

Consolidated and separate financial statements 2022



Compagnia Valdostana delle Acque S.p.A.
Compagnie Valdôtaine des Eaux S.p.A.

Abbreviated to
"C.V.A. S.p.A. a s.u."

Consolidated and Separate Financial Statements at 31/12/2022

Company data

Legal Form	Sole shareholder joint-stock company
Registered Office	Châtillon (AO), Via Stazione, 31
Share capital	Euro 395,000,000.00 fully paid-in
Tax ID. and VAT number	01013130073
Registered with the Office of the Register of Companies of Aosta	61357

Website: www.cvaspa.it

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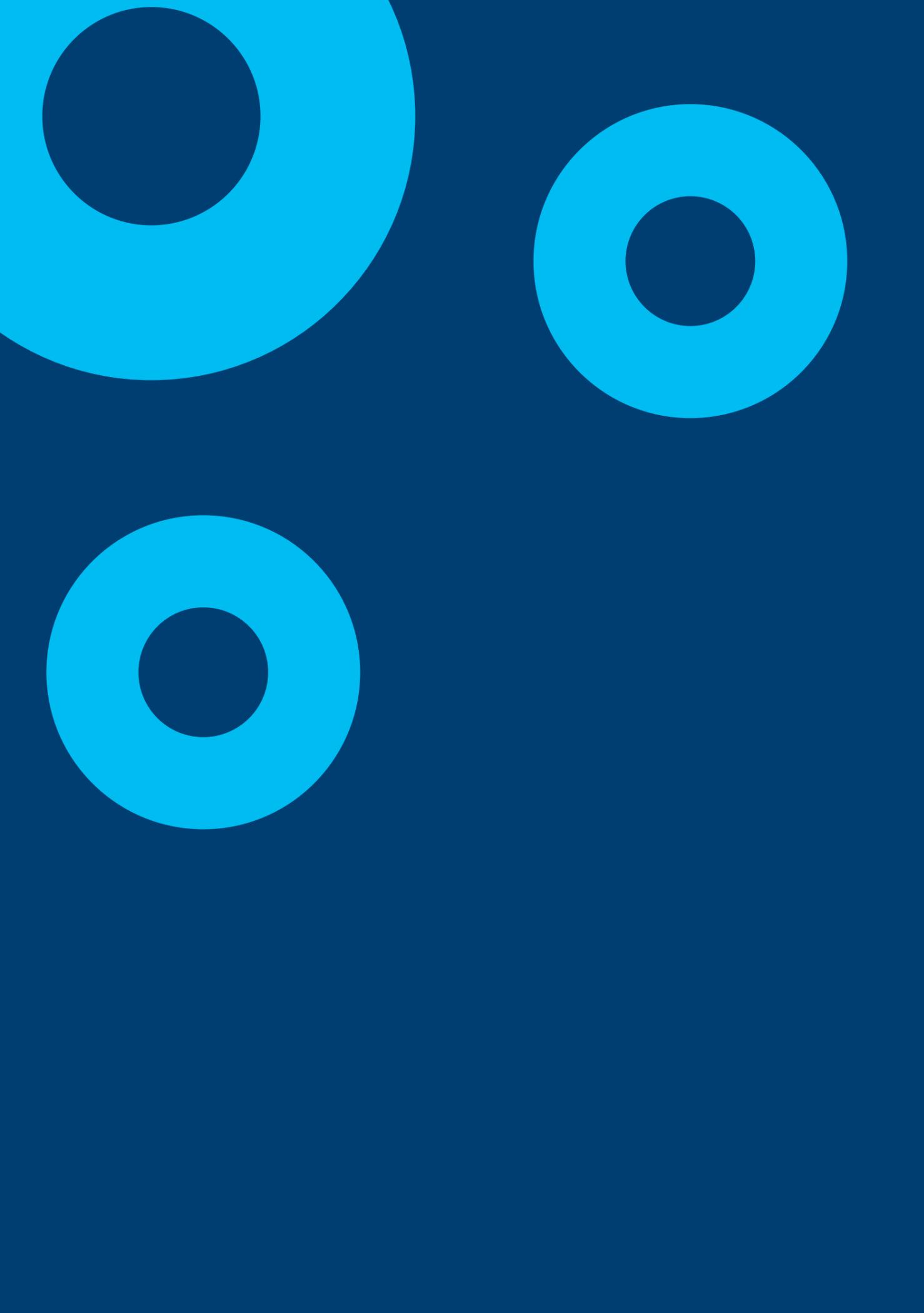
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CORPORATE BODIES

Board of Directors

Chair of the Board of Directors

Marco Cantamessa

Chief Executive Officer

Giuseppe Argirò

Directors

Valeria Casali

Marzia Grand Blanc

Fabio Marra

Board of Statutory Auditors

Chair of the Board of Statutory Auditors

Massimo Scarrone

Standing Auditors

Federica Paesani

Carmelo Marco Termine

Independent Auditors

EY S.p.A.

Supervisory Body Legislative Decree 231/2001

Chair of the Supervisory Body

Vincenzo Scipioni

Member of the Supervisory Body

Nicola Distasi

Member of the Supervisory Body

Federico Massa

LETTER TO SHAREHOLDERS

Shareholders,

The year 2022 was one of the most difficult in recent memory for the Italian energy sector. It was a risky and very complex "navigation" that the CVA Group (hereinafter also "**Group**") has been able to cope with on the one hand, by managing the many adversities in a foresighted manner and, on the other hand, by operating with impetus where it was possible to exploit the opportunities. By doing so, the Group was able to achieve unprecedented economic results.

In fact, 2022 was characterised by an extremely complex macroeconomic context, with an initial framework of strong economic recovery on a global level that generated a post-pandemic recovery with world GDP growing by around 3% on a global basis. However, this robust recovery has had a significant impact both on global supply chains, still affected by the operational consequences of the pandemic scenario, resulting in problems for production chains around the world in terms of product and service availability, and on the cost of raw materials, imparting an initial inflationary pressure not seen in many years.

Added to all this was a dramatically new geopolitical context, generated by the Russian invasion of Ukraine in February 2022, which brought war to the heart of Europe, generating tensions and uncertainties on a planetary scale, with further tensions on the energy markets, already strained since the second half of 2021, and again on commodities and foodstuffs with an inflationary impact unknown to the markets for several decades. The backdrop of uncertainty, geopolitical tension and the onset of a robust inflationary process prompted global monetary authorities to implement restrictive economic policies, leading to a significant increase in interest rates and, consequently, leading to a substantial freeze in capital markets for many months during the year, as well as an increase in the cost of money on a global scale. This context, described by authoritative international research centres as a perfect storm, had the widest manifestation of its negative effects on the energy markets, in terms of volatility, with the TTF (Title Transfer Facility) index, a reference for gas prices on a global scale. This index exceeded, for some maturities, 330 €/MWh during August 2022, and energy prices have consequently and repeatedly experienced shocks unparalleled in recent history.

The first energy price shock occurred at the turn of 2021/early 2022, the second coinciding with the invasion of Ukraine, and the third in August 2022. The latter, the most important of the three, was brought about by the uncertainty surrounding gas supplies, as well as by speculative effects and technical movements due to the mechanisms of stock exchanges trading energy securities. Against this backdrop, electricity prices across Europe have undergone a sometimes very significant increase, with dramatic repercussions for households and businesses. Both the nation states and the European Commission have attempted to counter this phenomenon through sometimes contradictory fiscal policies, as in the case of our country, in order to mitigate the negative impact on the production system and, in particular, on the economically weaker.

National fiscal policies, which have at times affected the market in a distorting manner, and which have certainly led to an environment of conflict with the national energy production system, have, together with rising interest rates and the framework of uncertainty in both capital and energy markets, created a context of uncertainty that has also significantly impacted the energy transition process. Combining the need to ensure short-term security of energy supply with the need to reduce the impact on the national socio-economic system is certainly not an easy exercise. However, a greater capacity for dialogue with the electricity generation sector, which must contribute to the security and continuity of production, must ensure competitive costs for the Country system, and must also proactively invest in the process of decarbonising the production mix, would certainly have avoided certain frictionalities, in the interest of the Nation.

In this context, and after an objectively inert initial phase, the EU has defined with its own regulation a number of market benchmarks that confirm the strategic nature of the transition process and the need to build mechanisms that guarantee and accelerate the continuation of investments in renewable energy plants. Added to this very complex macroeconomic scenario were the adverse weather conditions, low rainfall and abnormal temperatures recorded in 2022, which resulted in widespread drought in almost all EU countries: according to estimates by the European Drought Observatory (EDO), as of August 2022, 60% of the European territory was in critical or extremely critical conditions due to drought. In Italy, the year 2022 was recorded as the hottest year ever, with an extraordinary drought season, which resulted in significant damage to the agricultural production sector, and heavy negative repercussions on hydroelectric power production volumes.

Group Performance

Against this backdrop of great complexity, tension and uncertainty, the CVA Group has worked to ensure, first and foremost, the absolute security of its operational and financial structure. It did so, as one of the first in Italy ever, by identifying choices and implementing financial and market operations that made it possible to secure the company in a very delicate operating context for the energy markets and laying the foundations for the creation of value, which was then witnessed by the extraordinary results achieved.

Choices have always been inspired by the utmost prudence, however characterised by clarity of vision and decisiveness and timeliness in implementing them, without renouncing medium- to long-term industrial strategies despite the context. These strategies were inspired first and foremost by the process of diversification of the generation source, which is increasingly seeing the development of wind and photovoltaic power alongside the more traditional, for your Group, investments in the hydroelectric system.

These investments remain within the precise strategic framework of growth, as an integrated operator in the renewable energy system, and have allowed the Group, among the totally public companies, to take the leadership of the Italian market. Thanks to the strategies identified and the actions implemented, with the dual value of securing and creating the economic-financial conditions to seize all the opportunities that the market has produced during 2022, the Group has generated consolidated revenues of Euro 1,728 million with an increase of 143% compared to the Euro 710 million of the previous year and which, with the help of an average workforce of 647 employees (+8.8% new hires, 98.5% of which with permanent contracts), resulted in a consolidated net profit of Euro 164.4 million, compared to a result of Euro 135.2 million in 2021, the latter being influenced by significant extraordinary items amounting to Euro 48.3 million, referable to the effects, on income taxes, of the application of the rule on revaluation and realignment, as per Law No. 126 of 13 October 2020. The result for the year therefore increased by 89.1% compared to the 2021 result adjusted for non-recurring items. On the other hand, the pre-tax result of Euro 250.7 million was 97.45% higher than in the financial year 2021. Shareholders' equity was around Euro 879 million (Euro 1,026 million before cash flow hedge reserves).

Regarding ratings, the agencies Moody's and Fitch maintain their ratings of Baa2 (negative outlook) and BBB+ (stable outlook) respectively.

In the panorama of the main utilities in Italy, the Group has progressively increased its portfolio of activities, consolidating its leadership among the pure green energy operators at national level. In 2022, the Group strongly accelerated the implementation of its business plan to 2026 by entering into the contract for the acquisition, finalised at the beginning of 2023, of the Sistema Rinnovabili Group and launching the partnership in agri-voltaics with Bonifiche Ferraresi S.p.A.. The two transactions will allow the Group to substantially increase its installed capacity, which, at 31 December 2022, totalled 1,104 MW (934 hydro, 157.5 wind and 12.5 solar).

The Group's economic and industrial performance makes it a unique case in Italy, when compared to the main comparables, both in terms of industrial growth and income performance. A key step that created the operational framework conditions for the above-mentioned acceleration was the exemption from some of the constraints of Legislative Decree 175/2016 - Consolidated law on publicly owned companies (hereinafter "**TUSP**") (so-called Madia Law). This was a significant regulatory innovation for the Group, achieved through the subjective condition of owning a listed financial issue on 31 December 2021.

This regulatory change allowed for a rapid and timely action to pursue strategic industrial objectives, certainly more effectively and incisively than could have been implemented in the previous phase, a subject, moreover, discussed at length in previous Letters to the Shareholder.

Key events

On the complexity front, the 2022 financial year was marked by three important and interrelated sources of risk.

First source of risk, the energy shock of gas caused by the Russian aggression against Ukraine in February, in some ways even more pronounced than the historic one in the 1970s. The first important signs were already evident at the end of 2021, when the price of gas doubled compared to previous values and reached 35-37 Euro/MWh. This first "wave" was, however, exceeded by several orders of magnitude with the price increases of March 2022 (up to 70 Euro/MWh), and August 2022 (up to 307 Euro/MWh), caused by imbalances between supply and demand, and exacerbated by speculative movements and regulatory mechanisms of the power exchanges unsuitable to handle such levels of volatility.

In this context, in the course of 2022, leading European energy operators required emergency public interventions to cope with the situation, just as many Italian operators have had to take advantage of the so-called "SACE guarantees" provided for this purpose. These price increases were, moreover, accompanied and partly induced by a secular drought, which reduced Italian hydroelectric production by 37.7% year-on-year, while for the Group, the reduction amounted to 17.2%.

As a second source of risk, the various European governments, and the Italian government, have attempted to cope with the energy shock by deploying measures to limit prices and so-called "extra-profits". These measures, however, designed in a technically approximate and distorting manner, have led to significant and enduring regulatory uncertainty, which has caused more problems of interpretation for manufacturers than real benefits for the treasury, the economy and society. As a third source of risk, the energy shock caused a "double-digit" inflationary spike, which led the various central banks, including the ECB, to abruptly discontinue their previous accommodative rate policy. The ECB reference rate thus increased from 0% to 2.5% in December 2022, rising to 3.5% in March 2023, with an immediate restrictive effect on the financing of the real economy.

The Group was able to deal with this multifaceted situation of uncertainty by detecting the threats on the horizon in good time. In order to meet the liquidity needs arising from the margin calls, the banking system collected, operating on time and at advantageous rates, committed credit lines capable of guaranteeing significant liquidity reserves. These reserves, which were initially short-term, and later remodulated over the medium term, made it possible to overcome the price spike in August unscathed. To cope with the various sources of volatility and uncertainty, the Group has also maintained a prudent hedging policy aimed at reducing the risks of overhedging, as well as having immediately separated production activities from trading and sales activities, so as to ensure industrial stability for the former and adequate funding for the latter.

With the prospect of having to find long-term financial resources to support its ambitious business plan, the Group, which at the end of 2021 had already carried out some advantageous interest rate hedging transactions, at the end of 2022, despite the adverse conditions on the financial markets, started the preparatory activities for the underwriting of a major Euro 250 million Schuldschein-type loan, subscribed at the beginning of 2023 by leading international institutional investors, at an extremely advantageous effective rate. Thanks to these prudent actions, the Group has been able, firstly, to manage a prudent policy that is attentive to the needs of its customers and stakeholders, aimed in particular at limiting the impact of price rises on the most vulnerable, by working on price formation mechanisms and payment conditions.

Thanks to these actions, the Group was able to approach 2022 with a strong momentum towards development, in line with its Strategic Plan, which was updated at the beginning of the year. In this respect, the turning point was consequent to the enactment of Law No. 91 of 15 July 2022 converting, with amendments, Decree-Law No. 50 of 17 May 2022 (so-called "Aid Decree"), which, by allowing CVA to be considered a "listed company" within the meaning of the TUSP, excluded CVA itself and its subsidiaries from most of the operational limits arising from the TUSP, limits that had severely restrained its development in recent years. This important result was exploited without delay, so as to seize market opportunities and implement the ambition to confirm and increase its role as leader as "renewable pure player" in the Italian energy sector.

The Group has therefore accelerated its diversification into renewable sources by transferring all its photovoltaic and wind power activities to its subsidiary CVA Eos S.r.l. a s.u. (hereinafter referred to as "**CVA EOS**"), by signing the agreement to acquire SR Investimenti S.r.l. (a deal later concluded in early 2023), and signing a strategic cooperation agreement with Bonifiche Ferraresi S.p.A., focused on the promising agri-voltaic sector.

These operations, in addition to acquiring professional skills of very high standing, have led to a total pipeline of absolute importance, even exceeding the objectives outlined in the Strategic Plan, with 212 MW of plants in operation, 220 MW authorised, 1,422 MW at an advanced development stage, and a further 1,700 MW prospective.

Activities related to energy efficiency continued with the Superbonus projects and, above all, with the design of a new company dedicated to these activities, which will be established in early 2023 and will operate an innovative "platform" business model, in partnership with specialised companies.

On the hydroelectric front, activities continued in connection with the authorisation processes of the important projects of revamping of Hône II and Chavonne, as well as the development of project activities preparatory to future procedures for the assignment of concessions for Large Derivations. In the area of innovation initiatives, the freeing up of most of the constraints of the TUSP has enabled the strengthening of Open Innovation, while important projects were launched in the PNRR area, in the field of green hydrogen systems, the smart grid (through the subsidiary DEVAL S.p.A. a s.u. - hereinafter referred to as "**DEVAL**") and within the NODES ecosystem.

During such a tumultuous financial year 2022, no corporate structure was spared the need to cope with major and prolonged work peaks, to deal with unprecedented situations, and to come up with innovative solutions. Under these challenging circumstances, the professionalism and dedication of all CVA employees was able to express in a mature and exemplary manner the result of years of investment in organisational development and cultural change geared towards "teamwork" and empowerment. The excellent results recorded in 2022 are not, therefore, to be understood as the outcome of fortunate circumstances, but as the result of preparation work that has deep roots, and which a situation of extreme volatility has allowed to be fully expressed. And it is thanks to this that, thinking about the various important challenges that await the Group in the years to come, from energy transition to the renewal of concessions for Large Hydroelectric Derivations, it is possible to look to the future with optimism and confidence.

The history of the Group

The history of C.V.A. S.p.A. a s.u. (hereinafter "CVA" or the "Company" or the "Parent Company") and of the CVA Group, which has recently celebrated its first twenty years, can be summarised in a few key stages.

The creation of CVA dates back to the liberalisation of the electricity market that took place thanks to Legislative Decree 79/99 ("Bersani Decree") and the consequent obligation on Enel to sell, to other operators, certain assets owned by it through the so-called "Genco". With reference to Valle d'Aosta, with a far-sighted and highly opportune operation, the Autonomous Region of Valle d'Aosta (hereinafter "**Region**") began negotiations with the former energy monopolist that had decided to sell all the regional hydroelectric plants, managing to acquire them and create a company that, for "Vision" and industrial vocation, will soon become one of the main national producers of energy from renewable sources. Over the following ten years, the CVA Group concentrated on its own hydroelectric plants, consolidating its management and operating capabilities and dedicating its investments to their ordinary and extraordinary maintenance and, when necessary, to their renewal. At the same time, the activity of selling electricity was developed, initially in the business market, with the aim of acquiring important customers in the banking and large-scale retail sectors, subsequently opening up to the domestic market of Valle d'Aosta. In recent years, also thanks to a favourable trend in production and high energy prices, the CVA Group has seen its financial position grow considerably.

Starting from 2009, the CVA Group began to embark on the path - the "Mission" - that will allow it to establish itself among the main producers of energy from renewable sources, as well as the only integrated "pure green" producer on the national market. CVA noted the limited development opportunities in the hydroelectric sector, due to the congestion of water resources and the enactment of regional regulations restricting its use. At the same time, thanks to European and national regulations aimed at promoting the development of renewable sources and decarbonisation and to the consequent and very favourable incentive mechanisms introduced in the regulations, the Company decided to start a new expansion phase, aimed at acquiring photovoltaic and wind energy production plants.

In 2009, the CVA Group acquired its first photovoltaic plant in Alessandria followed by the one in Valenza: development activities continued in a considered manner - but always with a view to diversifying the risk of production, so as to cope with years of poor wind levels - until 2018, with the acquisition of the Pontedera and Monteverde wind farms and the achievement of a total capacity of "other RES" of 170 MW.

From 2015-2016, there was a gradual transformation of the energy market: the European Union, starting from the Clean Energy Package, began to set targets for the development of electricity production from renewable sources and increasingly ambitious decarbonisation, transferring its implementation to individual Member States.

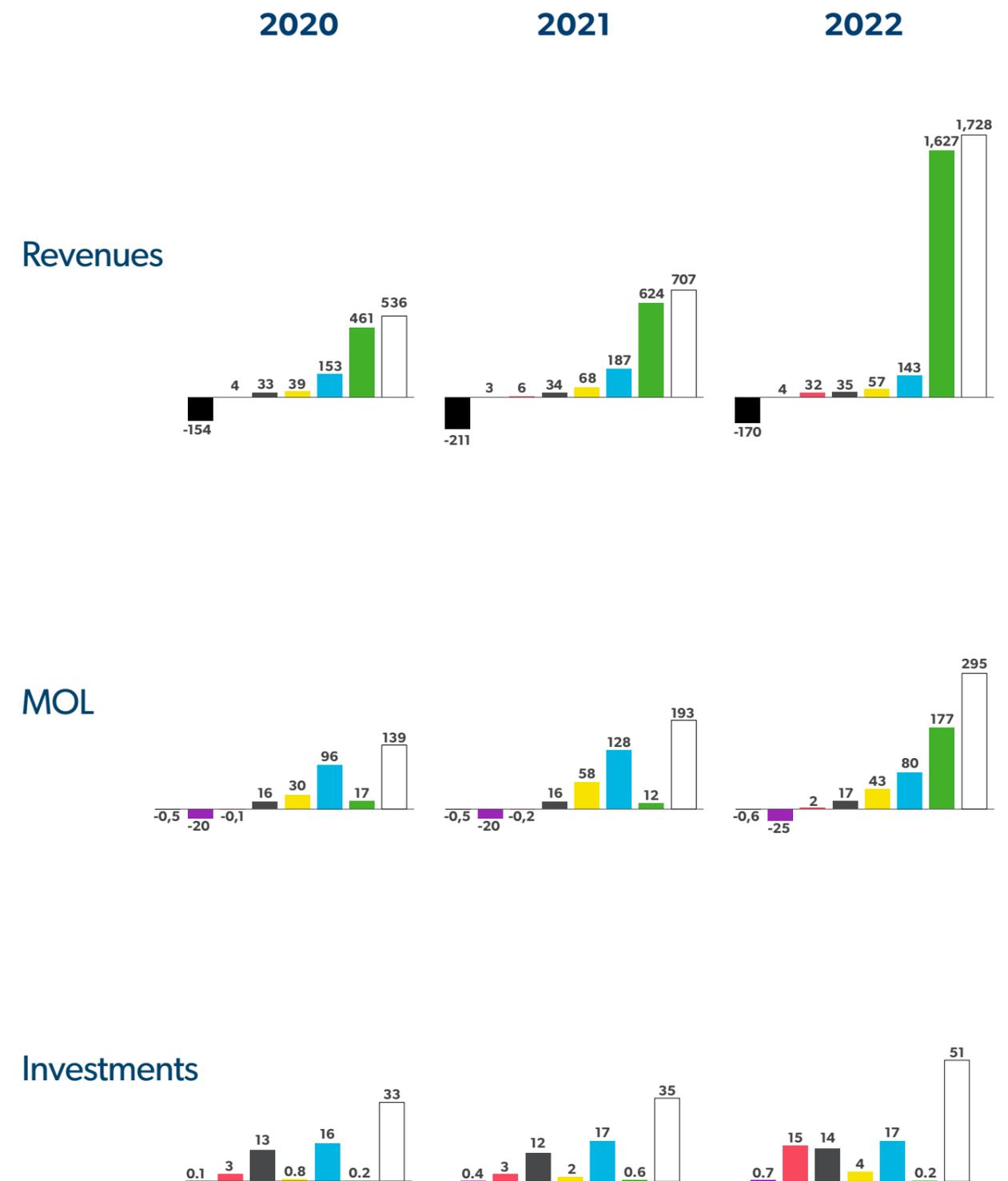
At national level, these objectives have become even more challenging with the forecast of growth in RES production and electrification of consumption that is even more impacting than that of the EU, as indicated by the National Electricity Strategy and - today - by the Integrated Energy and Climate National Plan (the "**PNIEC**").

