to eliminate the use of landfills for municipal waste not sent for recycling took place.

To cover the substantial investment plan realized in 2023, free government grants were used in part, but especially additional funding regulated by current legislation. The net financial position reflects a € 84,380 thousand increase in the total indebtedness, bringing the final balance to € 327,216 thousand. This increase led to a slight worsening of the debt ratio, which was offset however by an improvement in the debt repayment capacity.

With respect to income, a slight decrease in revenues from those of 2022 is reported, attributable primarily to reduced grants for operating expenses. The decline in revenues from sales and services shows a € 8,449 thousand decrease in revenues from the water segment, whereas the waste management segment had an increase of € 9,688 thousand.

The operating income indicator (EBITDA) shows clear improvement, after accounting for a contingent gain that reduced personnel costs by € 2,500 thousand. The improvement was made possible by an € 8 million decrease in energy costs from those of 2022.

The proposed allocation of profit considers the intended use restrictions for making the new investments planned on part of the water rate. Hence, € 7,819 thousand is expected to be allocated to a non-distributable reserve. At the same time, the General Meeting is requested to decide upon the release of € 19,924 thousand from a reserve similarly established, due to the realization of the investments planned for 2022.

Taking into account the specific duties of the independent auditors in terms of auditing the accounts and verifying the reliability of the financial statements, and the unqualified opinion they have issued, the Board of Statutory Auditors has no comments to make at the General Meeting regarding the approval of the financial statements for the year ended December 31, 2023, accompanied by the Report on Operations, as presented by the Board of Directors, and therefore has no objections to the approval of the financial statements and the proposed allocation of net profit.

We have also reviewed the Group's consolidated financial statements for the year ended December 31, 2023 and have no comments in this regard.

Venice; June 12, 2024

The Board of Statutory Auditors
Maria Giovanna Ronconi *Chair*
Andrea Burlini *Statutory Auditor*
Maurizio Interdonato *Statutory Auditor*

2.7.2 Independent Auditors' Report

Deloitte & Touche S.p.A.
Viale Giovanni Paolo II, 3/7
33100 Udine
Italia

Tel: +39 0432 1487711
Fax: +39 0432 1487712
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Veritas S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Veritas S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31st, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31st, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Veritas S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognition for integrated water service – revenue earned but not yet billed	
Description of the key audit matter	Revenues from the integrated water service are determined on the basis of the national rates regulation defined by Autorità di Regolamentazione per Energia Reti e Ambiente ("ARERA") through the rate mechanism called MTI. This mechanism provides for the rates to be determined on the basis of the costs incurred (the so-called guaranteed revenue constraint – "VRG") and establishes the criteria for regulating in the following years the differences between the VRG and the revenue invoiced on the basis of the volumes provided and the rate in force. Note 33 of the Group's financial statements at December 31st, 2023, shows that for adjusting revenues to the VRG for the year 2023, the Group had to account for positive rate accrual of Euro 3.425 thousand, which were determined following an estimate accrual related to bills to be issued of Euro 14.913 thousand. We have considered the procedure used for the determination of the above accrual to be a key matter for the audit of the Group's consolidated financial statements for the year ended on December 31st, 2023, in view of: (i) the discretionary component inherent in the estimated nature of the accrual; ii) the complexity of calculation algorithms adopted by the Group for determining the estimate of revenue earned but not yet billed which have affected the nature and extent of our audit procedures and made it necessary to involve our IT specialists in order to perform these procedures.
Audit procedures performed	The audit procedures that we carried out, performed also through the involvement of IT specialists from our network, included among others, the following: • analysis of the computer procedures set up by the Group for the measurement related to service provided revenues not yet billed and, the related algorithms calculation; • understanding the key controls implemented by the Group to monitor the risk of an incorrect accrual and testing its operating effectiveness; • understanding and analysis of the criteria adopted by the Directors for the measurement of the VRG on the basis of the reference rate regulations; • analysis and testing of the main data used by the Directors for the estimation of the quantities consumed, the invoices to be issued and the rate estimates; • review of the adequacy and compliance of disclosure provided on the recognition of revenue earned but not yet billed at the reporting date with the applicable accounting standards.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Deloitte.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Veritas S.p.A. has appointed us on June 27, 2022 as auditors of the Company for the years from December 31st, 2022 to December 31st, 2030.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

Deloitte.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and the art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Veritas S.p.A. are responsible for the preparation of the report on operations of Veritas Group as at December 31st, 2023, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of Veritas Group as at December 31st, 2023, and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of Veritas Group as at December 31st, 2023, and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Veritas S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Alessandro Boaro
Partner

Udine, Italy
June 11, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

3
Resolutions

3.1 Resolutions of the shareholders' meeting

The quorate ordinary Shareholders' Meeting which met on 26 June 2024 in Mestre, via Porto di Cavergnago 99, also in audio video conference, regularly constituted, resolved to:

- approve the separate annual report of Veritas spa as at 31 December 2023, which closed with a profit for the year of EUR 8,230,942, consisting of the Statement of financial position, the Statement of profit or loss and other comprehensive income, the Statement of changes in shareholders' equity, the statement of Cash flow and the Notes to the financial statements, as well as the Report on Operations, pursuant to board of directors resolution of 28 May 2024;
- allocate the profit for the year to the legal reserve to the extent of 5% (EUR 411,547), to the non-distributable reserve on the basis of the New Investments Fund (FONI) constraint (EUR 7,819,395);
- allocate a part of the other available reserves to the non-distributable reserve on the basis of FONI constraint for EUR 14,856,361;
- to release the non-distributable reserve recognised previously subject to the FONI constraint (EUR 19,914,587), as the investments in water services planned for 2022 were made;
- acknowledge the report of the Board of Statutory Auditors on the separate annual report of Veritas spa as at 31 December 2023, pursuant to Art. 2429, paragraph 2 of the Italian Civil Code;
- acknowledge the report of the independent auditing firm on the annual report statements of Veritas spa as at 31 December 2023, drafted pursuant to Art. 14 of Italian Legislative Decree 39/2010 and Art. 10 of Regulation (EU) no. 537/2014.

It also acknowledged:

- the consolidated annual report of Veritas spa as at 31 December 2023, consisting of the Statement of financial position, the Statement of profit or loss and other comprehensive income, the Statement of changes in shareholders' equity, the statement of Cash flow and the Notes to the financial statements, as well as the Report on Operations, pursuant to board of directors resolution of 28 May 2024;
- the report of the independent auditing firm on the consolidated annual report of Veritas spa as at 31 December 2023, drafted pursuant to Art. 14 of Italian Legislative Decree 39/2010 and Art. 10 of Regulation (EU) no. 537/2014.