Strategy and development

The Group's strategy sees a revision of the Strategic Plan in the pipeline, aimed at aligning the Plan to the new economic conditions and opportunities, while maintaining continuity in the main strategic choices. Firstly, the diversification of generation sources, investments in the hydro sector and distribution through DEVAL, and the strengthening of the industrial supervision of energy efficiency and Open Innovation activities through the newly established CVA Smart Energy S.r.l. a s.u. (hereinafter "**CVA SMART ENERGY**").

The Group will operate in an increasingly integrated logic of renewable plant development and management of all related services, from energy management to O&M and asset management. Targets for the installation of new renewable power will be consistent with the stated targets, and with a framework of prudent economic and financial sustainability. The new Strategic Plan will be integrated with the Development and Sustainability Plan, which will include industrial objectives that will guarantee a contribution to the transition process and sustainability objectives consistent with the historical vocation as a Community Company.

The last three years in brief





The results we achieved in 2022 and those we expect to achieve in 2023 and in the years to come were possible thanks to the commitment, expertise, dedication and determination of all the employees, of our team, made up of highly professional men and women: to them goes, also on behalf of the Board of Directors, our thanks for their contribution to achieving our success.



Marco Cantamessa
Chairman



Giuseppe Argirò
Chief Executive Officer

● Corporate
 ● Electricity
 ● Distribution
 ● Other RES
 ● Hydroelectric
 ● Sales
 ● Total

REPORT ON OPERATIONS

Industrial and economic results

In 2022, more than in any previous year, your Group proved to be solid and capable of seizing the opportunities that from time to time presented themselves on the energy markets. This occurred in the year that, due to a series of concomitant events (adverse weather and historically low rainfall, problems with the supply of energy from French nuclear sources, the gas crisis following the war in Ukraine, etc.) can be considered among the most difficult for the energy markets.

From an industrial standpoint, in 2022 the Group, despite the aforementioned adverse weather conditions, which caused a 15.8% reduction in the volume of electricity produced compared to the previous year and a 23% reduction compared to the 10-year historical average, and the complexities arising from the volatility of the energy markets exacerbated by the Russia-Ukraine conflict, reported extremely positive results, generating an overall positive net result of Euro 164,404 thousand, up 21.5% from Euro 135,259 thousand in 2021, while the Group's share in 2022 was Euro 163,975 thousand (Euro 133,441 thousand in 2021).

This 2022 financial result was also affected by extraordinary expenses of Euro 20,695 thousand, referring to the cost for the year of: i) the measures establishing a cap on revenues from electricity generated by plants fuelled by renewable sources and ii) solidarity contributions imposed on energy companies.

There was a significant increase in the Group's total revenues (+143% year-on-year), which amounted to Euro 1,728,280 thousand compared to Euro 710,645 thousand in 2021. This trend is mainly the result of price trends and the contribution of energy management operations, which, in order to reduce the risk related to energy price volatility, have shifted part of the risk hedging operations from the financial markets to the physical markets.

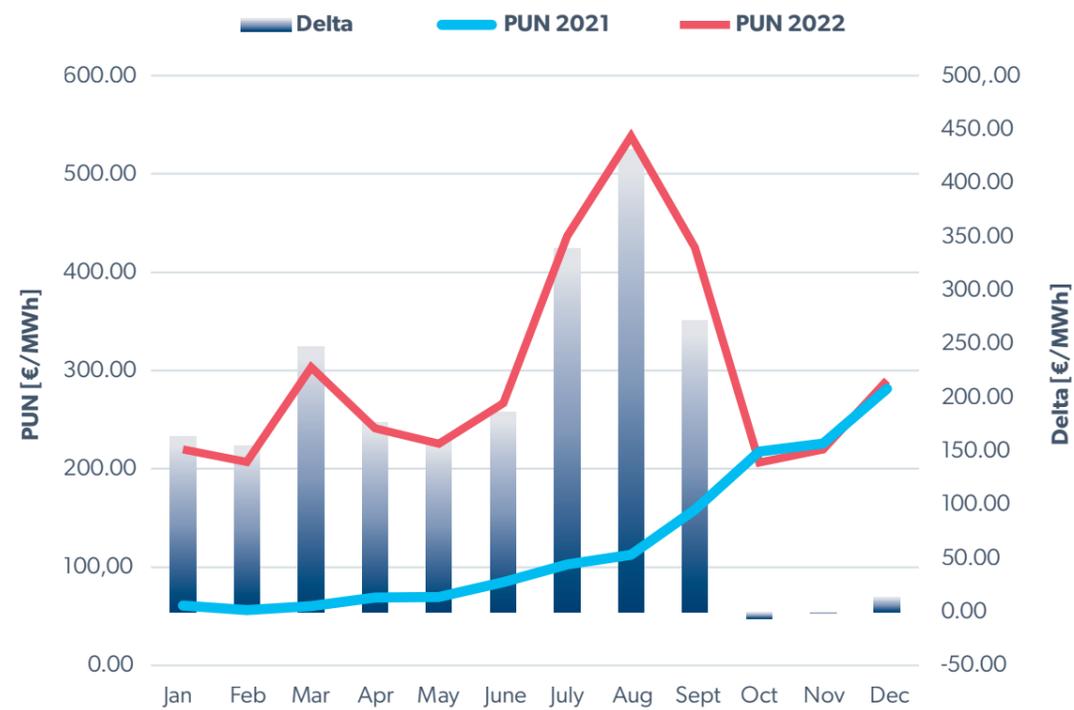
As for the activities in the energy efficiency sector, started in previous years, these have reached a maturity such as to allow revenues of Euro 31,610 thousand in 2022, a strong development compared to the Euro 5,676 thousand in 2021.

In 2022, the Group recorded an improvement in the ratio between EBITDA and Net Financial Position (NFP), which reached 1.17 compared to 1.24 in the previous year, and this despite an absolute increase in net financial debt (at year-end 2022, the Net Financial Position amounted to Euro 314,021 thousand compared to Euro 146,684 thousand at 31 December 2021). The latter change is mainly a consequence of the increased utilisation of credit lines to meet the margin obligations undertaken through participation in the futures markets, and related to the energy price hedging strategy. In order to meet these needs, in 2022 the Group set up three-year committed financing facilities totalling Euro 570 million, of which Euro 300 million in the form of a bullet loan and Euro 270 million in the form of a revolving credit facility.

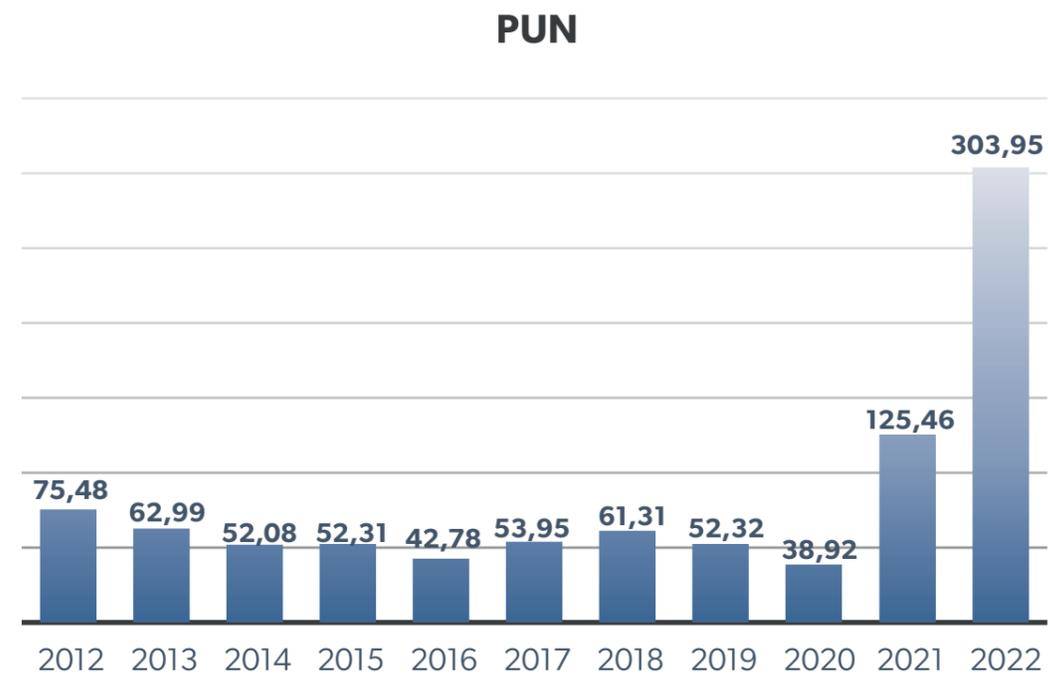
In 2022, the macroeconomic context followed, in line with the removal of restrictions imposed to contain the Covid-19 outbreak such as lockdowns and restriction on mobility, a gradual recovery of production activities and trade, albeit affected by difficulties in the supply of materials, partly related to the speed of recovery on a global scale.

At national level, in this economic context, Italy's GDP in 2022 increased by 6.8% compared to 2021.

As regards the electricity market specifically, the development of the monthly PUN in the comparison between the financial years 2021 and 2022 should be highlighted.



It is also significant to read the trend presented by the PUN over the last 10 years, which clearly describes the change in the energy market over the last two years. This is shown graphically and numerically in the table below.

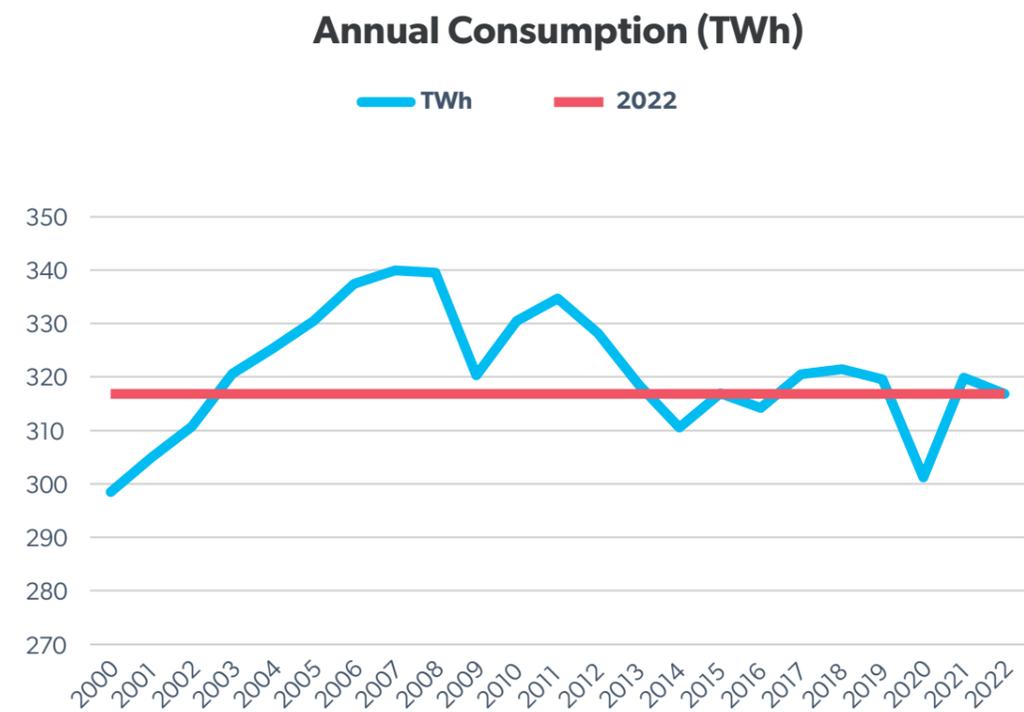


The price differentials experienced in 2022 between the markets of the various European countries, sometimes of very significant amounts, contributed to a reduction in the trade balance of the energy balance with foreign countries and, as a result of higher exports and lower imports, generated an electricity import balance of about 25.9 TWh compared to about 58.3 TWh in the previous year.

The analysis of energy consumption at national level denotes, for the year 2022, a slight decline (1%) to 317 TWh compared to 320 TWh in 2021, the latter year being in recovery compared to exceptional contraction of consumption in 2020, related to the imposition of restrictive measures and the blocking of certain production activities due to the COVID-19 pandemic.

Demand for electricity was met 55.4% by generation from Non-Renewable Energy Sources (up compared to 51.2% in 2021), 31.1% from Renewable Energy Sources, and the remaining share from the foreign balance. Within this framework, which saw a reduction in Renewable Sources in the coverage of demand compared to the previous year (35.4% in 2021), the contribution of production from hydroelectric sources, amounting to 27,959 GWh (44,878 in 2021), decreased sharply, accounting for 28.4% of renewable production (39.6% in 2021), while photovoltaic and wind sources accounted for a total of 48.7% compared to 40.0% in the previous year (28% and 20.7% in 2022 and 22% and 18% in 2021, respectively).

The following shows in graphic form the trend of national energy consumption since the beginning of the century:



With reference to the production of electricity from renewable sources (Hydroelectric, Biomass, Geothermal, Wind and Photovoltaic), on the basis of provisional operating data for the 2022 national electricity system supplied by Terna, total production was 98,433 GWh, a slight decrease overall on the final 2021 data of 113,265 GWh (113,955 GWh in 2020).

The CVA Group, with 2,371 GWh produced, accounted for 2.41% of national electricity production from renewable sources in 2022, showing a slight decrease compared to the contribution to national production presented in previous years (2,817 GWh and 2.49% in 2021). The change is mainly due to the lower realised volumes of hydroelectric power generation, which, in 2022, due to the adverse weather conditions recorded throughout the European continent, show a 17% decrease for the Group compared to 2021 (a much smaller decrease than the 37.7% decrease recorded at national level).

Production of electricity generation plants powered by renewable sources (GWh)	2022	2021	2022 vs 2021	
			Change	% change
National production	98,433	113,265	(14,832)	-13.09%
CVA Group production	2,371	2,817	(446)	-15.82%
C.V.A. production S.p.A.	2,141	2,584	(443)	-17.14%

With reference to the Parent Company alone, the change in volumes of electricity produced from hydroelectric sources amounted to 17.75% compared to the previous year.

Production of electricity generation plants powered by hydraulic power (GWh)	2022	2021	2022 vs 2021	
			Change	% change
National production	27,959	44,338	(16,379)	-36.94%
CVA Group production	2,063	2,492	(429)	-17.21%
C.V.A. production S.p.A.	1,989	2,419	(430)	-17.78%

As for the production of plants powered by "Other RES", which for the Group are represented by wind and photovoltaic sources, the portion of national production realised in 2022 was 0.64%, with 308 GWh produced.

Production of electricity generation plants powered by Other RES (GWh)	2022	2021	2022 vs 2021	
			Change	% change
National wind production	20,358	18,609	(1,749)	9.40%
National photovoltaic production	27,552	25,552	2,000	7.83%
CVA Group production	308	327	(19)	-5.73%
C.V.A. production S.p.A.	151	166	(15)	-9.04%

With reference to distribution activities, the CVA Group distributed 909 GWh in 2022, through the company DEVAL, an increase of 1.2% compared to the 898 GWh in 2021, a trend that highlights the continuation of a recovery in consumption from 2020 (a year characterised by a significant reduction in distributed energy due to the pandemic situation and the related emergency containment measures).

Electricity distributed (GWh)	2022	2021	2022 vs 2021	
			Change	% change
Free Market	870.6	847	23.6	2.79%
Greater Protection market	38.5	52	(13.5)	-25.96%
Total	909.1	898	11.1	1.24%

In 2022, the Sales BU supplied 1,610 GWh to end consumers (up from the 1,576 GWh in 2021), of which 37 GWh to customers on the enhanced protection market and 1,573 GWh to customers on the free market.

With reference to the supply of electricity to end customers in 2022, CVA Energie S.r.l. a s.u. (hereinafter "CVA ENERGIE") had stipulated supply contracts with 50,563 customers on the Free market (of which 1,002 referred to the Business segment and 49,561 to the Retail segment) and with 33,563 customers on the Greater Protection market (at the end of 2021, there were 722 customers in the Free market - Business segment, 45,659 customers in the Free market - Retail segment and 38,184 customers in the Greater Protection market). A total of 116,834 PODs referred to these customers, as depicted in the table:

Points of delivery (POD) contracted at 31 December (POD number)	2022	2021	2022 vs 2021	
			Change	% change
POD Greater Protection market	38,246	43,891	(5,645)	-12.86%
POD Free Retail market	64,915	59,862	5,053	8.44%
POD Free Business market	13,673	13,597	76	0.56%
Total POD contracted at 31 December 2022	116,834	117,350	(516)	-0.44%

The main economic and financial indicators of the Group are shown in the table below:

(Euro thousands)

CVA Group Economic summary 2022-2021	2022	2021
Net revenues	1,728,280	710,645
EBITDA	295,281	193,412
EBITDA in % on revenues	17.09%	27.22%
Amortisation, depreciation, provisions and write-downs	59,094	61,342
EBIT	236,187	132,069
EBIT in % on revenues	13.67%	18.58%
Adjusted EBIT	239,875	148,343
Adjusted EBIT in % on revenues	13.88%	20.87%
Financial income and expenses	14,558	(5,077)
EBT	250,745	126,992
EBT in % on revenues	14.51%	17.87%
Tax expenses	86,341	(8,267)
Tax rate in %	34%	N.A.
PERIOD NET RESULT	164,404	135,259
NET RESULT in % on revenues	9.51%	19.03%

In 2022, the Group, availing itself of the work of an average workforce of 624 collaborators (587 collaborators in 2021) expressed a volume of revenues of Euro 1,728 million, recording a growth of the same by over Euro 1,017 million (+143%) compared to the previous year, generating EBITDA of Euro 295.3 million with an increase of 53% compared to Euro 193.4 million in 2021. The growth in revenues is mainly the result of higher volumes traded due to the shift in energy price hedging policies from financial to physical transactions, and higher prices expressed on energy markets. Conversely, revenues were affected by the lower volumes of energy produced as a result of the adverse weather conditions. The decrease of the EBITDA margin on revenue (sales margin from 27.2% in 2021 to 17.09% in 2022) results from the same considerations as described above, as sales of energy to wholesalers do not allow the same margins that can be obtained from the sale of the energy produced.

Operating costs increased by 177% year-on-year, mainly due to higher wholesale energy volumes and the increase in the cost of electricity. The value of labour costs increased by 7% compared to the previous year, settling at Euro 42.2 million, against which the 624 resources who formed the average workforce of the Group in 2022 provided a total of 988,080 hours of work (947,841 hours worked in 2021 by the 587 resources employed by the Group companies on average).

With reference to this item, it should be noted that, in 2022, the Group strengthened, among others, the workforce of the company CVA EOS, with the aim of concentrating in it the activities of the Other RES BU and providing plant management services (asset management). Again with reference to operating costs, in 2022, costs for water diversion fees for hydroelectric use were incurred for Euro 37 million, compared to Euro 36.3 million in 2021.

The item "charges for amortisation, depreciation, provisions and write-downs" amounted to Euro 59.1 million in 2022, decreasing on the total by approximately 4% compared to the value of Euro 61.3 million in 2021. The change is mainly attributable to lower provisions that became necessary due to the impairment test of the distribution company DEVAL.

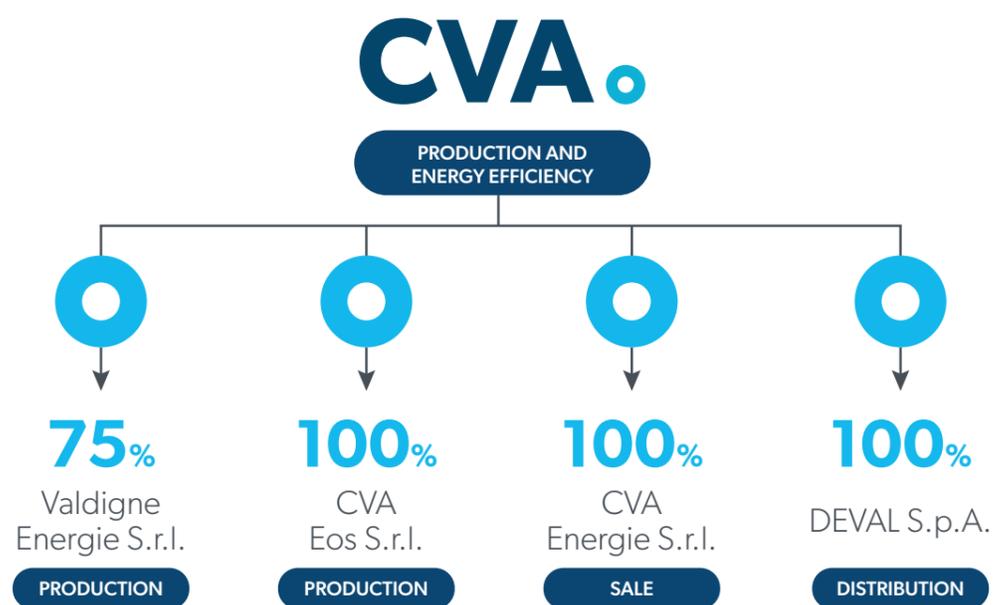
EBIT stands at over Euro 236.2 million (up 79% compared to 2021) and generated, after having internalised income of over Euro 14.6 million from financial management, as well as having absorbed tax expenses equal to Euro 86.3 million, a consolidated net profit of Euro 164 million (+23% compared to the net profit of Euro 135 million in 2021), of which Euro 163.9 million attributable to the Group and Euro 0.4 million pertaining to third parties.

The result for financial income and expenses was positive, as it was affected by the release of the ineffective portion of the interest rate hedges put in place for the new debt. With regard to tax expenses, it must be remembered that the 2021 financial statements were influenced by significant extraordinary positive items (for Euro 48.3 million) due to the effects resulting from the application of the rule on revaluation and realignment, as per Law No. 126 of 13 October 2020.

The corporate structure of the CVA Group

This report, together with the financial statements of the CVA Group, by illustrating the performance of the Group indirectly provides the analysis of the performance of the Parent Company. The disclosures of CVA and the CVA Group are prepared for both statutory and Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The Consolidated Financial Statements of the CVA Group consist, in addition to the Parent Company, also of the subsidiaries, pursuant to Art. 2359 of the Italian Civil Code.

Below is the corporate structure of the CVA Group in which the fully consolidated companies were considered:



Furthermore, CVA holds two additional investments in the following companies:

- Téléchauffage Aoste S.r.l. (hereinafter also "**TELCHA**"), with a shareholding of 10.98% (valued using the equity method). The company, which carries out its activity in the sector of construction and management of district heating plants, provides district heating to the city of Aosta with a project that is among the most advanced and innovative, adhering to both the regional policies and the new National Energy Strategy as it is in line with the future objectives of reducing emissions and related energy costs.
- Le Brasier S.r.l. (hereinafter "**LE BRASIER**"), with a shareholding of 13.7% (valued using the cost method). The company provides district heating to the municipality of Morgex with a plant powered by biomass.

In 2022, the Business Units through which the CVA Group carried out its activities are:

- **electricity production from hydro source (Hydro BU)**. The activity is carried out through two companies
 - o the Parent Company with a total of 30 plants (16 flowing water type, 9 basin type, 5 reservoir type) with a total installed active power of 907 MW and average annual production capacity of 2,920 GWh;
 - o the company VALDIGNE Energie S.r.l. (hereinafter "**VALDIGNE**"), with two flowing water plants with a total installed active capacity of 27 MW and an average annual production capacity of 81 GWh;
- **production of electricity from other renewable sources (BU Other RES - Other Renewable Energy Sources)** - This activity is carried out through two companies:
 - o the **Parent Company** with 4 wind plants located in Valle d'Aosta, Lazio, Tuscany and Apulia, i.e. the plant in Saint Denis (AO) in Valle d'Aosta (3 MW), the plant in Piansano (VT) in Lazio (installed nominal power 42 MW), the plant in Pontedera (PI) in Tuscany (installed nominal power 8 MW), the plant in Ponte Albanito (FG) in Apulia (installed nominal power 23 MW) and an overall annual average output of 131 GWh; 4 photovoltaic plants, of which 2 located in Valle d'Aosta (La Tour in the municipality of Quart and Fotochat in the municipality of Châtillon) and 2 in Piedmont (Alessandria Sud in the municipality of Alessandria and Valenza Fornace in the municipality of Valenza), the latter with total installed nominal power of 13 MW and average annual output of 16 GWh.
 - o **CVA EOS** with the wind farms, located in Apulia, of Lamacarvotta, with an installed nominal capacity of 10 MW, situated in the municipality of Laterza, Lamia di Clemente, with an installed nominal capacity of 12 MW, situated in the municipalities of Laterza and Castellaneta, and Tarifa, with an installed nominal capacity of 22 MW, situated in the municipalities of Castri di Lecce, Vernole and Martignano and with the Monteverde wind plant located in Campania in the municipality of Monteverde (AV) with a nominal installed power of 38 MW.
- **distribution of electricity (Distribution BU)** - Activity carried out by DEVAL, which manages a distribution network in 68 Municipalities of the Region which, at the end of 2022, had 129,654 Delivery Points (396 Delivery Points in Medium, High and Very High Voltage, and 129,245 Low Voltage Delivery Points and 13 retailers), 0.57 Km of High Voltage Line, 1,529 Km of Medium Voltage Line and 2,685 Km of Low Voltage Lines, with about 130,000 meters managed;
- **Market (Sales BU)** Activity carried out by CVA ENERGIE operating (i) in the electricity supply sector to end customers, with a portfolio at 31 December 2022 of 1002 business customers on the free market, 49,561 retail customers on the free market and 33,563 customers on the Greater Protection market which, in 2022, supplied a total of more than 1.6 TWh of energy. The second area of operations relates to the Energy Management sector where the company CVA ENERGIE operates on the energy markets mainly for reasons of balancing between the energy produced by the CVA Group and the energy supplied and for the purpose of hedging the risks associated with fluctuation in the price of energy, also carrying out trading activities.
- **Energy Efficiency Activities (Energy Efficiency BU)**. Activity carried out by the Parent Company, that manages civil and/or industrial energy efficiency projects as a General Contractor. In the area of civil energy efficiency measures, the Company provides thermal insulation services for buildings for which the so-called "Superbonus" was introduced in 2020, the tax relief consisting of a 110% tax deduction of the expenses incurred in improvement measures (governed by Art. 119 of D.L. 34/2020, so-called Relaunch Decree). Partly thanks to this incentive, the Company was able to collect an order book that, as of the date of these financial statements, totalled approximately 2,200 residential units with an estimated value of approximately Euro 132 million. At the end of the year 2022, work on about 150 building units had been completed. With regard to industrial energy efficiency, a project started in 2021, the Company completed the installation and commissioning of a first trigeneration plant for electricity, heat and cooling in spring 2023.

Management and coordination activities

Pursuant to Art. 2497 and following of the Civil Code, it is noted that CVA is assigned tasks of strategic guidelines, management and coordination with regard to its subsidiaries which, at 31 December 2021, are represented by:

- CVA ENERGIE;
- VALDIGNE;
- DEVAL;
- CVA EOS.

The sole shareholder of CVA is FINAOSTA S.p.A. a s.u. (hereinafter, "**FINAOSTA**"), which holds 100% of the share capital under special management arrangements on behalf of the Region. The Board of Directors of CVA has constantly and periodically evaluated the issue of being subject to management and coordination activities pursuant to Articles 2497 et seq. of the Civil Code with reference to both the shareholder FINAOSTA and RAVDA.

To date, the Company is not subject to management and coordination by FINAOSTA or RAVDA.

Transactions with related parties

Regarding transactions with related parties, reference is made to as illustrated in the notes.

Macroeconomic scenario of reference

After the long period of decline in prices generated by the slowdown in some economic sectors due to the Covid-19 pandemic, 2022 was characterised by a further growth in the prices of European energy commodities, mainly due to an international trend, exacerbated by starting from the end of February from the Russian-Ukrainian conflict, which led to an increase in the costs of thermoelectric generation, due to record gas, coal and CO2 prices.

Description	Area	FY	Change Y-1 (%)	Last price future Y-1	Calendar Y+1
PSV	IT	125.38	166%	87.70	97.35
TTF	NL	124.66	167%	89.00	89.50
CEGH	HV	130.70	190%	22.59	89.00
NBP	UK	82.59	78%	-	-

Gas, spot and forward annual prices. Arithmetic mean (€/MWh) - Source GME "GME Newsletter Issue 166 January 2023"

In 2022, Brent crude oil quotations are back above 100 \$/bbl (103.81 \$/bbl, +46% over 2021), as they have not been since 2014, and quotations at all-time highs for its derivatives, with diesel exceeding 1,000 \$/MT for the first time (1,026.43 \$/MT, +79%) and fuel oil close to 700 \$/MT (689.00 \$/MT, +39%). European coal reached new highs in summer (around 370 \$/MT in July and August) ¹.

¹ Source GME "GME Newsletter issue 166 January 2023"

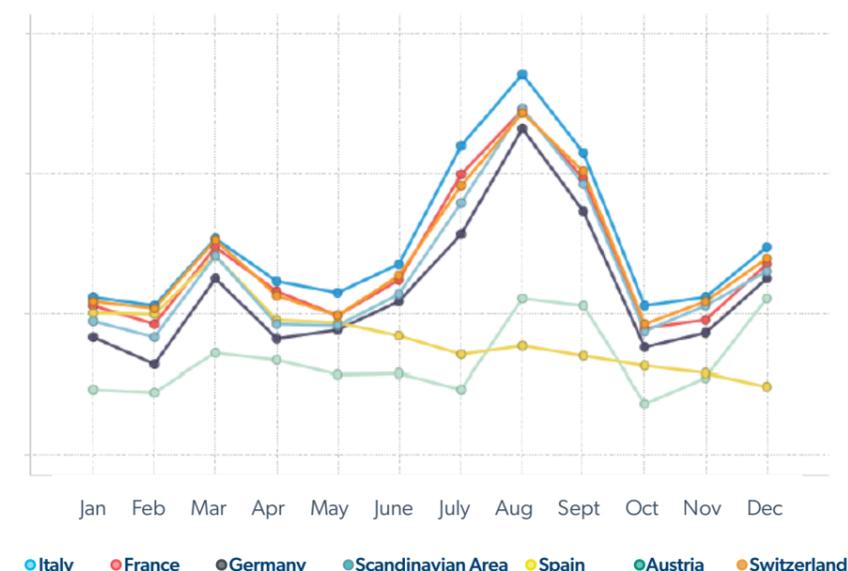
Fuel	UoM	FY	Change Y-1 (%)	Last price future Y-1	Calendar Y+1
Brent	USD/bbl	103.81	46%	75.51	81.80
Fuel Oil	USD/MT	689.00	39%	461.56	432.88
Diesel	USD/MT	1,026.43	79%	653.89	863.24
Coal	USD/MT	289.75	140%	123.00	200.91

Fuel	UoM	FY	Change Y-1 (%)	Last price future Y-1	Calendar Y+1
Brent	EUR/bbl	98.72	64%	-	75.04
Fuel Oil	EUR/MT	654.67	56%	-	397.11
Diesel	EUR/MT	980.42	101%	-	791.91
Coal	EUR/MT	275.09	170%	-	184.31
Exchange Rate	USD/EUR	1.05	-11%	1.15	1.09

Crude oil and fuels, spot and forward annual prices. Arithmetic mean - Source GME "GME Newsletter Issue 166 January 2023"

The increases in fuels were reflected in rising prices on the European electricity markets, with monthly highs in the summer months of up to 450/550 €/MWh in August. The Italian quotation exceeds 300 €/MWh (304 €/MWh, +142%) widening the differential with the quotations of the rest of Europe, gas being the reference fuel of the national production fleet. Similarly, France, Switzerland and Austria show price growth rates, while there is lower price growth in Spain, which has been contained since mid-June by the cap mechanism on the price offered by gas plants².

² Source GME "GME Newsletter issue 155 January 2022"



European stock exchanges, 2022 spot prices. Arithmetic mean - Source GME "GME Newsletter Issue 166 January 2023"

For electricity in Italy, the PUN stands at 303.95 €/MWh (+178.49 €/MWh over 2021). The PUN shows average levels in the first half of 2022 slightly higher than those recorded in the last quarter of 2021 and a steep rise thereafter in the third quarter of 2022, due to the cut in Russian gas supplies and the consequent surge in its price. Between the end of November and the first half of December, there was a new bullish push caused by new rises in the gas commodity and tensions on the neighbouring northern foreign exchanges. The trend observed on the annual average data is also recorded in the hourly groups and hourly highs, with the peak price rising to 338.45 €/MWh, for a peak/baseload at an all-time low of 1.11, and the hourly maximum reaching a level of 870 €/MWh in two hours at the end of August.

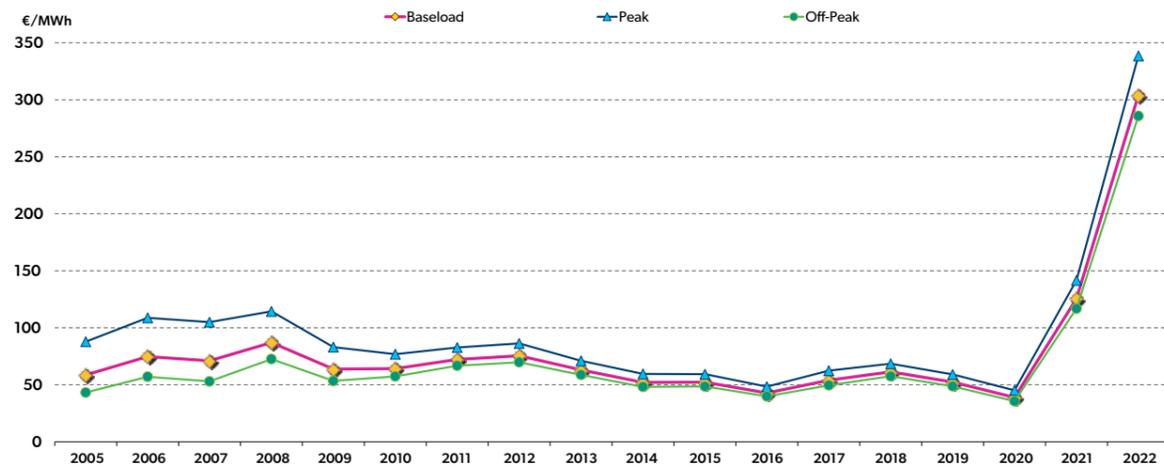
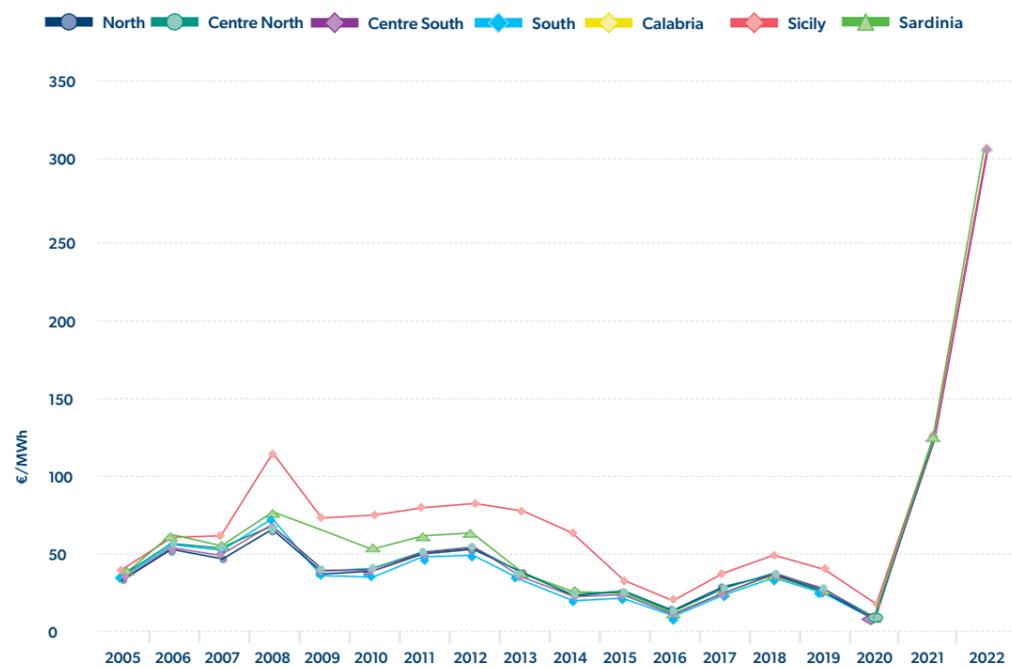


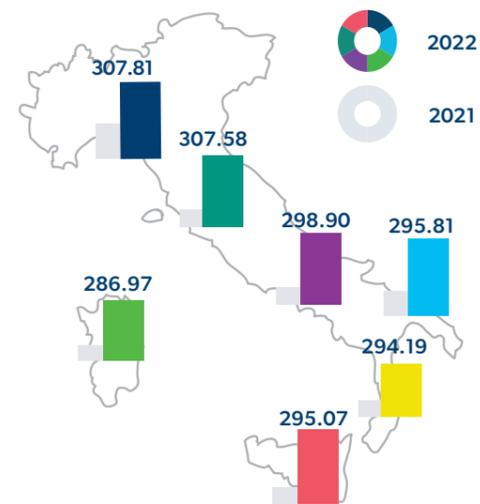
Figure 4: MGP Single National Price - Source GME "GME Newsletter Issue 166 January 2023"

Price trends on a zone basis showed the same dynamics highlighted above, with prices ranging between 308 €/MWh in the central-northern areas and 295/299 €/MWh in the other areas. The South-Sicily spread, historically negative, reverses its sign for the first time, a dynamic that is concentrated above all in the last quarter of the year, when Sicily exports about two-thirds of the time, often to saturation point³.

3 Source GME "GME Newsletter issue 166 January 2023"



MGP, historical trend of zonal sales prices - Source GME "GME Newsletter Issue 166 January 2023"



MGP, comparison between zonal prices 2022 and 2021 - Source GME "GME Newsletter Issue 166 January 2023"

Electricity demand amounted to 316,827 GWh in 2022, slightly lower than the volumes recorded in 2021 (-1.0%), and higher than in 2020 (+5.2%). In detail, the year-on-year percentage change in demand was -1.8% in the North, +0.2% in the Centre, -0.4% in the South and -1.4% on the Islands. The aforementioned demand for electricity was met 55.3% by production from non-renewable energy sources, 31.1% from renewable energy sources and the remainder from the foreign balance. The coverage of demand by non-renewable sources is increasing from 51.2% in 2021 to 55.3% in 2022; on the other hand, the coverage of demand by renewable sources is decreasing, which was 35.4% in 2021.

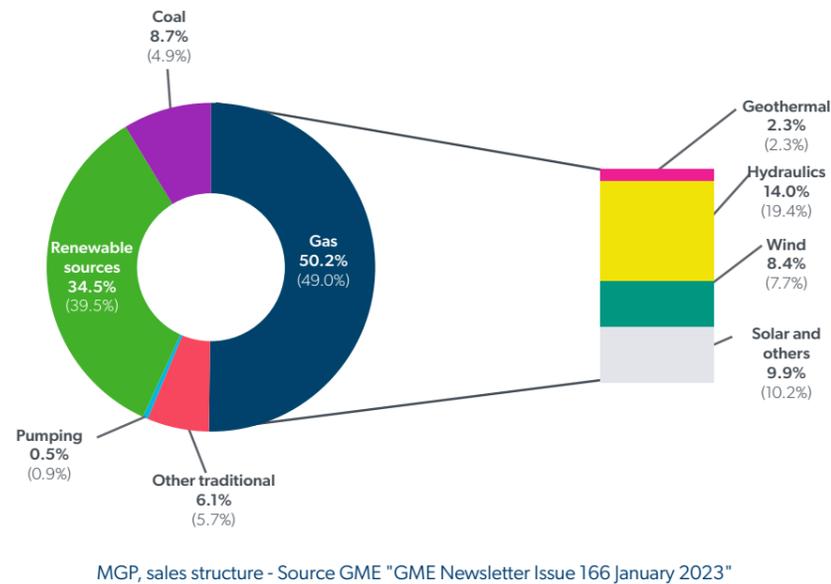
[GWh]	December 22	December 21	%22/21	Jan-Dec 22	Jan-Dec 21	%22/21
Renewable Water	2,299	2,824	-18.6%	27,959	44,878	-37.7%
Pumping in production (2)	122	228	-46.6%	1,773	2,041	-13.1%
Thermal	17,066	18,167	-6.1%	193,287	182,234	6.1%
of which Biomass	1,412	1,474	-4.2%	17,120	17,496	-2.1%
of which Coal	2,161	1,509	42.2%	20,768	12,868	61.4%
Geothermal	460	469	-1.9%	5,444	5,535	-1.6%
Wind	1,720	2,836	-39.4%	20,358	20,724	-1.8%
Photovoltaic	818	988	-17.2%	27,552	24,633	11.8%
Total net production	22,485	25,512	-11.9%	276,373	280,045	-1.3%
Energy for pumping	174	326	-46.6%	2,533	2,916	-13.1%
Total net consumer production	22,311	25,186	-11.4%	273,840	277,129	-1.2%
of which RES (3)	6,709	8,591	-21.9%	98,433	113,266	-13.1%
of which not RES	15,602	16,595	-6.0%	175,407	163,863	7.0%
Import	3,323	2,877	15.5%	47,391	46,572	1.8%
Export	661	603	9.6%	4,404	3,782	16.4%
Foreign balance	2,662	2,274	17.1%	42,987	42,790	0.5%
Demand for Electricity (1)	24,973	27,460	-9.1%	316,827	319,919	-1.0%

(1) Demand for Electricity = Total Net Consumption Production + External Balance, where Total Net Consumption Production = Total Net Production - energy for pumping
(2) Share of production by Pumping, calculated with the theoretical average yield from pumping in absorption
(3) Production from RES = Renewable Water + Biomass + Geothermal + Wind + Photovoltaic

Energy Balance - Source: Terna "Monthly Report on the Electricity System - Issue December 2022"

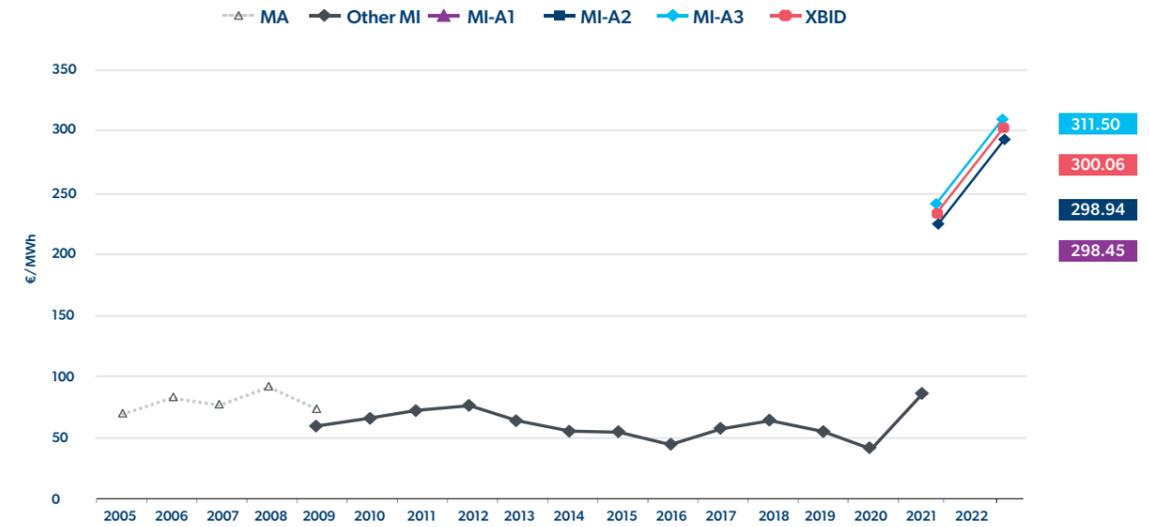
Domestic sales from renewable sources on the markets managed by the GME were at their lowest level in the last decade (around 9.5 GWh on average, -1.5 GWh on 2021), due to the decline in hydroelectric plants in particular (around 3.8 GWh on average), characterised by downturns throughout the year and falling to very low levels (change: -28.4%), and a market share of 14%. Similarly, solar power plants also declined, while wind power plants remained at their peak (2.3 GWh average, +0.2 GWh). Furthermore, the dynamics recorded in 2021 are confirmed, as sales on the markets managed by the GME by thermal plants are still on the rise (17.8 GWh on average, the highest in the last 5 years, +1.4 GWh on 2021), mainly sustained by higher coal volumes (2.3 GWh average hourly, +1.0 GWh). This increased market supply was necessary in order to cope with the exceptional instability of the national natural gas system due to the war in Ukraine and to limit gas consumption, so as to enable the filling of storage facilities for the thermal year 2022-2023. This growth applies indiscriminately to all months of the year, resulting in a recovery of market share over the previous three years characterised, on the other hand, by the progressive decommissioning of these plants (8.7%, +3.8 p.p. over 2021)⁴.

4 Source GME "GME Newsletter issue 166 January 2023"



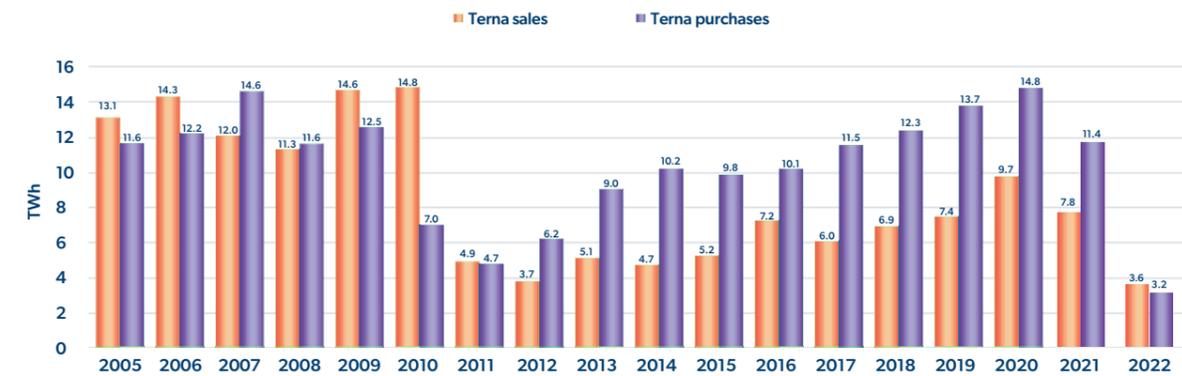
The year 2021 was the first full year of the new design of the Intraday Market ("MI") and was characterised, starting at the end of September 2021, by a continuous trading session in coupling with the rest of Europe (XBID) interspersed with three local auctions (MI-A1, MI-A2, MI-A3). Total volumes traded in 2022 were in line with 2021 and amounted to 26.0 TWh (-0.3%), and volumes traded in XBID were gradually increasing as they rose to over 1.3 TWh in the last quarter of the year. At the local level, the analysis of the overall trading recorded in the MI in 2022 shows a distribution of sales by area substantially similar to that recorded in the MGP market, while in buying there is a growing weight of the Southern area and abroad to the detriment of the North. As far as prices are concerned, quotations are at levels never seen in the past, ranging from 298/299 €/MWh in the first two auction sessions to 311.50 €/MWh in MI-A3, with peaks at 526/568 €/MWh in August, when generation costs reach historical highs⁵.

5 Source GME "GME Newsletter issue 166 January 2023"



With reference to the Dispatching Services Market (MSD), the volume handled by Terna reached an all-time low, with the electricity grid operator's purchases in the up-market standing at 3.2 TWh and, for the first time in the last decade, lower than its sales in the down-market at 3.6 TWh⁶.

6 Source GME "GME Newsletter issue 166 January 2023"



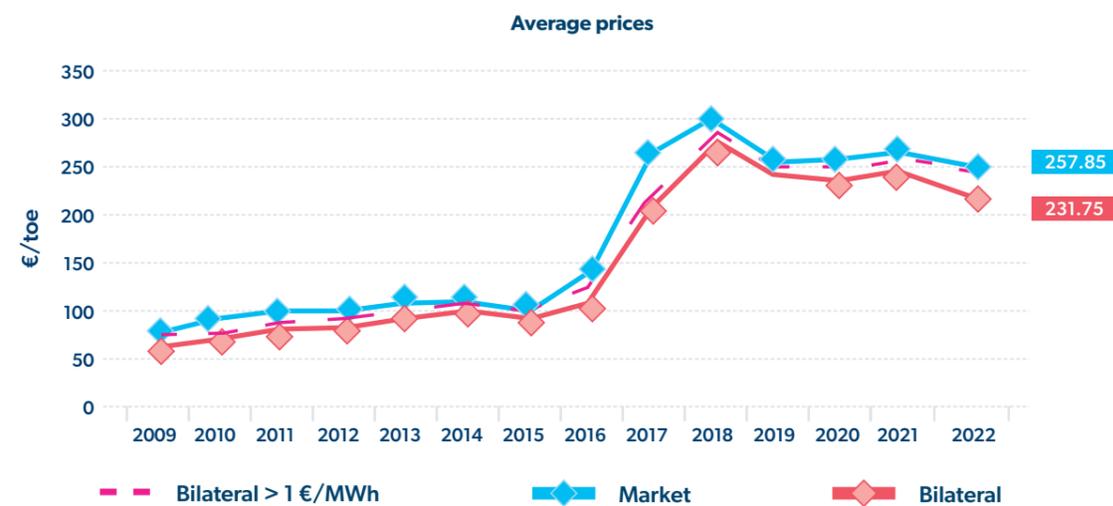
MSD, volumes traded up and down - Source GME "GME Newsletter Issue 155 January 2022"

Transactions registered on the Forward Energy Accounts Platform (PCE) with delivery/withdrawal in 2022 grew annually for the first time since 2014, reaching 249.3 TWh (+4.9% compared to 2021)⁷.

On environmental markets, in 2022 the average price of energy efficiency bonds showed a decrease both on the organised market (MTEE), standing at 258 €/toe (-3.6%), and on the bilateral platform, where it stood at 232 €/toe (-4.5%). Total securities traded, on the other hand, fell to 1.75 million toe on the MTEE (-9%), the lowest since 2012, and to 1 million toe on the bilateral platform (-32%), resulting in an increase in market liquidity to 64%⁸.

7 Source GME "GME Newsletter issue 166 January 2023"

8 Source GME "GME Newsletter issue 166 January 2023"

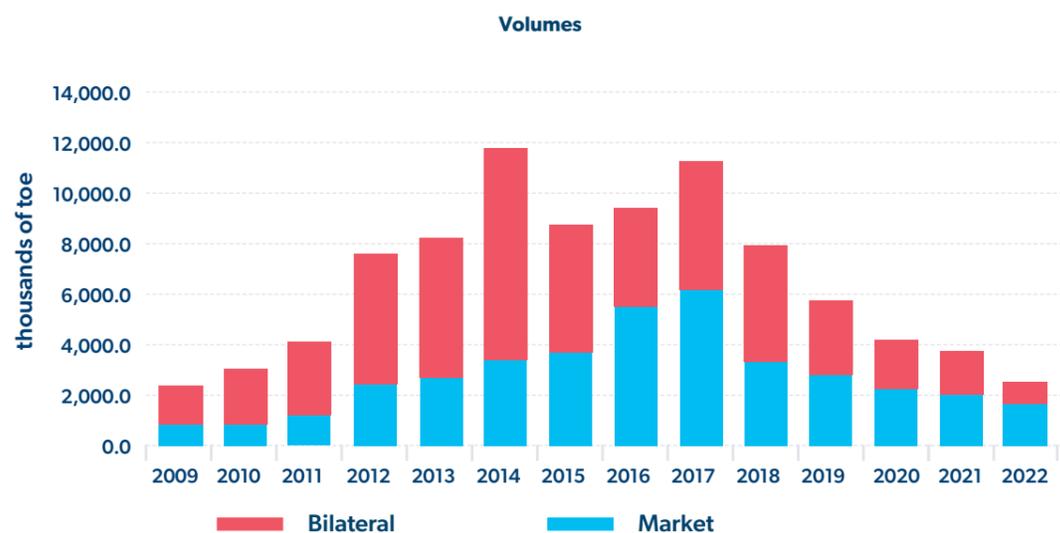


Quantitative obligation (number of white certificates)	
AcegasApsAmga S.p.a.	2,428
Areti S.p.a.	27,811
ASM Terni S.p.a.	976
Deval S.p.a.	1,628
e-distribuzione S.p.a.	659,929
Edyna S.r.l.	5,860
INRETE Distribuzione Energia S.p.a.	6,062
IRETI S.p.a.	9,751
Set Distribuzione S.p.a.	6,143
Unareti S.p.a.	24,320
V-Reti S.p.a.	5,022

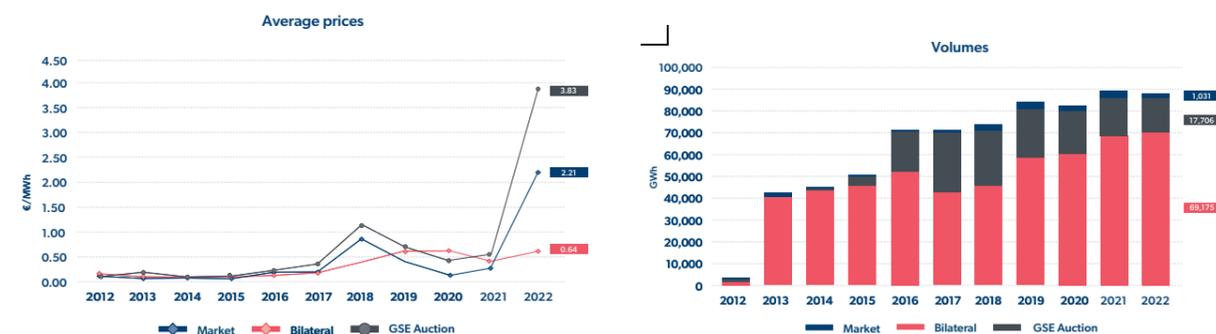
Quantitative obligation for electricity distributors subject to the national obligation to increase energy efficiency for the year 2022 - Source ARERA Determination 12 October 2022 DMRT 7/2022

On the organised market of Guarantees of Origin ("MGO"), the average price increased across the board to 3.83 €/MWh (+3.19%) in 2022. Growth appears more moderate in bilateral negotiations, whose average price stands at 0.64 €/MWh. As for the individual types of GO contracted, contrary to last year trend, the Solar category was the most expensive in the market (2.80 €/MWh), followed by Other and Hydroelectric (2.21 €/MWh and 2.08 €/MWh, respectively). In terms of volumes, total GO trading rose to an all-time high, due to increased bilateral trade (69.2 TWh, +3%)⁹.

⁹ Source GME "GME Newsletter issue 166 January 2023"



TEE, annual prices and volumes - Source GME "GME Newsletter Issue 166 January 2023"



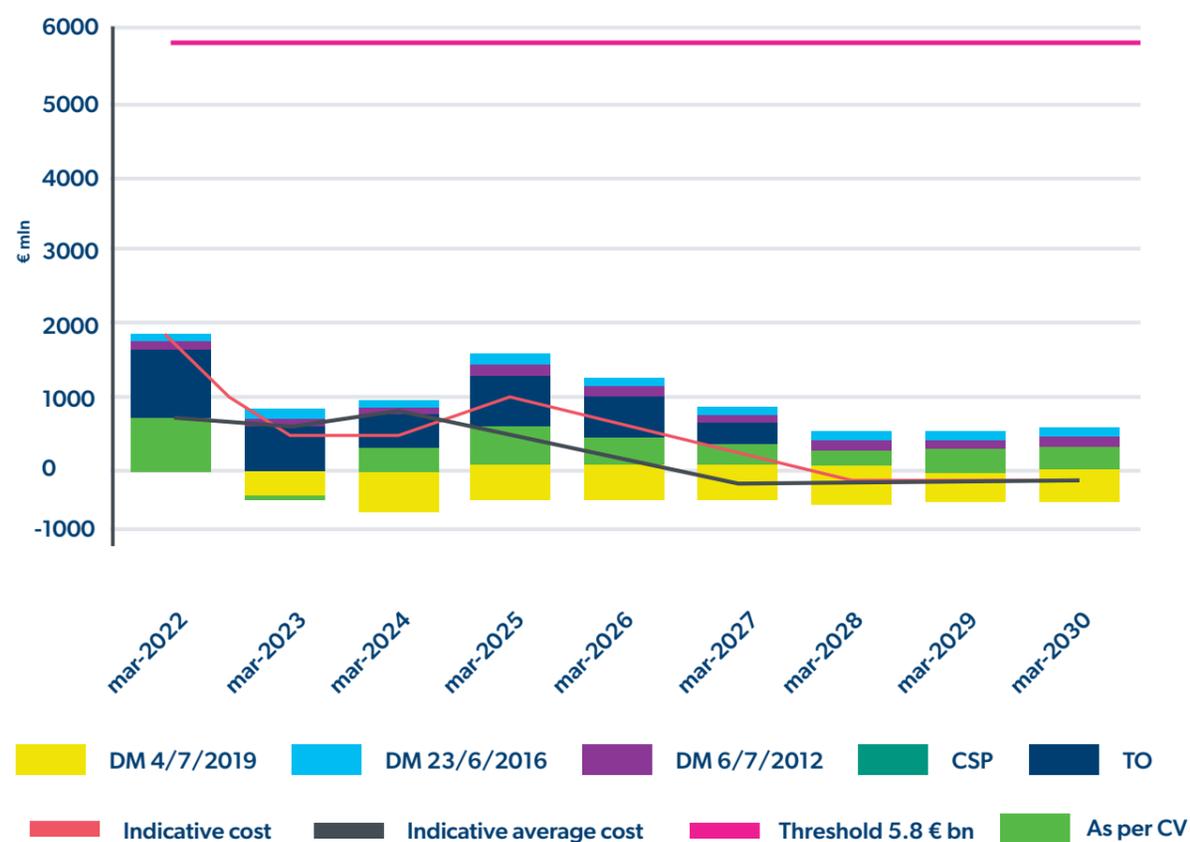
GO, annual prices and volumes - Source GME "GME Newsletter Issue 166 January 2023"

For the obligation year 2022, the distribution of the national obligation to increase energy efficiency pursuant to the interministerial decree of 11 January 2017, as amended by the ministerial decree of 21 May 2021, which each electricity and natural gas distributor must comply with for its share, was defined by the Regulatory Authority for Energy, Networks and the Environment (hereinafter "**ARERA**" or "**Authority**") with Resolution DMRT/EFC/7/2022.

With reference to the incentive mechanisms for RES plants, the general trend of a gradual reduction in incentive mechanisms is confirmed, as renewable technologies mature, in favour of both contractual types that stabilise investments of various kinds, such as long-term contracts (Power Purchase Agreements - PPA), and the development of plants at market parity. Overall, as a result of the expiry of the incentive period for plants that benefit from former Green Certificates, an all-inclusive tariff and CIP 6 incentives, a progressive reduction in the average cost of incentives is expected through to 2030¹⁰.

10 Source GSE <https://www.gse.it/contatore-fer-elettriche>

2030 scenarios of indicative cost and average indicative cost



RES Electricity Metre. 2030 scenarios of the indicative cost and average indicative cost at 31 March 2022 - Source GSE <https://www.gse.it/contatore-fer-elettriche>

Alternative performance indicators

In this Report on Operations, in order to allow for a better assessment of economic-financial operating performance, certain Alternative Performance Indicators (hereinafter also "APIs") are reported, in line with the indications of the European Securities and Markets Authority (ESMA). In accordance with the aforementioned Guidelines, the descriptions, content and bases of calculation used for the construction of the Alternative Performance Indicators adopted by the Group are described below. A summary of the APIs for the years in question is shown:

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
Economic data				
EBIT	236,187	132,069	104,118	78.84%
Adjusted EBIT	239,875	148,343	91,532	61.70%
EBITDA	295,281	193,412	101,870	52.67%
Equity and financial information				
Shareholders' equity Adjusted	1,027,552	924,152	103,400	11.19%
Investments	51,355	35,361	15,994	45.23%
Net Working Capital	301,964	104,105	197,859	190.06%
Net Invested Capital	1,192,894	970,882	222,012	22.87%
Net Financial Debt	314,021	146,684	167,337	114.08%
Economic-Equity indexes				
ROE	23.01%	19.63%	3.38%	17.20%
ROE Adjusted	19.05%	17.15%	1.90%	11.09%
ROI	19.80%	13.60%	6.20%	45.55%
Financial independence	49.47%	57.88%	-8.41%	-14.53%
Financial independence Adjusted	57.84%	64.90%	-7.06%	-10.88%

Economic data

Operating result or EBIT (Earnings Before Interest and Taxes) - This indicator represents an indicator of operating Performance and is used by management to monitor and evaluate the performance of the Group. It is defined by management as a result before taxes for the year, financial income/expenses and income/expenses from investment.

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
PRE-TAX RESULT (A)	250,745	126,992	123,753	97.45%
Financial management				
Financial income	2,935	3,354	(419)	-12.48%
Financial expenses	11,322	-8,751	20,073	-229.38%
Results from investments	301	320	(19)	-5.92%
TOTAL FINANCIAL BALANCE (B)	14,558	(5,077)	19,635	-386.76%
EBIT OR OPERATING RESULT (A-B)	236,187	132,069	104,118	78.84%

Adjusted Operating Result (Adjusted EBIT) - This is the Operating Result or EBIT (as defined in the previous point) adjusted to take account of some non-recurring income and expenses, not strictly related to the Group's core business and operations. The identification of this indicator therefore allows a more homogeneous analysis of the Group's Performance during the financial years.

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
EBIT	236,187	132,069	104,118	78.84%
Release of Imbalance Fund as per Resolution 507/2022/EEL	(1,934)	-	n.a	n.a
Release of Penalty Fund for non-diligent conduct TAR 26/08/2022	(1,404)	-	n.a	n.a
Contribution to GSE pursuant to Art. 15-BISDL 4/2022	3,195	-	n.a	n.a
Contribution to GSE Art. 1 paragraph 30 Law 197/22	889	-	n.a	n.a
Contribution to non-energy-intensive enterprises	(471)	-	n.a	n.a
Goodwill impairment of DEVAL (in application of Impairment Test)	3,412	9,050	(5,638)	-62.30%
Prescriptive proceedings initiated by the Authority as per Resolution 24 June 2016 No. 342/2016/E/eeL_Sanction proceedings initiated by Determination DSAI/92/2017/EEL/_Arbitration ETS	-	10,984	n.a	n.a
Renexia indemnity	-	(3,761)	n.a	n.a
Adjusted EBIT	239,875	148,342	91,533	61.70%

Gross Operating Margin or EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) - Also in this case it is an indicator of the operating Performance, used by the management to monitor and evaluate the performance of the Group. It is defined by management as a result before tax for the year, financial income/expenses, income/expenses from investment, amortisation, provisions and write-downs.

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
EBIT or OPERATING RESULT (A)	236,187	132,069	104,118	78.84%
Amortisation/depreciation	54,377	52,660	1,718	3.26%
Provisions and write-downs	4,717	8,683	(3,966)	-45.68%
TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (B)	59,094	61,342	(2,248)	-3.67%
EBITDA or GROSS OPERATING MARGIN (A+B)	295,281	193,412	101,870	52.67%

Equity/financial information

Shareholders' equity Adjusted - Represents a balance sheet indicator that allows for the evaluation of the value of the Group's Shareholders' Equity adjusted by the effect deriving from the reserves recognised for hedging transactions in derivatives as well as the reserve that includes the actuarial value related to defined benefit plans for employees, not considered in the calculation of shareholders' equity for the purposes of Articles 2412, 2433, 2442, 2446 and 2447 of the Civil Code.

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
SHAREHOLDERS' EQUITY	878,873	824,198	54,675	6.63%
Cash Flow Hedge reserve	(63,943)	(91,201)	27,258	-29.89%
IAS 19 Employee benefits reserves	(1,101)	(1,760)	658	-37.41%
Cost of Hedging reserve	(83,634)	(6,993)	(76,641)	1096%
SHAREHOLDERS' EQUITY Adjusted	1,027,552	924,152	103,400	11.19%

Net investments - Represents an equity indicator that allows an assessment of the increase in fixed assets of the Group, determined by the sum of increases (costs incurred for the realization and/or acquisition of goods or services for which the Group expects to be able to benefit from future economic benefits) in tangible, intangible and financial assets, net of divestments, including any effect deriving from changes in the scope of consolidation for the year. The value also includes gains/losses on the disposal of assets, write-downs made in connection with a goodwill Impairment test as well as the value of write-downs and write-backs of assets. In 2022 they amounted to Euro 51,355 thousand.

Net Working Capital - Represents an equity indicator that allows the Group's liquidity situation to be assessed and is determined by the algebraic sum of the values represented in the balance sheet of Current assets (positive sign) and Current liabilities (negative sign) of a non-financial nature.

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
Inventories	5,095	3,262	1,833	56.18%
Trade receivables	196,423	96,004	100,419	104.60%
(Trade payables)	(86,093)	(73,107)	(12,986)	17.76%
TRADE WORKING CAPITAL	115,424	26,159	89,265	341.24%
Tax receivables/(payables)	(15,093)	(6,997)	(8,096)	115.70%
Other assets/(liabilities)	201,633	84,944	116,689	137.37%
NET WORKING CAPITAL	301,964	104,106	197,858	190.05%

Net Invested Capital - Represents an equity indicator that allows the total assets held by the Group to be valued and is determined by the algebraic sum (balance sheet asset positive sign and balance sheet liability negative sign) of "Net fixed assets", "Net working capital" and "Employee benefits", "Provisions for risks and charges" and "Deferred tax liabilities". "Net fixed assets", which are equal to Total Non-current assets, are determined as the sum of Tangible assets, Intangible assets, Goodwill, Equity investments, Financial assets, Sensitivity assets and Other non-current assets.

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
Fixed capital	861,245	867,090	(5,845)	-0.67%
Net Working Capital (*)	301,964	104,105	197,859	190.06%
Deferred tax assets/(liabilities)	80,080	59,220	20,860	35.22%
Provisions for risks/charges and Employee benefits	(36,135)	(41,407)	5,272	-12.73%
Other non-current assets/(liabilities)	(14,260)	(18,127)	3,867	-21.33%
NET INVESTED CAPITAL (*)	1,192,894	970,881	222,013	22.87%

Economic-equity indexes

ROE or Return on Equity - Represents an economic-equity indicator that allows assessing the ability to remunerate the risk capital that shareholders used. It is determined by the ratio between net profit (or loss) for the year and shareholders' equity, net of the net result for the year.

Amounts in thousands of €

	2022	2021
Net result of the period (A)	164,404	135,259
Total shareholders' equity (B)	878,873	824,197
Total shareholders' equity, adjusted of the result of the year (B-A)	714,469	688,938
ROE (RETURN ON EQUITY) [A / (B-A)]	23.01%	19.63%

ROI or Return on Investment - Represents an economic-equity indicator that allows evaluating the profitability and the economic efficiency of the ordinary operations regardless of the sources used; i.e. this index expresses the yield of the capital invested through typical operations. It is determined by the ratio between the Operating Result (EBIT) and the Net Invested Capital, as defined above.

Amounts in thousands of €

	2022	2021
EBIT (A)	236,187	132,069
Net Invested Capital (B)	1,192,894	970,882
ROI (RETURN ON INVESTMENT) (A / B)	19.80%	13.60%

Financial independence - The financial independence index indicates the percentage of business activity guaranteed by equity, i.e. the capital contributed by the shareholders. This index is determined by the ratio between shareholders' equity and total assets, net of other current financial assets and cash and cash equivalents.

Also shown is the Adjusted **Financial Independence** index, which expresses the ratio of equity adjusted as described above to total assets, net of other current financial assets and cash and cash equivalents.

Amounts in thousands of €

	2022	2021
Total shareholders' equity (A)	878,873	824,197
Total Assets (B)	2,004,445	1,651,511
Other current financial assets (C)	1,171	675
Cash and cash equivalents (D)	226,663	226,831
Total Assets Adjusted (B-C-D)	1,776,610	1,424,005
FINANCIAL INDEPENDENCE INDEX [A / (B-C-D)]	49.47%	57.88%
Total Shareholders' Equity Adjusted (E)	1,027,552	924,152
FINANCIAL INDEPENDENCE INDEX ADJUSTED [E / (B-C-D)]	57.84%	64.90%

Economic, equity and financial position of the CVA Group

The Group's economic, equity and financial information for the years ended 31 December 2022 and 31 December 2021 is shown below.

Economic data selected of the Group for the years ended 31 December 2022 and 2021

Provided below is the consolidated economic data of the Group for the years ended 31 December 2022 and 2021:

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
			Change	Change %
Revenues				
Revenues from sales and services	1,701,857	661,743	1,040,114	157.18%
Other revenues and income	26,422	48,901	(22,479)	-45.97%
TOTAL REVENUES (A)	1,728,280	710,645	1,017,635	143.20%
of which: impact of non-recurring items	471	3,761		
Operating costs				
Costs for raw materials and services	1,348,822	440,041	908,781	206.52%
Personnel costs	42,246	39,521	2,725	6.90%
Other operating costs	47,751	42,605	5,147	12.08%
Capitalised days of work	(5,820)	(4,933)	(887)	17.98%
TOTAL OPERATING COSTS (B)	1,432,999	517,233	915,766	177.05%
of which: impact of non-recurring items	746	10,985		
EBITDA (A-B)	295,281	193,412	101,870	52.67%
of which: impact of non-recurring items 1.	(276)	(7,224)		
Amortisation, depreciation, provisions and write-downs				
Amortisation/depreciation	54,377	52,660	1,718	3.26%
Provisions and write-downs	4,717	8,683	(3,966)	-45.68%
TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)	59,094	61,342	(2,248)	-3.67%
of which: impact of non-recurring items	3,412	9,050		
EBIT (A-B+/-C)	236,187	132,069	104,118	78.84%
of which: impact of non-recurring items	3,136	1,826		
Financial management				
Financial income	3,236	3,674	(438)	-11.91%
Financial expenses	(11,322)	8,751	(20,073)	-229.38%
TOTAL FINANCIAL BALANCE (D)	14,558	(5,077)	19,635	-386.76%
of which: impact of non-recurring items	-	(6,244)		
PRE-TAX RESULT (A-B+/-C+/-D)	250,745	126,992	123,753	97.45%
of which: impact of non-recurring items	3,136	(4,418)		

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
			Change	-1,144.44%
Gains/(losses) for income taxes	86,341	(8,267)	94,608	-1,144.44%
NET RESULT OF CONTINUING OPERATIONS	164,404	135,259	29,145	21.55%
Net result of discontinued operations	-	-		
PERIOD NET RESULT	164,404	135,259	29,145	21.55%
Profit/(loss) attributable to the Group	163,975	133,441	30,534	22.88%
Profit/(loss) attributable to non-controlling interests	430	1,819	(1,389)	-76.38%
Basic earnings per share (Euro)	0.42	0.34	0.08	22.88%
Diluted earnings per share (Euro)	0.42	0.34	0.08	22.88%

Revenues

At 31 December 2022, the Group had Total revenues of Euro 1,728,280 thousand, an increase of 143.20 % compared to 31 December 2021. The change is exclusively attributable to the increase in the item Revenues from sales and services (+157%), the change in which is dependent on the trend in revenues of the Sales Business Unit, which amounted to Euro 1,003,349 thousand, mainly due to: higher volumes sold to wholesale customers, the increase in commodity prices and, residually, an increase in volumes supplied to end customers to 1,610 GWh against the 1,576 GWh supplied in 2021.

Other revenues and income, on the other hand, fell by 45% mainly due to the decrease, caused by the decrease in the recognised price and the lower production volumes realised, of the value of contributions from the GRIN Tariff (formerly Green Certificates) amounting to Euro 11,423 thousand (against 30,647 thousand in the previous year) as well as incentives for electricity production from other renewable sources amounting to Euro 5,301 thousand (compared to Euro 9,727 thousand in 2021). Overall, the incentives accrued on electricity production contributed 26% to the Group's EBITDA, with a total of Euro 16,724 thousand.

Revenues internalise a non-recurring positive component, amounting to Euro 471 thousand, represented by subsidies provided for in favour of electricity-intensive companies pursuant to the decree of the Minister of Economic Development of 21 December 2017, published by notice in the Official Journal No. 300 of 27 December 2017 (so-called "energy-intensive enterprises") and to enterprises with electricity metres with an available power of 16.5 kW or more, other than energy-intensive enterprises, a perimeter, the latter, in which the enterprises of the CVA Group fall.

Operating costs

Operating costs amounted to Euro 1,432,999 thousand at the end of 2022, a significant increase of 177% compared with Euro 517,233 thousand in 2021. The change recorded refers in particular to the increase in the item "costs for raw materials and services", which was mainly impacted by: the increase in costs relating to the wholesale energy purchase activity, to be correlated with the parallel increase in traded volumes and the higher prices recognised following the increases recorded on the markets and the growth in volumes relating to charges from commodity hedging activities, the latter also to be compared with the growth in income deriving from the same activity. A total of Euro 4,084 thousand in costs related to solidarity contributions pursuant to Article 15-bis of DL No. 4/2022 and Article 1, paragraph 30 of Law No. 197/22, recognised on an accrual basis, but whose due date is being challenged in the appropriate venues.

Personnel costs increased in total by 7% to Euro 42,246 thousand compared to Euro 39,521 thousand in 2021. This growth, besides being a consequence of normal personnel management dynamics, summarises the average increase in the company population (+6%) and the overall increase in hours worked (+4.25% from 947,841 to 988,080).

Amortisation, depreciation, provisions and write-downs

At 31 December 2022, these amounted to Euro 59,094 thousand, down 3.67% compared with the Euro 61,342 thousand of the previous year. These include Euro 54,377 thousand for depreciation and amortisation and Euro 4,717 thousand for provisions and write-downs. With regard to the item "depreciation and amortisation", the change recorded is mainly due to the normal process of depreciation and amortisation of assets that entered into service in 2022, which mainly involved, for tangible assets, buildings, plant and machinery and, for intangible assets, software.

With reference to the item "Provisions and write-downs", the total value recognised in 2022 incorporates an extraordinary provision of Euro 3,412 thousand referring to the impairment of the goodwill of the distribution company DEVAL calculated in application of the provisions of Accounting Standard IAS 36, which provides that goodwill is not amortised, but subject to a value check (so-called Impairment test) to be carried out at least annually. The item was also positively impacted by the reversal to income or remodulation of provisions for risks no longer deemed necessary and described in detail in the note to the financial statements, while the value of the provision for bad debts necessary to recognise their value at their presumed realisable value was the opposite.

Financial income and expenses

In 2021, the balance of financial management resulted in income totalling Euro 14,558 thousand, of which financial income of Euro 3,236 thousand and financial expenses with a positive sign of Euro 11,322 thousand (in 2021, the balance showed total expenses of Euro 5,077 thousand); the change recorded mainly related to the fair value assessment, accrued and collected in 2022, of certain IRS (Interest Rate Swap, or interest rate derivative contracts) entered into to hedge the interest rate risk on future financing contracts, the financial plans of which, considering the changed market scenarios, were not perfectly aligned to what had been assumed at the time the IRS contracts were entered into. The item described should be regarded as non-recurring.

Income taxes

Income taxes in 2022 represent an expertise of Euro 86,341 thousand, while in 2021 they represented a positive contribution to the result of Euro 8,267 thousand; the expense for income taxes, besides being a consequence of the higher taxable income pertaining to 2022, is affected by the cost of solidarity contributions imposed on utilities operating in the territory of the State in the gas and energy sector, pursuant to Article 37 of Legislative Decree No. 21/2022 and Article 1, paragraph 115 of Law 197/2022. It should be recalled that the positive result recorded in the previous year was influenced by extraordinary items amounting to Euro 48.3 million, referring to the effects on income taxes of the application of the revaluation and realignment rule, pursuant to Law No. 126 of 13 October 2020.

Period net result

The year 2022 closed with a net profit of Euro 164,404 thousand, with an exceptional change of 22% compared with Euro 135.2590 thousand for 2021. Net income includes Euro 429.5 thousand in minority profit (Euro 1,819 thousand in 2021). The consolidated net result pertaining to the Group was Euro 163,975 thousand.

Equity data selected and financial debt of the Group for the years ended 31 December 2022 and 2021

Provided below is the consolidated equity and financial data of the Group for the years ended 31 December 2022 and 2021:

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
ASSETS			Change	Change %
Non-current assets				
Tangible assets	606,905	623,165	(16,260)	-2.61%
Intangible assets	14,126	12,587	1,539	12.23%
Goodwill	225,564	228,976	(3,412)	-1.49%
Equity investments	14,649	2,362	12,287	520.20%
Deferred tax assets	103,375	66,883	36,492	54.56%
Non-current tax receivables	4,378	11	4,367	39281.33%
Assets for non-current financial derivatives	1,309	4,659	(3,350)	-71.91%
Other non-current financial assets	30,215	93,731	(63,515)	-67.76%
Trade receivables	25,037	8,619	16,418	190.47%
Other non-current assets	5,132	4,499	634	14.08%
Total non-current assets	1,030,691	1,045,492	(14,801)	-1.42%
Current assets				
Inventories	5,095	3,262	1,833	56.19%
Trade receivables	171,386	87,384	84,002	96.13%
Receivables for income taxes	5,521	4,850	670	13.82%
Other tax receivables	26,588	13,350	13,238	99.16%
Assets for current financial derivatives	255,148	96,235	158,913	165.13%
Other current financial assets	1,171	675	496	73.45%
Other current assets	282,181	173,431	108,750	62.71%
Cash and cash equivalents	226,663	226,831	(168)	-0.07%
Total current assets	973,753	606,019	367,734	60.68%
Assets classified as held for sale				
	-	-	-	-
TOTAL ASSETS	2,004,445	1,651,511	352,934	21.37%

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
			Change	Change %
SHAREHOLDERS' EQUITY				
Share capital	395,000	395,000	-	0.00%
Other reserves	403,319	341,322	61,997	18.16%
Unavailable/non-distributable reserves	(147,577)	(98,194)	(49,384)	50.29%
Accumulated Profits/(Losses)	55,269	43,134	12,134	28.13%
Net result of the year	163,975	133,441	30,534	22.88%
Shareholders' equity attributable to the Group	869,985	814,703	55,282	6.79%
Shareholders' equity - Minority interests	8,888	9,495	(607)	-6.39%
Total shareholders' equity	878,873	824,197	54,676	6.63%
LIABILITIES				
Non-current liabilities				
Employee benefits	4,632	5,723	(1,090)	-19.05%
Provisions for risks and charges	30,488	34,431	(3,943)	-11.45%
Deferred tax liabilities	23,295	7,663	15,632	204.00%
Liabilities for non-current financial derivatives	117,887	49,736	68,151	137.02%
Other non-current financial liabilities	491,350	215,642	275,708	127.85%
Other non-current liabilities	23,771	22,637	1,134	5.01%
Total non-current liabilities	691,424	335,832	355,592	105.88%
Current liabilities				
Employee benefits	887	1,032	(145)	-14.06%
Provisions for risks and charges	127	221	(94)	-42.34%
Trade payables	86,093	73,107	12,986	17.76%
Payables for income taxes	44,351	20,611	23,740	115.18%
Other tax payables	2,851	4,587	(1,735)	-37.84%
Liabilities for current financial derivatives	198,718	118,554	80,164	67.62%
Other current financial liabilities	80,720	252,279	(171,558)	-68.00%
Other current liabilities	20,400	21,091	(691)	-3.28%
Total current liabilities	434,148	491,481	(57,334)	-11.67%
Liabilities related to assets held for sale	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,004,445	1,651,511	352,934	21.37%

The following table shows the main equity and financial data of the Group reclassified at 31 December 2022 and 2021:

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
Fixed capital	861,245	867,090	(5,845)	-0.67%
Net Working Capital (*)	301,964	104,105	197,859	190.06%
Deferred tax assets/(liabilities)	80,080	59,220	20,860	35.22%
Provisions for risks/charges and Employee benefits	(36,135)	(41,407)	5,272	-12.73%
Other non-current assets/(liabilities)	(14,260)	(18,127)	3,867	-21.33%
NET INVESTED CAPITAL (*)	1,192,894	970,881	222,013	22.87%
Financial debt	(344,236)	(240,415)	(103,821)	43.18%
Non-current financial assets	30,215	93,731	(63,516)	-67.76%
Shareholders' equity	(878,873)	(824,197)	(54,676)	6.63%
EQUITY AND NET FINANCIAL DEBT	(1,192,894)	(970,881)	(222,013)	22.87%

(*) Trade Working Capital (TWC) and Net Working Capital (NWC) are not identified as an accounting measure either in the Italian Accounting Standards or in the IFRS accounting standards. The determination criteria adopted by the Group may not be consistent with those adopted by other groups, and therefore the balances obtained may not be comparable with those determined by the latter.

(**) The item "Tax Receivables and Payables" represents the sum of receivables and payables for income taxes as well as other tax receivables and payables.

Breakdown of fixed capital

The breakdown of fixed capital at 31 December 2022 and 2021 is shown below:

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
Tangible assets	606,905	623,165	(16,260)	-2.61%
Intangible assets	14,126	12,587	1,539	12.23%
Goodwill	225,564	228,976	(3,412)	-1.49%
Equity investments	14,649	2,362	12,287	520.20%
TOTAL FIXED CAPITAL	861,245	867,090	(5,845)	-0.67%

Fixed capital include tangible, intangible and financial assets, and mainly refers to hydroelectric and wind power generation plants and authorisations for the operation of the relative plants.

Consolidated fixed assets amounted to Euro 861,245 thousand at 31 December 2021, showing a decrease of Euro 5,845 thousand compared to the previous year, mainly due to the normal depreciation and amortisation process of tangible and intangible fixed assets and the write-down, following the results of the impairment test, of part of the goodwill value of the company DEVAL. This decrease was offset by increases in tangible, intangible and financial assets. For the latter, the change is determined by the purchase of a 3% shareholding in the share capital of Bonifiche Ferraresi S.p.A..

Net working capital includes inventories, receivables for the sale of electricity, net of provisions for impairment, billed but not yet collected in the reporting period or yet to be billed, items that became particularly important in 2022 as a result of the trend in energy commodity prices, and the mark-to-market of futures contracts outstanding at the end of the year and cash deposits (security deposits) made to guarantee the settlement of derivative transactions in fulfilment of the margin obligations undertaken through participation in the energy futures markets (so-called margin calls). It also includes trade payables for electricity purchased and not yet paid in the period and for purchases or services rendered by suppliers and not yet paid during the year. Lastly, it includes tax receivables as the result of the credit/debit position with respect to the tax authorities.

The changes between the two years of comparison are affected by an important positive change in the balance represented by the comparison of trade payables and receivables at the date, which led to an increase in trade working capital; in addition, inventories grew mainly as a result of the increase in DEVAL inventories due to logistical needs and the start of the mass metre replacement campaign. Lastly, the Group's tax debt position increased sharply, both as a result of the growth in IRES taxable income and the debts incurred following the imposition of solidarity contributions imposed on utilities operating in the State.

Deferred tax assets/(liabilities)

They mainly relate to deferred taxes calculated on the differences between the statutory values and the related tax values.

At 31 December 2022, they showed a positive balance of Euro 80,080 thousand, referring to prepaid tax assets of Euro 103,375 thousand and deferred tax liabilities of Euro 23,295 thousand, while at 31 December 2021, they showed a net liability of Euro 59,220 thousand.

The increase in the value of deferred tax assets was mainly due to the increase in the value related to the taxation of energy derivatives; deferred taxes also increased year-on-year, but by a smaller amount.

Provisions for risks and charges and Employee benefits

The value of the provisions for liabilities and charges decreased overall as both the provision for risks and charges and the provision for employee benefits decreased between the two years.

In particular, we note the release of the provision set up in 2020 against potential liabilities arising from the possible administrative fine imposed on CVA ENERGIE, the sales company of the CVA Group, deriving from the closure of the sanctioning proceedings pending before the ARERA offices following the positive ruling by the Milan Regional Administrative Court (TAR) (sentence 1946/2022), which cancelled the penalty imposed by ARERA, as well as the release of part of the provision for imbalance charges, following the recalculation by Terna, of the amount of the value of the measures, based on the new calculation criteria adopted (amount resulting from Resolution 507/2022/EEL).

For a detailed and exhaustive examination of the evolution of all the provisions for risks and charges present at the date of this situation, please refer to the specific section of the comment note on the book values.

Other non-current assets/(liabilities)

At the end of 2022, the balance of other non-current assets and liabilities showed a payable of Euro 14,260 thousand (a payable of Euro 18,127 thousand at 31 December 2021). It refers to receivables for other non-current assets for Euro 9,511 thousand (Euro 4,510 thousand at 31 December 2021) mainly relating to various long-term guarantee deposits with third parties, in particular an increase with Terna (from Euro 2,496 thousand in 2021 to Euro 3,131 thousand at 31 December 2022), and medium/long-term receivables from personnel, relating to loans granted to employees and interest-bearing (Euro 1,367 thousand against Euro 1,369 thousand at 31 December 2021). Other non-current liabilities added up to Euro 23,711 thousand (Euro 22,637 thousand at the end of the past year) and are mainly the result of the application of IFRS 15, which entails, for the distribution company DEVAL, the deferral of contributions received from customers based on the nature of the obligation resulting from the contract with the customers, with the recording of the related deferred income, released according to the useful life of the asset to which the contribution refers.

Net Financial Position

Pursuant to the provisions of CONSOB communication No. DEM/6064293 of 28 July 2006, it is noted that the net financial debt was determined in accordance with the provisions of the Recommendation ESMA/2013/319 of 20 March 2013, as detailed below:

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
			Change	% change
A - CASH AND CASH EQUIVALENTS	226,609	176,768	49,841	28.20%
B - CASH EQUIVALENT TO LIQUID ASSETS	53	50,063	(50,009)	-99.89%
C - OTHER CURRENT FINANCIAL ASSETS	1,171	675	496	73.45%
D - LIQUIDITY (A) + (B) + (C)	227,834	227,506	328	0.14%
E - CURRENT FINANCIAL DEBT (including debt instruments, but excluding the current portion of non-current financial debt)	1,372	2,235	(863)	-38.60%
F - CURRENT PORTION OF NON-CURRENT FINANCIAL DEBT	79,348	250,044	(170,696)	-68.27%
G - CURRENT FINANCIAL DEBT (E+F)	80,720	252,279	(171,558)	-68.00%
H - NET CURRENT FINANCIAL DEBT (G - D)	(147,114)	24,773	(171,887)	-693.86%
I - NON-CURRENT FINANCIAL DEBT (excluding current portion and debt instruments)	441,732	166,085	275,647	165.97%
J - DEBT INSTRUMENTS	49,618	49,557	61	0.12%
K - TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	-	-	-	-
L - NON-CURRENT FINANCIAL DEBT (I + J + K)	491,350	215,642	275,708	127.85%
M - TOTAL FINANCIAL DEBT (H + L)	344,236	240,415	103,821	43.18%
N - NON-CURRENT FINANCIAL INVESTMENTS	23,900	86,784	(62,884)	-72.46%
O - NON-CURRENT FINANCIAL ASSETS	6,315	6,947	(632)	-9.09%
P - TOTAL FINANCIAL DEBT ADJUSTED (M - N - O)	314,021	146,684	167,337	114.08%

At the end of 2022, the Group's net Financial Debt amounted to Euro 344,236 thousand, an increase of Euro 103,821 thousand compared to Euro 240,415 thousand in the previous year. The change in Financial Debt is a consequence of the Group's normal financial cycle, which in 2022 was affected by a significant increase in working capital related to the increase in commodity prices, group turnover and margin call requests related to changes in fair value on energy price hedging transactions put in place. This need was financed by resorting to the banking system through the negotiation of 3-year committed credit lines of the Loan and Revolving Credit Facility (RCF) type. It should be noted that, at 31 December 2022, the Group had additional committed RCF credit lines totalling Euro 220 million.

Adjusted Financial Debt, which amounted to Euro 314,021 thousand at 31/12/2022, shows a greater change than as described above (for Euro 167,337 thousand), having proceeded in 2022 to redeem part of the financial investments in capitalisation and insurance policies. The customary attention to cash flow management and the cash-generating capacity of the Group's activities made it possible in 2022, despite the cash absorption related to the increase in working capital, to maintain the ratio of net financial position to EBITDA at a value of 1.17, a slight improvement over the previous year (1.24), and far below the sector benchmarks. It should be noted that the net financial position shown in the table excludes both the value of assets and liabilities for financial derivatives and the value assumed by security deposits with the Clearing Bank identified to operate on EEX (European Energy Exchange), the main organised financial market in Europe, as well as EPEX Spot (European Power Exchange), which underlies the physical exchange of energy on the market; these values amounted to liabilities of Euro 60,148 thousand (Euro 67,396 thousand in 2021) and security deposits of Euro 201,846 thousand (Euro 148,823 thousand in 2021).

Shareholders' equity

The table below shows the breakdown of shareholders' equity at 31 December 2022 and 2021:

Amounts in thousands of €

	2022	2021	2022 vs 2021	
			Change	% change
Share capital	395,000	395,000	-	0.00%
Other reserves	403,319	341,322	61,997	18.16%
Unavailable/non-distributable reserves	(147,577)	(98,194)	(49,384)	50.29%
Reserves and profits (losses) carried forward	55,269	43,134	12,135	28.13%
Net result of the year	163,975	133,441	30,534	22.88%
Shareholders' equity attributable to the Group	869,985	814,703	55,282	6.79%
Minorities Shareholders' Equity	8,888	9,495	(607)	-6.39%
SHAREHOLDERS' EQUITY	878,873	824,198	54,675	6.63%

At 31 December 2022, the share capital was fully paid-in and divided into 395,000,000 ordinary shares with nominal value of Euro 1 euro each. The entire share capital refers to the Sole Shareholder FINAOSTA. The changes in Shareholders' Equity recorded in 2022 are significantly influenced by the increase in net result for the year.

Analysis of cash flows of the Group for the years ended 31 December 2022 and 2021

Below is a summary of the Group's cash flow statement for the years ended 31 December 2022 and 2021:

Amounts in thousands of €

CVA Group - Consolidated Statement of Cash Flows	2022	2021	2022 vs 2021	
			Change	% change
Cash flows generated/(absorbed) by operating activities	(120,169)	(55,649)	(64,520)	115.94%
Cash flows generated/(absorbed) by investing activities	9,476	4,830	4,646	96.19%
Cash flows generated/(absorbed) by financing activities	110,525	82,547	27,978	33.89%
Final cash change	(168)	31,728	(31,896)	-100.53%
Cash and cash equivalents - opening balance	226,831	195,103	31,728	16.26%
Final cash change	(168)	31,728	(31,896)	-100.53%
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	226,663	226,831	(168)	-0.07%

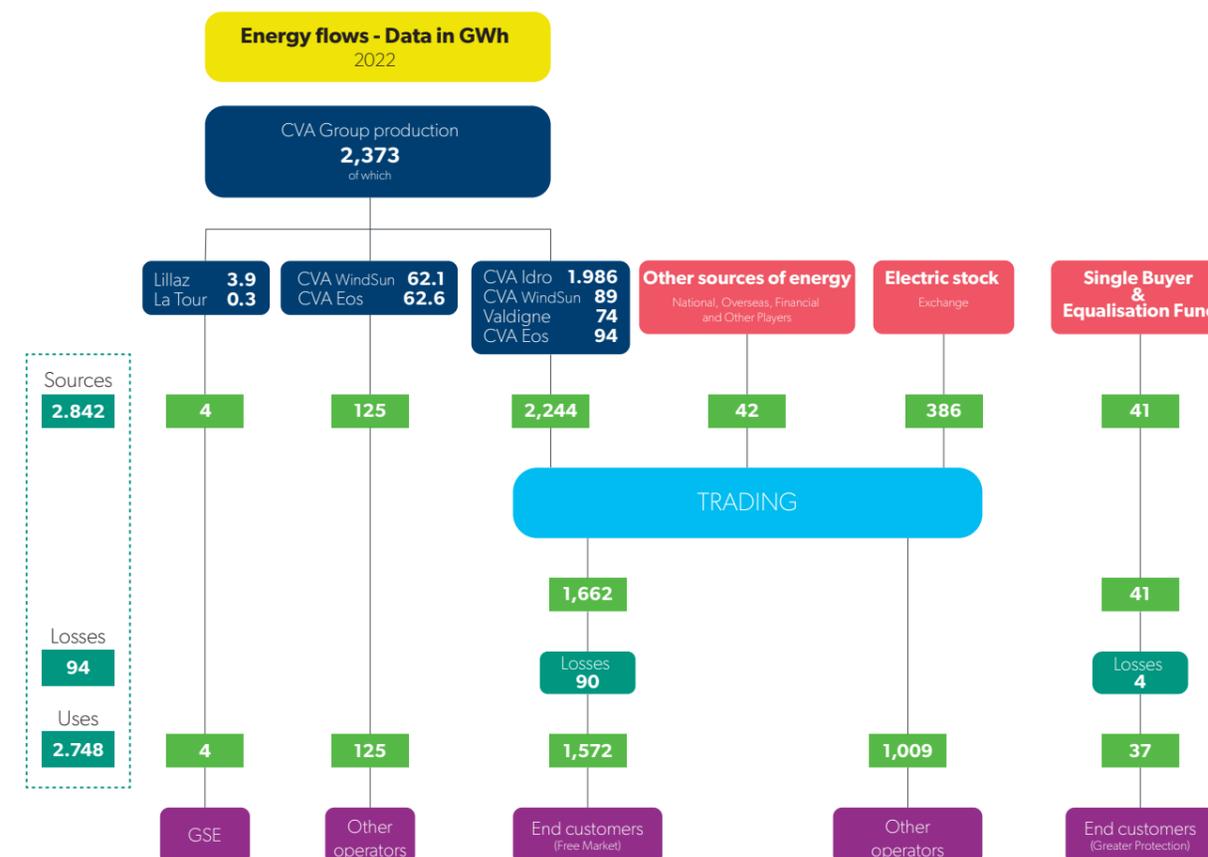
As already mentioned, in 2022, the Group's operating activities resulted in a significant increase (Euro 197,859 thousand) in working capital (Euro 301,964 thousand at year-end 2022 compared to Euro 104,105 thousand at year-end the previous year), related to the increase in commodity prices, group sales and margin call requests related to changes in fair value on energy price hedging transactions put in place. The remaining cash flows generated by the Group's operating activities partially neutralised the increase in working capital, reducing cash flow absorption to Euro 120,169 thousand. This absorption was financed mainly through recourse to the banking system.

Non-financial Performance indicators of the Group for the years ended 31 December 2022 and 2021

The following table summarises the key non-financial Performance indicators of the Group for the years ended 31 December 2022 and 2021:

	2022	2021	2022 vs 2021	
			Change	% change
Hydroelectric production (GWh)	2,063	2,492	(429)	-17.21%
Production from other renewable sources (GWh)	308	327	(19)	-5.73%
Electricity sold to wholesale customers (GWh)	1,138	752	386	51.33%
Electricity sold/(purchased) on the Power Exchange (GWh)	(386)	561	-947	-168.81%
Electricity sold to end customers (GWh)	1,610	1,576	34	2.16%
POD supplied (#/1000)	116.83	117.35	-0.52	-0.44%
Electricity distributed (GWh)	901	898	3	0.33%
Average of the PUN (Single Nationwide Price) Base load (Euro/MWh)	304	125	178.95	143.16%

The following table shows the sources/uses of the electricity flows in 2021 of the CVA Group:



Analysis by Business Unit

For management purposes, the Group is organised into Business Units, the subdivision of which reflects the reporting structure analysed by the management and the Board of Directors in order to manage and plan the Group's activities. In compliance with the provisions of IFRS 8 - Operating Segments, information is provided below for Business Units, identified on the basis of the management structure and the internal reporting system of the Group.

No new business segments were introduced in 2022 compared to the traditional segments in which the Group operates.

Based on the nature of the activities carried out by the companies of the Group, the breakdown by geographical area is not significant.

"Corporate" includes the result of the activities and businesses that do not constitute an operating segment pursuant to IFRS 8, as well as values not attributable to the Performance of the business areas identified, as they are not directly attributable to their management responsibility. For the purposes of a correct reading of the economic results relating to the individual Business Units, it should be noted that the revenues and costs related to the common activities have been partially allocated to the Businesses, through the use of technical-economic drivers. The item "Eliminations and adjustments", on the other hand, includes consolidation adjustments and eliminations between the individual Business Units. The operating segments in which the CVA Group is divided are represented by the following Business Units:

- Hydro Business Unit;
- Other RES Business Unit;
- Distribution Business Unit;
- Sales Business Unit;
- Energy Efficiency Business Unit;
- Corporate Business Unit.

Hydro Business Unit

The Hydro Business Unit refers to the activity of electricity generation from hydroelectric sources, and to the relative sale of the same to wholesalers/traders. The CVA Group has 32 hydroelectric plants in the Valle d'Aosta area with a total nominal power of 934 MW. In 2022, these plants produced 2,063 GWh. The companies of the Group operating in the production of hydroelectric energy are the Parent Company and the subsidiary VALDIGNE.

Other RES Business Unit

The "Other RES" Business Unit refers to the activity of electricity generation from renewable energy sources other than the hydroelectric source, and to the relative sale of the same to wholesalers/traders. The CVA Group has 8 wind farms distributed between Valle d'Aosta, Tuscany, Lazio, Apulia and Campania, with a total installed power of 158 MW and 3 photovoltaic plants located in Valle d'Aosta and Piedmont, for a total power of 13 MW. In 2021, these plants produced 308 GWh. The Group companies operating in this Business Unit are the Parent Company and CVA EOS.

Distribution Business Unit

The "Distribution" Business Unit refers to the activity of electricity distribution to end users, as well as to the management of the network itself. DEVAL is the Group company that deals with the distribution in the territory of the Region, by virtue of the concession of the distribution and metering service assigned by the Ministry of Productive Activities, free of charge, expiring on 31 December 2030. In 2021, DEVAL distributed 909 GWh for consumption for the current year, serving an average of 129,640 delivery points.

Sales Business Unit

The "Sales" Business Unit contains Energy Management and Market activities. Energy Management activity refers to operations on energy and financial markets in order to procure electricity and related network services and to optimise

its energy portfolio.

The term Market represents the sales activity to end users that takes place both in the Free market (divided into the Retail and Business segments) and in the Greater Protection market. In the first, the sale of energy takes place according to conditions agreed freely between the parties. In the second case, the economic and contractual conditions of supply are established by ARERA. Energy Management and Market activities are overseen by CVA ENERGIE, which in 2021 supplied a total of 1,610 GWh of electricity distributed over approximately 116,834 delivery points.

Energy Efficiency Business Unit

The "Energy Efficiency" Business Unit launched in 2021, encompasses within it all energy efficiency support activities operated through structural interventions managed by the parent company on civil and instrumental buildings as well as industrial efficiency projects.

Corporate Business Unit

The "Corporate" Business Unit contains all the administrative, accounting, financial, strategic and coordination support activities, whose costs are not re-debited to the individual Business Units.

The following tables show the breakdown by operating segment of the main economic and equity data for the years ended 31 December 2022 and 2021.

Data by Business Unit at 31 December 2022

Amounts in Euro thousands								
ECONOMIC DATA BY BUSINESS SECTOR	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
REVENUES	142,926	34,933	1,627,434	57,121	3,835	31,610	(169,579)	1,728,280
OPERATING COSTS	(47,795)	(9,906)	(1,446,125)	(13,071)	(14,058)	(28,789)	168,991	(1,390,752)
PERSONNEL COSTS	(14,854)	(7,758)	(4,109)	(597)	(14,411)	(518)	-	(42,246)
GROSS OPERATING MARGIN (EBITDA)	80,277	17,269	177,200	43,453	(24,633)	2,303	(588)	295,281
% OF REVENUES	56.17%	49.44%	10.89%	76.07%	-642.32%	7.29%	0.35%	17.09%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(24,659)	(12,541)	(1,438)	(17,735)	(3,156)	(20)	454	(59,094)
NET OPERATING RESULT (EBIT)	55,618	4,728	175,762	25,718	(27,789)	2,283	(134)	236,187
% OF REVENUES	38.91%	13.54%	10.80%	45.02%	-724.61%	7.22%	0.08%	13.67%
NON-RECURRING NET OPERATING RESULT	(773)	(3,412)	3,338	(3,312)	471	-	-	(3,688)
ADJUSTED OPERATING RESULT (Adjusted EBIT)	56,391	8,140	172,424	29,030	(28,260)	2,283	(134)	239,875
% OF REVENUES	39.45%	23.30%	10.59%	50.82%	-736.88%	7.22%	0.08%	13.88%
FINANCIAL BALANCE	-	-	-	-	19,719	352	(5,512)	14,558
PRE-TAX RESULT	55,618	4,728	175,762	25,718	(27,789)	2,635	14,072	250,745
INCOME TAXES	-	-	-	-	(86,361)	-	20	(86,341)
NET RESULT	55,618	4,728	175,762	25,718	(114,150)	2,635	14,092	164,404

EQUITY DATA BY BUSINESS SECTOR	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
TANGIBLE ASSETS	306,479	113,588	632	154,400	33,320	1,037	(2,552)	606,905
INTANGIBLE ASSETS	965	4,507	5	6,477	2,254	1	(82)	14,126
GOODWILL	173,544	7,896	-	44,125	-	-	-	225,564
TRADE RECEIVABLES	20,546	4,396	155,357	4,302	2,604	36,682	(27,464)	196,423
TRADE PAYABLES	(11,215)	(7,577)	(75,018)	(4,173)	(6,757)	(8,961)	27,608	(86,093)
INVESTMENTS BY BUSINESS SECTOR	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
(INVEST)/DISINVEST - TANGIBLE ASSETS	17,440	11,502	172	3,543	2,207	692	-	35,556
(INVEST)/DISINVEST - INTANGIBLE ASSETS	53	2,996	5	195	551	-	-	3,799
(INVEST)/DIVEST - EQUITY INVESTMENTS AND GOODWILL	-	-	-	-	12,000	-	-	12,000
TOTAL INVESTMENTS	17,493	14,498	176	3,738	14,758	692	-	51,355

EQUITY DATA BY BUSINESS SECTOR	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
TANGIBLE ASSETS	313,596	110,409	563	167,585	33,487	345	(2,820)	623,165
INTANGIBLE ASSETS	1,089	2,213	-	6,765	2,519	1	-	12,587
GOODWILL	173,544	11,308	-	44,125	-	-	-	228,976
TRADE RECEIVABLES	24,694	6,390	77,977	14,544	2,240	1,340	(39,800)	87,384
TRADE PAYABLES	(11,158)	(7,125)	(85,094)	(2,590)	(5,331)	(2,588)	40,779	(73,107)
INVESTMENTS BY BUSINESS SECTOR	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
(INVEST)/DISINVEST - TANGIBLE ASSETS	17,250	12,120	56	2,172	1,276	345	-	33,219
(INVEST)/DISINVEST - INTANGIBLE ASSETS	53	536	-	203	1,349	-	-	2,142
TOTAL INVESTMENTS	17,303	12,657	56	2,375	2,625	345	-	35,361

Data by Business Unit at 31 December 2021

Amounts in Euro thousands

ECONOMIC DATA BY BUSINESS SECTOR	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
REVENUES	187,269	33,995	624,085	68,392	2,908	5,676	(211,679)	710,645
OTHER COSTS	(44,647)	(10,970)	(607,898)	(9,917)	(9,917)	(5,556)	211,192	(477,712)
PERSONNEL COSTS	(13,991)	(7,138)	(4,062)	(412)	(13,572)	(346)	-	(39,521)
GROSS OPERATING MARGIN (EBITDA)	128,631	15,887	12,125	58,062	(20,581)	(226)	(487)	193,412
% OF REVENUES	68.69%	46.73%	1.94%	84.90%	-707.83%	-3.99%	0.23%	27.22%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(23,612)	(17,580)	200	(17,670)	(3,118)	-	437	(61,342)
NET OPERATING RESULT (EBIT)	105,020	(1,693)	12,325	40,392	(23,699)	(226)	(49)	132,069
% OF REVENUES	56.08%	-4.98%	1.97%	59.06%	-815.06%	-3.99%	0.02%	18.58%
NON-RECURRING ITEMS	-	(9,050)	(10,530)	3,306	-	-	-	(16,274)
ADJUSTED OPERATING RESULT (Adjusted EBIT)	105,020	7,357	22,854	37,086	(23,699)	(226)	(49)	148,343
% OF REVENUES	56.08%	21.64%	3.66%	54.23%	-815.06%	-3.99%	0.02%	20.87%
FINANCIAL BALANCE	-	-	-	-	(7,415)	(12)	2,351	(5,077)
PRE-TAX RESULT	105,020	(1,693)	12,325	40,392	(28,763)	(239)	(49)	126,992
INCOME TAXES	-	-	-	-	8,267	-	-	8,267
NET RESULT	105,020	(1,693)	12,325	40,392	(20,496)	(239)	(49)	135,259

Results by operating area

Hydro Business Unit

The following table shows the main data relating to the Hydro Business Unit for the years 2022 and 2021:

[€/000]	December 2022	December 2021	2022 vs 2021	
			Change	% Change
INVESTMENTS	17,493	17,303	190	1.10%
ECONOMIC DATA BY BUSINESS SECTOR				
REVENUES	142,926	187,269	(44,343)	-23.68%
OPERATING COSTS	(47,795)	(44,647)	(3,148)	7.05%
PERSONNEL COSTS	(14,854)	(13,991)	(863)	6.17%
GROSS OPERATING MARGIN (EBITDA)	80,277	128,631	(48,355)	-37.59%
% OF REVENUES	56.17%	68.69%	-12.52%	-18.23%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(24,659)	(23,612)	(1,047)	4.43%
NET OPERATING RESULT (EBIT)	55,618	105,020	(49,402)	-47.04%
% OF REVENUES	38.91%	56.08%	-17.17%	-30.61%
NON-RECURRING NET OPERATING RESULT	(773)	-	(773)	
ADJUSTED OPERATING RESULT (Adjusted EBIT)	56,391	105,020	(48,629)	-46.30%
% OF REVENUES	39.45%	56.08%	-16.63%	-29.65%

Revenues

2022 vs 2021

The negative change in the item "revenues" between the financial year 2022 and 2021 mainly derives from the significant decrease in the item represented by operating subsidiaries compared to the previous year, as a result of the decrease in the value of RES incentive tariffs pursuant to Ministerial Decree 6 July 2012 and the GRIN certificates recognised by the GSE, the price development of which is correlated to the price development on the energy market. The value of GRIN certificates decreased from 109.36 €/MWh in the financial year 2021 to 42.85 €/MWh in the financial year 2022. In addition, the sale of the electricity produced does not fully reflect the price growth in the energy markets because, at the end of the previous year, it was agreed with the affiliate CVA ENERGIE that in 2022 it would purchase all the energy produced by its own plants, at a fixed sale price locked in for the entire period.

Gross Operating Margin (EBITDA)

2022 vs 2021

EBITDA shows a significant decrease compared to the comparison year of Euro 48,355 thousand (38%), which internalises the negative trend of Revenues, and which has a direct impact in the presence of a rather rigid cost structure typical of the business developed by the Business Unit. Personnel costs increased between the two financial years as a result of an increase in personnel, which, at 31 December 2022, stood at 233 resources, compared to 223 in the same period of the previous year.

Operating Result (EBIT)

2022 vs 2021

Operating income for 2022, amounting to Euro 55,618 thousand, equally expresses the negative trend in EBITDA and absorbing also the upward trend in "depreciation, amortisation, provisions and write-downs". BU depreciation and amortisation increased due to the increase in tangible assets, mainly capitalised buildings, while extraordinary maintenance work performed on freely transferable assets during the financial year 2022 is the reason for the increase in depreciation recorded under the item "plant and machinery".

Adjusted Operating Result (Adjusted EBIT)

2022 vs 2021

Adjusted EBIT amounted to Euro 56,391 thousand, showing a difference of Euro 773 thousand, compared to the indicator described above, which refers to the non-recurring item related to the imposition of solidarity contributions pursuant to Article 15-bis of DL No. 4/2022 recognised to the GSE for the Lillaz plant.

Investments

2022 vs 2021

Capital expenditure by the Hydro Business Unit increased by Euro 190 thousand and mainly relates to modernisation of BU own plant and machinery.

Distribution Business Unit

The following table shows the main data relating to the Distribution Business Unit for the years ended 31 December 2022 and 2021:

[€/000]	December 2022	December 2021	2022 vs 2021	
			Change	% Change
INVESTMENTS	14,498	12,657	1,841	14.55%
ECONOMIC DATA BY BUSINESS SECTOR				
REVENUES	34,933	33,995	938	2.76%
OPERATING COSTS	(9,906)	(10,970)	1,064	-9.70%
PERSONNEL COSTS	(7,758)	(7,138)	(620)	8.68%
GROSS OPERATING MARGIN (EBITDA)	17,269	15,887	1,382	8.70%
% OF REVENUES	49.44%	46.73%	2.70%	5.78%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(12,541)	(17,580)	5,039	-28.66%
NET OPERATING RESULT (EBIT)	4,728	(1,693)	6,421	-379.35%
% OF REVENUES	13.54%	-4.98%	18.51%	-371.85%
NON-RECURRING NET OPERATING RESULT	(3,412)	(9,050)	5,638	-62.30%
ADJUSTED OPERATING RESULT (Adjusted EBIT)	8,140	7,357	783	10.64%
% OF REVENUES	23.30%	21.64%	83.52%	385.89%

Revenues

2022 vs 2021

The trend in revenues year on year shows an increase of Euro 938 thousand (+2.76%).

This increase is mainly determined by the increase in contingent assets for Euro 1,582 thousand and connection fees and fixed charges for Euro 139 thousand, effects partially offset by the decrease in tariff revenues for energy transport and equalisation for Euro 429 thousand, and by the decrease in revenues for energy efficiency certificates for Euro 394 thousand, due to lower quantities cancelled compared to the previous year.

Gross Operating Margin (EBITDA)

2022 vs 2021

The gross operating margin shows an increase of 8.7% (equal to Euro 1,382 thousand). Revenues (+2.76%) and operating costs (-9.7%) increased, partially offset by the increase in personnel costs.

Operating Result (EBIT)

2022 vs 2021

The operating result for the year 2022 shows an improvement of Euro 6,421 thousand. It should be noted that, in the previous year, the result was negative, due to the write-down of goodwill in the amount of Euro 9,050 thousand, whereas in 2022 a write-down of Euro 3,412 thousand was made.

Adjusted Operating Result (Adjusted EBIT)

2022 vs 2021

Adjusted operating income for the year 2022 is characterised by the non-recurring transaction due to the impairment of goodwill as a result of impairment testing for Euro 3,412 thousand (Euro 9,050 thousand in the previous year).

Operating margins totalled 23.30%, compared to 21.64% in 2021.

Investments

2022 vs 2021

Investments relating to the Distribution Business Unit in 2022 show an increase of Euro 1,841 thousand compared with 2021 (+14.55%). The increase is mainly due to higher investments in distribution networks at the request of customers, for new connections and for relocating plants.

Sales Business Unit

The following table shows the main data relating to the Sales Business Unit for the years ended 31 December 2022 and 2021:

[€/000]	December 2022	December 2021	2022 vs 2021	
			Change	% Change
INVESTMENTS	176	56	120	214.24%
ECONOMIC DATA BY BUSINESS SECTOR				
REVENUES	1,627,434	624,085	1,003,349	160.77%
OPERATING COSTS	(1,446,125)	(607,898)	(838,227)	137.89%
PERSONNEL COSTS	(4,109)	(4,062)	(46)	1.14%
GROSS OPERATING MARGIN (EBITDA)	177,200	12,125	165,076	1326.11%
% OF REVENUES	10.89%	1.94%	8.95%	460.45%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(1,438)	200	(1,638)	-819.36%
NET OPERATING RESULT (EBIT)	175,762	12,325	163,438	1326.11%
% OF REVENUES	10.80%	1.97%	8.83%	446.88%
NON-RECURRING NET OPERATING RESULT	3,338	(10,530)	13,868	-131.70%
ADJUSTED OPERATING RESULT (Adjusted EBIT)	172,424	22,854	149,570	654.44%
% OF REVENUES	10.59%	3.66%	54.23%	-815.06%

Revenues

2022 vs 2021

The year-on-year trend in revenues shows a marked increase of Euro 1,003 thousand (+161%), mainly due to the growth in energy sales prices and, to a lesser extent, to the increase in volumes supplied to end customers contracted in the free market regime and business and retail.

Gross Operating Margin (EBITDA)

2022 vs 2021

EBITDA shows an increase between the two consecutive years of Euro 165,076 thousand in absolute value, mainly due to the increase in the cost of wholesale energy.

In terms of labour cost trends, there is substantial stability.

Operating Result (EBIT)

2022 vs 2021

The operating result for 2022, in line with the gross operating margin, also recorded a significant increase of Euro 163,438 thousand. The item relating to provisions and write-downs is of a significant value opposite to the year of comparison, when the value of the release of a substantial portion of the bad debt provision previously set aside prevailed; the 2022 position is attributable to the increase in the provision for bad debts that became necessary due to the new assessments carried out on trade receivables at the end of the year.

Adjusted Operating Result (Adjusted EBIT)

2022 vs 2021

Adjusted EBIT 2021 is equal to Euro 172,424 thousand and includes the non-recurring adjustment items arising from the adjustment of the risk provision allocated in the previous year, against the ARERA proceeding started on 31 May 2021 with Resolution 217/2021/eel on imbalances with reference to the year 2016, as well as the reversal to income of the provision allocated in 2020 and related to contingent liabilities dependent on the potential administrative fine charged to the Company deriving from the closure of the sanctioning proceeding pending before the ARERA offices.

Investments

2022 vs 2021

The Sales BU recorded an increase in investments of Euro 120 thousand, originating from the extension of right-of-use (RoU) contracts relating to office leases and equipment.

Other Renewable Energy Sources ("RES") Business Unit

The following table shows the main data relating to the Other Energy Sources Business Unit for the years ended 31 December 2022 and 2021:

[€/000]	December 2022	December 2021	2022 vs 2021	
			Change	% Change
INVESTMENTS	3,738	2,375	1,362	57.36%
ECONOMIC DATA BY BUSINESS SECTOR				
REVENUES	57,121	68,392	(11,270)	-16.48%
OPERATING COSTS	(13,071)	(9,917)	(3,154)	31.80%
PERSONNEL COSTS	(597)	(412)	(185)	44.87%
GROSS OPERATING MARGIN (EBITDA)	43,453	58,062	(14,609)	-25.16%
% OF REVENUES	76.07%	84.90%	-8.82%	-10.39%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(17,735)	(17,670)	(65)	0.37%
NET OPERATING RESULT (EBIT)	25,718	40,392	(14,674)	-36.33%
% OF REVENUES	45.02%	59.06%	-14.04%	-23.77%
NON-RECURRING NET OPERATING RESULT	(3,312)	3,306	(6,618)	-200.16%
ADJUSTED OPERATING RESULT (Adjusted EBIT)	29,030	37,086	(8,056)	-21.72%
% OF REVENUES	50.82%	54.23%	-815.06%	-3.99%

Revenues

2022 vs 2021

The year-on-year decrease of 16% in the item "revenues" is due to the combined effect of the decrease in two items. First and foremost, the value of operating subsidies, which are drastically reduced in 2022 compared to the previous year as a result of the decline in the value of RES incentive tariffs pursuant to Ministerial Decree 6 July 2012 and the GRIN certificates recognised by the GSE, the price trend of which is correlated to the price trend on the energy market; secondly, the value of the sale of the electricity produced by the BU plants does not fully reflect the prices on the energy markets because, at the end of the previous year, a fixed sale price locked in for the entire period had been contracted with the affiliate CVA ENERGIE for 2022.

Gross Operating Margin (EBITDA)

2022 vs 2021

EBITDA decreased significantly by 25% compared to the previous year, due mainly to the trends discussed in the section of this Report that describes the performance of revenues, which had an impact on EBITDA due to the relatively rigid structure of the costs incurred to operate the wind farms and photovoltaic facilities included in this view by BU. Operating costs also include solidarity contributions imposed on utilities in the financial year 2022, which are detailed in the description of the adjusted EBIT indicator.

There is further slight growth in absolute value of the share of labour costs allocated in 2022 to the BU under consideration, which absorbs and balances both the allocation of personnel in the Parent Company's workforce and dedicated on wind and photovoltaic plants, and the new organisational structure enhanced with the aim of providing support services for the management of all the Group's other RES plants.

Operating Result (EBIT)

2022 vs 2021

The operating result is affected by the marginality described in the previous points since the item "Amortisation, depreciation and write-downs" is substantially stable compared to the comparison year.

Adjusted Operating Result (Adjusted EBIT)

2022 vs 2021

Adjusted EBIT amounted to Euro 29,030 thousand net of non-recurring transactions, which take the form of costs for Euro 3,312 thousand, and refer to the imposition of solidarity contributions pursuant to Article 15 bis of DL No. 4/2022 and Article 1, paragraph 30 of Legislative Decree No. 197/2022 recognised to the GSE for the plant included in the BU perimeter.

Investments

2022 vs 2021

The *Other RES Business Unit* recorded the largest increase in investments, amounting to Euro 1,362 thousand, from Euro 2,375 thousand to Euro 3,728 thousand, relating to the construction of new photovoltaic plants, in line with the Group's objective of diversifying its production capacity.

Energy Efficiency Business Unit

The following table shows the main data relating to the Energy Efficiency Business Unit for the year ended and for the years 2022 and 2021.

[€/000]	December 2022	December 2021	2022 vs 2021	
			Change	% Change
INVESTMENTS	692	345	347	100.53%
ECONOMIC DATA BY BUSINESS SECTOR				
REVENUES	31,610	5,676	25,934	456.94%
OPERATING COSTS	(28,789)	(5,556)	(23,233)	418.14%
PERSONNEL COSTS	(518)	(346)	(172)	49.76%
GROSS OPERATING MARGIN (EBITDA)	2,303	(226)	2,529	-1,118.33%
% OF REVENUES	7.29%	-3.99%	11.27%	-15.26%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(20)	()	(20)	6,706.99%
NET OPERATING RESULT (EBIT)	2,283	(226)	2,510	-1,108.25%
% OF REVENUES	7.22%	-3.99%	11.21%	-15.20%
NON-RECURRING NET OPERATING RESULT	-	-	-	-
ADJUSTED OPERATING RESULT (Adjusted EBIT)	2,283	(226)	2,510	-1,108.25%
% OF REVENUES	7.22%	-3.99%	11.21%	-15.20%
FINANCIAL BALANCE	352	(12)	364	-2,922.78%
PRE-TAX RESULT	2,635	(239)	2,874	-1202.93%
% OF REVENUES	8.34%	-4.21%	11.08%	-263.26%

Revenues

2022 vs 2021

Revenues in 2022 showed a sharp increase (Euro +25,934 thousand) compared to 2021 and are attributable to the activities, which reached full maturity in the year under review, of energy efficiency related to the renovation work undertaken by the Parent Company on buildings such as condominiums and single-family residential units. It should be noted that these revenues were allocated between operating activities and the financial transaction, the impact of which is shown under the item "financial balance", due to the deferred payment inherent in the contracts with the

customer. A detailed explanation of the accounting recognition is provided in the comments under Revenues below in the report.

Gross Operating Margin (EBITDA)

2022 vs 2021

EBITDA showed a positive sign of Euro 2,303 thousand in absolute terms, as the business entered into full maturity and developed a volume of revenues sufficient to absorb the trend of direct costs related to the efficiency works, as well as the internal costs of the resources dedicated to the activity.

Operating Result (EBIT)

2022 vs 2021

The operating result only differs due to the absorption of reduced depreciation of Euro 20 thousand.

Adjusted Operating Result (Adjusted EBIT)

2022 vs 2021

In 2022, there were no non-recurring transactions such as to justify a misalignment between the operating result and the adjusted operating result.

Investments

2022 vs 2021

The increase of Euro 347 thousand, pertaining to the Energy Efficiency Business Unit, is attributable to the activities undertaken by the Open Innovation and Energy Efficiency function for the construction of a trigeneration plant, which is scheduled to come into operation in 2023, against a total value of Euro 1,400 thousand.

Corporate Business Unit

The following table shows the main data relating to the "Corporate" Business Unit for the years ended 31 December 2022 and 2021:

[€/000]	December 2022	December 2021	2022 vs 2021	
			Change	% Change
INVESTMENTS	14,758	2,625	12,133	462.23%
ECONOMIC DATA BY BUSINESS SECTOR				
REVENUES	3,835	2,908	927	31.90%
OPERATING COSTS	(14,058)	(9,917)	(4,141)	41.76%
PERSONNEL COSTS	(14,411)	(13,572)	(839)	6.18%
GROSS OPERATING MARGIN (EBITDA)	(24,633)	(20,581)	(4,053)	19.69%
% OF REVENUES	-642.32%	-707.83%	65.51%	-773.34%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(3,156)	(3,118)	(38)	1.22%
NET OPERATING RESULT (EBIT)	(27,789)	(23,699)	(4,090)	17.26%
% OF REVENUES	-724.61%	-815.06%	90.45%	-905.51%
NON-RECURRING NET OPERATING RESULT	471	-	471	-
ADJUSTED OPERATING RESULT (Adjusted EBIT)	(28,260)	(23,699)	(4,561)	19.25%
% OF REVENUES	-736.88%	-815.06%	78.18%	-893.24%

Revenues

2022 vs 2021

Year-on-year revenues show a conspicuous increase of approximately Euro 900 thousand compared to the previous year.

Gross Operating Margin (EBITDA)

2022 vs 2021

EBITDA worsened by Euro 4,053 thousand, due to the increase in both operating costs and labour costs, partly absorbed by the increase in Revenues.

Operating Result (EBIT)

2022 vs 2021

In 2022, the Operating Result amounted to Euro 27,789 thousand, in line with the worsening of the indicator previously described, without being affected by the item Amortisation, depreciation, provisions and write-downs, which remain essentially stable.

Adjusted Operating Result (Adjusted EBIT)

2022 vs 2021

In 2022, the Adjusted operating profit was Euro 28,260 thousand, and differed from the same unadjusted indicator due to the absorption of extraordinary subsidies obtained by the Group for energy-intensive businesses in the form of a tax credit, amounting to 15% of the expenses incurred for the purchase of the energy component, actually utilised in the first and second quarters of 2022.

Investments

2022 vs 2021

The Corporate Business Unit's investments remained virtually unchanged overall, with an increase of Euro 12,133 thousand, mainly originating from the investment of Euro 12,000 thousand for the acquisition of the shareholding in the company Bonifiche Ferraresi by the Parent Company; moreover, greater investments were recorded in tangible assets (Euro 932 thousand), offset by a decrease in intangible assets (Euro 798 thousand). In the area of tangible investments, the upgrades to the CVA headquarters in Chatillon and DEVAL in Aosta are worth mentioning, while investments in intangible assets are mainly attributable to the completion of activities related to the transition of the Group's information system to the SAP-HANA module.

Economic, equity and financial situation of C.V.A. S.p.A. a s.u.

Economic situation of C.V.A. S.p.A. a s.u.

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
			Change	Change %
Revenues				
Revenues from sales and services	195,636	198,316	(2,680)	-1.35%
Other revenues and income	15,620	32,731	(17,110)	-52.28%
TOTAL REVENUES (A)	211,257	231,047	(19,790)	-8.57%
of which: impact of non-recurring items	428	3,761		
Operating costs				
Costs for raw materials and services	54,009	24,529	29,481	120.19%
Personnel costs	28,550	26,747	1,803	6.74%
Other operating costs	42,899	39,755	3,144	7.91%
Capitalised days of work	(1,627)	(1,500)	(127)	8.48%
TOTAL OPERATING COSTS (B)	123,832	89,531	34,300	38.31%
of which: impact of non-recurring items	3,521	455		
EBITDA (A-B)	87,425	141,516	(54,091)	-38.22%
of which: impact of non-recurring items	(3,092)	3,306		
Amortisation, depreciation, provisions and write-downs				
Amortisation/depreciation	33,992	32,893	1,099	3.34%
Provisions and write-downs	(28)	(54)	26	-48.97%
TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)	33,965	32,839	1,126	3.43%
of which: impact of non-recurring items	-	-		
EBIT (A-B+/-C)	53,460	108,677	(55,216)	-50.81%
of which: impact of non-recurring items	(3,092)	3,306		
Financial management				
Financial income	17,456	13,233	4,223	31.91%
Financial expenses	(12,317)	17,249	(29,567)	-171.41%
TOTAL FINANCIAL BALANCE (D)	29,773	(4,016)	33,790	-841.30%
of which: impact of non-recurring items	-	(15,237)		
PRE-TAX RESULT (A-B+/-C+/-D)	83,234	104,660	(21,427)	-20.47%
of which: impact of non-recurring items	(3,092)	(11,931)		
Gains/(losses) for income taxes	23,457	(7,665)	31,121	-406.04%
Net result of continuing operations	59,777	112,325	(52,548)	-46.78%
Net result of discontinued operations	-	-		
PERIOD NET RESULT	59,777	112,325	(52,548)	-46.78%

Revenues and other revenues

In 2022, CVA achieved revenues of Euro 211,257 thousand, a decrease of Euro 19,790 thousand on the Euro 231,047 thousand of 2021. Among the revenues, those from the sale of electricity generated amounted to Euro 143,445 thousand in the year 2022 (of which Euro 124,555 thousand referred to energy sold to the subsidiary CVA ENERGIE), a decrease of 27% compared to Euro 181,810 thousand in 2021. The decrease between the two financial years

can be attributed to the reduction in the quantities produced by hydroelectric power plants, due to the adverse weather conditions, especially for hydroelectric power plants, which decreased in total by 17% compared to the previous year, and the lower sales price obtained. To this end, it should be noted that at the end of 2021, the Company had negotiated with its subsidiary CVA ENERGIE a revision of the purchase and sale contract for the electricity produced by its plants, opting, in order to reduce the risk of volatility of market prices, for the application of a fixed price per MWh, determined in line with the prices expressed in previous years.

We note the increase in revenues from the sale of Guarantees of Origin included in the item of revenues from the sale to CVA ENERGIE of energy certificates/securities, which show a considerable increase in absolute value, amounting to Euro 5,876 thousand (equal to Euro 1,332 thousand in 2021), following the considerable appreciation of these certificates, which attest to the renewable origin of the sources used by the plants qualified by the GSE IGO.

Furthermore, we note the increase in revenues from the provision of services, which amounted overall to Euro 41,498 thousand in 2022 (Euro 15,174 thousand in 2021) mainly resulting from energy efficiency activities, which made it possible to develop a volume of revenues equal to Euro 31,610 thousand.

The item "other revenues and income" amounting to Euro 15,620 thousand (Euro 32,731 thousand in 2021) mainly refers to the value of operating grants totalling Euro 13,000 thousand in 2022 (Euro 27,021 thousand in 2021), and includes the contribution paid by the GSE such as the Energy Account, the Incentive Tariff and GRIN incentive. The significant decrease between the two years, according to a trend already described in the analysis of Group data, is the consequence, in addition to the lower volumes of energy produced, of the decrease in incentive tariffs (down 96% year-on-year) as this incentive mechanism, guaranteeing a fixed value of the energy sold, varies in an inversely proportional way with respect to the market prices of electricity. Of great impact was the change in the value of GRIN incentives (down 64%), which benefited from the increase in the unit value of the incentive set by the GSE annually, which partly mitigated the lower output of the Group's incentivised plants. Incentives from photovoltaic plants, on the other hand, are up more than 4% consistent with the higher amount produced.

It should be noted that, in the item Other revenues, the extraordinary contribution obtained by the company in relation to the provisions on aid for companies with a high consumption of electricity, allocated in the form of a tax credit, equal to 15% of the expenses incurred for the purchase of the energy component, actually used in the first and second quarters of the year 2022, is allocated and highlighted as a non-recurring item (equal to Euro 428 thousand).

Operating costs

Operating costs increased by approximately 38%, from Euro 89,531 thousand in 2021 to Euro 123,832 thousand at 31 December 2022. The change of Euro 28,513 thousand compared to Euro 5,462 thousand in 2021 was mainly affected by costs incurred for energy efficiency activities. It is also worth mentioning the increase in costs related to employees, which increased from 390 resources in 2021 to 416 in 2022, with an increase in average costs of Euro 1,803 thousand, from Euro 26,747 thousand in 2021 to Euro 28,550 thousand in 2022.

A total of Euro 3,521 thousand in costs related to solidarity contributions pursuant to Article 15-bis of DL 4/2022 and Article 1, paragraph 30 of Law 197/22 are recognised on an accrual basis, and are shown in the table under non-recurring items, but their due date is being challenged in the appropriate venues.

Amortisation, depreciation, provisions and write-downs

The item "Amortisation, depreciation, provisions and write-downs" recorded at 31 December 2021 a balance of Euro 32,839 thousand, while it increased by Euro 1,126 thousand reaching Euro 33,965 thousand in 2022. The change

is mainly due to the trend of the item "Amortisation and depreciation", which amounted to Euro 33,992 thousand, an increase of Euro 1,009 thousand compared with the previous year. In detail, depreciation for tangible assets amounted to Euro 33,768 thousand in 2022, an increase of 3%, in line with last year's increase. These mainly refer to the depreciation of plant and machinery in the amount of Euro 28,065 thousand, as well as buildings both instrumental and non-instrumental, industrial and commercial equipment and other assets, as well as leasehold improvements, while amortisation of intangible assets was substantially stable, amounting to Euro 1,224 thousand in the year 2022, an increase of 11%, mainly due to the conclusion of activities on the Parent Company's software, for the transition to the SAP-HANA system.

It should be noted that depreciation and amortisation includes rights of use recorded, in application of IFRS16, for a total amount of Euro 396 thousand, full details of which are given in the Notes.

Financial management

In 2022, the Company recorded dividends approved by the subsidiaries for a total of Euro 5,581 thousand, of which Euro 3,140 thousand related to dividends approved by VALDIGNE and Euro 2,441 thousand to dividends approved by CVA ENERGIE.

Financial income from Group companies and related parties, which amounted to Euro 9,383 thousand in 2022, increased sharply compared to Euro 3,393 thousand in 2021, mainly due to the interest accrued in respect of the company CVA ENERGIE, against the provision of the liquidity needed to operate in the energy markets, while income from equity investments remained substantially stable at Euro 301 thousand, expressing the value of the investment in the company TELCHA.

Other financial income amounted to Euro 2,191 thousand in 2022, showing a decrease of 22% over the previous year mainly due to the returns on the even securities portfolio, at Euro 8,170 thousand, down sharply from Euro 1,311 thousand, and includes the effects of derivatives entered into to hedge inflation risk on indexed securities.

Financial expenses sustained in 2022 by the Company amounted to Euro 12,317 thousand, showing a positive sign, with a significant decrease compared to the previous year (which showed a negative balance of Euro 17,249 thousand), the main effect of which was attributable to the item interest expenses on bank financing, which showed a positive value of Euro 13,713 thousand following the recording of the change in the fair value of IRS on loans payable, and was affected by the charges incurred for the early termination of certain IRS against the early repayment of the underlying loan.

Income taxes

The tax burden in 2022 determines a decrease in the result in the amount of Euro 23,457 thousand, while it represented an improvement of the result in 2021 in the positive amount of Euro 7,665 thousand. The value for the year 2021 derived from the tax operation undertaken by CVA, which had adhered in that year to the regime of the realignment of civil/fiscal values pursuant to Art. 110 of DL 104/2020, which made it possible to eliminate the misalignment between the book value and the tax value of goodwill and which had resulted in the possibility of deducting annual tax charges amounting to approximately Euro 3.4 million. It should be noted that the value of income tax also includes the extraordinary solidarity contribution imposed on utilities for 2023 pursuant to Article 1, paragraph 30 of Law 197/22, in the amount of Euro 2,269 thousand.

Equity and financial situation of C.V.A. S.p.A. a s.u.

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
ASSETS			Change	Change %
Non-current assets				
Tangible assets	354,847	365,809	(10,962)	-3.00%
Intangible assets	6,310	6,924	(614)	-8.87%
Goodwill	188,217	188,217	-	0.00%
Equity investments	133,204	120,916	12,287	10.16%
Deferred tax assets	10,844	10,369	475	4.58%
Non-current tax receivables	4,367	-	4,367	N.A.
Other non-current financial assets	110,863	186,670	(75,807)	-40.61%
Trade receivables	25,037	8,027	17,009	211.89%
Other non-current assets	2,003	1,886	117	6.22%
Total non-current assets	835,691	888,818	(53,127)	-5.98%
Current assets				
Inventories	1,670	1,322	348	26.29%
Trade receivables	36,576	36,275	301	0.83%
Receivables for income taxes	39,712	8,489	31,223	367.81%
Other tax receivables	24,694	4,125	20,569	498.61%
Assets for current financial derivatives	9,356	4,281	5,075	118.56%
Other current financial assets	377,490	197,082	180,408	91.54%
Other current assets	22,052	15,059	6,994	46.44%
Cash and cash equivalents	220,284	222,813	(2,529)	-1.14%
Total current assets	731,833	489,445	242,388	49.52%
Assets classified as held for sale	-	-	-	-
TOTAL ASSETS	1,567,525	1,378,263	189,261	13.73%

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
SHAREHOLDERS' EQUITY			Change	Change %
Share capital	395,000	395,000	-	0.00%
Other reserves	412,987	314,208	98,779	31.44%
Accumulated Profits/(Losses)	35,815	35,815	-	0.00%
Net result of the year	59,777	112,325	(52,548)	-46.78%
TOTAL SHAREHOLDERS' EQUITY	903,578	857,347	46,231	5.39%

Amounts in Euro thousands

	2022	2021	2022 vs 2021	
LIABILITIES			Change	Change %
Non-current liabilities				
Employee benefits	2,519	3,136	(617)	-19.69%
Provisions for risks and charges	4,913	4,406	507	11.51%
Deferred tax liabilities	22,698	7,183	15,515	215.99%
Liabilities for non-current financial derivatives	-	-	-	#DIV/0!
Other non-current financial liabilities	484,804	204,757	280,047	136.77%
Other non-current liabilities	908	425	483	113.54%
Total non-current liabilities	515,841	219,908	295,934	134.57%
Current liabilities				
Employee benefits	596	771	(175)	-22.73%
Provisions for risks and charges	-	-	-	-
Trade payables	26,688	17,995	8,693	48.31%
Payables for income taxes	32,118	19,934	12,184	61.12%
Other tax payables	2,415	4,218	(1,803)	-42.74%
Liabilities for current financial derivatives	-	4,486	(4,486)	-100.00%
Other current financial liabilities	77,511	244,835	(167,325)	-68.34%
Other current liabilities	8,777	8,768	9	0.10%
Total current liabilities	148,105	301,008	(152,903)	-50.80%
Liabilities related to assets held for sale	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,567,525	1,378,263	189,261	13.73%

Non-current assets

Non-current assets amounted to Euro 835,691 thousand at 31 December 2022, a decrease from the Euro 888,818 thousand recorded at 31 December 2021; the trend is mainly attributable to the decrease in the value of tangible assets due to the normal effect of the depreciation process, and non-current financial assets, which decreased due to the reduction in the value of capitalisation insurance policies. Tangible assets consist of all owned tangible assets and rights of use on tangible assets, and amounted to a total of Euro 354,847 thousand, against Euro 365,809 thousand at the end of the previous year, and refer to tangible assets owned and rights of use on tangible assets that emerged following the application of the accounting standard IFRS 16 already described above. Among these assets, a significant position is occupied by the assets inherent to the freely transferable works (on the balance sheet for Euro 133,185 thousand at 31 December 2022) whose depreciation process is related to the duration of the concession since, pursuant to Art. 12, paragraph 1 of Italian Legislative Decree No. 79 of 16 March 1999, upon expiry of the concessions for large hydroelectric diversions, the works referred to in Article 25, paragraph 1, of the consolidated text of Royal Decree No. 1775 of 11 December 1933 (the so-called "wet works"), pass without compensation, into the ownership of the regions, in a state of regular operation.

The item Non-current trade receivables increased their value by over Euro 17,009 thousand, settling at Euro 25,037 thousand against Euro 8,027 thousand, and represent the portion recoverable after one year, as tax credits, with reference to invoices issued or to be issued on energy efficiency activities of buildings carried out by the Parent Company, due to the application by CVA of the institution through which the customer's right to a tax deduction is transformed into a tax credit for the supplier introduced with Decree Law No. 34 of 19 May 2020.

Intangible assets totalled Euro 6,310 thousand at 31 December 2022, in line with the normal amortisation process and consisted of all owned intangible assets and rights of use on intangible assets.

The item "equity investments" showed a significant positive change, amounting to Euro 133,204 thousand in 2022 against Euro 120,916 thousand at 31 December 2021 as a result of the acquisition of a 3% stake in the share capital of Bonifiche Ferraresi S.p.A. for a consideration of Euro 12,000 thousand.

Current assets

The balance of Euro 731,833 thousand recognised at 31 December 2022 for Current assets shows a marked increase from Euro 489,445 thousand in 2021, mainly attributable to the trend presented between the two years by the item other current financial assets and income tax receivables.

The increase in the first item under consideration can be attributed to the contribution of the item receivables from Group companies for centralised treasury, which increased the value by Euro 345,561 thousand against receivables from subsidiaries, and in particular from CVA ENERGIE, which expressed a strong cash requirement given its operations in the energy futures markets that use daily margining mechanisms and which was strongly impacted by the 2022 price surge.

Income tax receivables increased due to receivables from Group companies under the tax consolidation scheme, and in particular from CVA ENERGIE, which reported a very positive 2022 result.

It should be noted that the item other tax receivables includes a tax receivable of Euro 19,687 thousand referring to the solidarity contribution calculated on extra-profits pursuant to Article 37 of DL 21/22 not due by the Company and therefore requested for reimbursement.

Cash and cash equivalents mainly include the balance receivable of current bank accounts at the reporting date, down on last year and equal to Euro 220,284 thousand (Euro 222,813 thousand at 31 December 2021).

Shareholders' equity

At 31 December 2022, the share capital was fully paid-in and divided into 395,000,000 ordinary shares with nominal value of Euro 1 euro each. The entire share capital refers to the Sole Shareholder FINAOSTA. For a detailed analysis of the item, please refer to the explanatory note.

Non-current liabilities

Non-current liabilities amounted to Euro 515,841 thousand, a significant increase of over 135% compared to the previous year, mainly due to the increase in other financial liabilities of Euro 484,804 thousand, compared to the value of Euro 204,757 thousand expressed at 31 December 2021 as a result of the Company's massive recourse to bank financing.

The item "deferred tax liabilities" also increased year-on-year by 216%, as a result of taxation related to derivative instruments.

Current liabilities

At the end of 2022, current liabilities amounted to Euro 148,105 thousand, a significant decrease of Euro 301,008 thousand at the end of the previous year.

Explaining the trend, it should be noted that the main decrease relates to other current financial liabilities, which decreased in value year-on-year due to the termination of short-term loans by the Parent Company.

Financial management and rating

The Group's main financial liabilities, other than derivatives, include bank loans, the bond issued in 2021, trade payables, miscellaneous payables, and financial guarantees while assets refer to insurance policies, financial and other receivables, trade and non-trade receivables, cash and cash equivalents, and short-term deposits that originate directly from operations.

The main purpose of the Group's financial liabilities is to finance its operating activities.

Financial liabilities

The Group's financial management is centralised in order to optimise the procurement and use of financial resources. Specifically, through the system of centralisation on the Parent Company's current accounts of the available stocks of the subsidiaries, it enables the allocation of available funds at the Group level according to the needs that arise from time to time among the individual companies. The current, prospective financial situation and the availability of adequate bank credit facilities are constantly monitored. Through the Group's relationships with leading Italian and international lending institutions, the forms of financing best suited to its needs and the best market conditions are sought. The table below shows a maturity analysis based on non-discounted contractual repayment obligations related to financial liabilities outstanding at 31 December 2022.

Amounts in thousands of €

Type of instrument	Residual debt at 31/12/2022 (DR)	DR < 1Y	1Y < DR < 2Y	2Y < DR 3Y	3Y < DR 5Y	5Y < DR
Medium/long-term bank loans	457,186	24,186	11,000	411,000	11,000	-
Short-term bank loans	50,000	50,000	-	-	-	-
Bonds	50,000	-	-	-	-	50,000
TOTAL	557,186	74,186	11,000	411,000	11,000	50,000

To cope with the extraordinary volatility of commodity prices, the Group, since 2021, has taken steps with the main credit institutions to increase its lines of credit, initially by entering into short-term loan agreements. During 2022, prior to the expiry of the aforementioned financing agreements, the Group entered into new financing lines, replacing the first ones, committed to 3 years, of which about 50% are of the loan type with bullet repayment and the remainder of the Revolving type. At 31 December, the committed lines activated to cope with price volatility amounted to a total of Euro 570 million. As of today, they amount to Euro 645 million.

Financial assets

The Group's liquidity management is implemented in line with an internal investment policy based on the current and prospective situation of the liquidity available for investment and on the analysis/detection of risk propensity and the Company's time horizon. This policy, updated, most recently, in 2016, envisages, for financial management, the distribution of assets in three different portfolios:

- temporary component: to be considered as an immediate liquidity reserve, it assumes that the liquidity used respects the stringent liquidity and low risk limits identified by the policy. The component is held in order to guarantee at any time for CVA liquid funds to seize immediate opportunities for strategic investments.
- stable component: to be considered as a medium-term liquidity reserve (3 years), its objective is to generate a positive margin compared with a performance benchmark consisting of the 6-month EURIBOR rate and must also be subject to stringent investment limits. This component can be invested in bond investment instruments that meet a set of generic and specific investment limits;
- treasury component: the update to the policy approved in 2016 was also introduced to incorporate the regulatory developments with the introduction of the BRRD legislation that exposes the Group to the risk of remaining involved in a BAIL IN procedure if a bank where deposits are made over Euro 100,000 enters into a restructuring procedure. To this end, a new component called "Treasury Component" was envisaged for which specific limits have been set. Regarding this component, which collects the portfolio destined for temporary investment of liquidity, the constraint of minimising the risk of loss of the amounts deposited prevails.

The liquidity of the Group was thus invested or deposited respectively on 31 December 2022 and 31 December 2021:

Type of investment	Availability at 31/12/22	% of total liquidity	Availability at 31/12/2021	% of total liquidity
Capitalisation policies	23,899.7	9.30%	86,783.5	27.00%
Government Bonds	-	0.00%	-	0.00%
Loans to investee companies	7,006.3	2.70%	7,622.3	2.40%
Other financial investments/stable component	-	0.00%	-	0.00%
Stable component of the Portfolio	30,906.0	12.00%	94,405.8	29.40%
Capitalisation policies	-	0.00%	-	0.00%
Government Bonds	-	0.00%	-	0.00%
Repo, Time Deposit and Certificates of Deposit	-	0.00%	50,048.8	15.60%
Other temporary component investments	-	0.00%	-	0.00%
Temporary component of the Portfolio	-	0.00%	50,048.8	15.60%
Free amounts on bank current accounts and other cash equivalents	226,593.2	88.00%	176,760.6	55.00%
Treasury component	226,593.2	88.00%	176,760.6	55.00%
TOTAL FINANCIAL INVESTMENTS AND LIQUID FUNDS	257,499.2	100.00%	321,215.2	100.00%

Rating

The CVA Group has a sound financial structure capable of supporting the financial needs arising from the implementation of the approved Strategic Plan while maintaining the current credit rating levels. The table below shows the official rating that the specialised credit agencies (Moody's and Fitch) gave to CVA at the end of 2022, representative of the creditworthiness and stability of the company's financial structure.

Company	Rating	
	Long Term	Outlook
Moody's	Baa2	Negative
Fitch	BBB+	Stable

Evolution of the regulatory framework

The regulatory and legislative context of the electricity sector was characterised, during 2022, by various interventions by the Authority, as well as by national legislators, and other entities that regulate the electricity system and the market.

The regulatory acts of greatest interest to the CVA Group in 2022 prior, but with a start date in that period, are described in more detail below.

Hydroelectric concessions

Article 7 of the Annual Law on the Market and Competition 2021, which came into force on 27 August 2022, intervenes on the text of Art. 12 of Legislative Decree 79/99 laying down provisions on large hydroelectric derivation concessions.

In particular, it is better to specify that, according to regulations, the assignment procedures must be carried out, in any case, according to competitive, fair and transparent parameters, on the basis of an adequate economic valorisation of the concession fees and an appropriate technical valorisation of the safety improvement interventions of the existing infrastructures and of the interventions to recover the reservoir capacity, with the provision of an adequate compensation to be charged to the incoming concessionaire, which takes into account the amortisation of the investments made by the outgoing concessionaire. In order to promote technological innovation and sustainability of large hydroelectric derivation infrastructure, the awarding of the relevant concessions may also be done by using the procedures provided for in Article 183 of Legislative Decree No. 50 of 18 April 2016.

In addition, a deadline of two years from the date of the entry into force of the regional law defining the manner in which the allocation procedures are to be carried out is set for the start of the tenders, but no later than 31 December 2023. Once this deadline has passed, and in any case in the event of failure to adopt regional laws, the Minister of Sustainable Infrastructure and Mobility shall propose the exercise of the State's power of substitution for the purpose of initiating allocation procedures, providing that 10% of the amount of the concessionary fees shall remain acquired by the State.

For concessions for large hydroelectric derivations that have an expiry date prior to 31 December 2024, including those that have already expired, the regions can allow the continuation of the derivation, establishing the amount of the consideration that the concessionaires must pay to the region, for the time strictly necessary to complete the assignment procedures and in any case no later than two years from the entry into force of the 2021 Competition Law, taking into account, for the purpose of the appropriate quantification of fees and other additional charges to be borne by the outgoing concessionaire, the competitive advantage resulting from the continuation of the concessionary relationship beyond the expiration date.

TUSP

The Official Journal No. 164 of 15 July 2022 published Law No. 91/2022 converting, with amendments, Decree-Law No. 50 of 17 May 2022 (the so-called "Aid Decree"), entitled "Urgent measures on national energy policies, business productivity and investment attraction, as well as on social policies and the Ukrainian crisis" in which paragraph 1-bis of Article 52 (Measures on public companies) was introduced and approved, which provides: "the deadline referred to in Article 2(1)(p) of the Consolidated law on publicly owned companies, referred to in Legislative Decree No. 175 of 19 August 2016, is set, for companies in the energy sector, at 31 December 2021".

In light of the foregoing, in view of the successful completion on 22 November 2021 of the issuance by CVA of a senior unsecured bond listed on the regulated market Euronext Dublin, CVA can be considered a "listed company" within the meaning of the TUSP and, therefore, only the rules of the TUSP directly covering listed companies within the meaning of Article 1(5) of the TUSP apply to CVA itself and its subsidiaries.

Interventions on producer remuneration

Compensation mechanism pursuant to Art. 15-bis

Law No. 25 of 28 March 2022 converted into law, with amendments, the content of Decree-Law No. 4 of 27 January 2022, regarding "Urgent measures in support of companies and economic operators, labour, health and territorial services, connected with the COVID-19 emergency, as well as for the containment of the effects of price increases in the electricity (so-called "Support ter DL"). In particular, Article 15-bis of the decree, entitled "Further interventions on electricity produced by renewable energy plants", introduced a two-way compensation mechanism on the price of energy, with reference to electricity fed into the grid for the period from 1 February 2022 to 31 December 2022. The generation plants subject to this electricity price compensation mechanism were identified as:

photovoltaic systems with power of more than 20 kW that benefit from fixed premiums deriving from the Energy Account mechanism, which are not dependent on market prices (i.e. the incentives under Ministerial Decrees of 28.7.2005, 19.02.2007, 6.8.2010 and 5.5.2011);

solar, hydroelectric, geothermal and wind power plants with power of more than 20 kW that do not qualify for incentive mechanisms, which began operating before 1 January 2010.

Plants subject to dedicated collection (including those benefiting from minimum guaranteed prices) and exchange on the spot also fall within the scope of the mechanism.

Pursuant to the provisions of the Support ter DL, ARERA, with Resolution 266/2022/R/eel of 21 June 2022, defined the rules for implementing the mechanism, and the GSE consequently set up a special area of its Portal for the purpose of sending the declarations required of the operators that own plants falling within the scope of the mechanism, as well as for the purposes of any notices of exemption due to the presence of supply contracts concluded prior to 27 January 2022 and not linked to the spot energy market price trend and, in any case, not entered into at an average price 10% higher than the reference value identified by the legislator.

Decree-Law No. 115 of 9 August 2022, which entered into force on 10 August 2022, on urgent measures concerning energy, the water emergency and social and industrial policies ("Aid bis DL") intervened, inter alia, on the compensation mechanism set forth in the aforementioned Article 15-bis:

- by extending its period of application until 30 June 2023;
- by indicating that contracts entered into before 5 August 2022 are relevant for the purposes of exemption from the application of the mechanism to energy fed into the grid in the year 2023;
- by specifying that the provisions concerning supply contracts are to be interpreted as meaning that only contracts concluded between group companies, including non-producers, and other natural or legal persons outside the corporate group are relevant.

In light of the changes made by the Aid bis DL, the GSE has arranged an extension for sending declarations to 09 September 2022.

Extraordinary contribution pursuant to Art. 37

Article 37 of Decree-Law No. 21 of 21 March 2022 on urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis ("Price Cut" DL), converted with amendments by Law No. 51 of 20 May 2022, introduced an extraordinary contribution to be paid by companies engaged in the production, resale and import of electricity and gas or in the production, extraction, resale, import, distribution and marketing of oil & gas products.

The taxable base of the extraordinary solidarity contribution will be the increase in the balance of the receivable and payable transactions, referring to the period from 1 October 2021 to 31 March 2022, compared to the balance of the period from 1 October 2020 to 31 March 2021. The contribution applies at the rate of 10 percent in cases where the above-mentioned increase exceeds Euro 5,000,000, whereas it is not due if the increase is less than 10 percent. The contribution is settled and paid in the amount of 40%, as an advance, by 30 June 2022 and the remainder, for the balance, by 30 November 2022.

In addition, for the period from 1 May to 31 December 2022, entities required to pay the contribution must notify the Competition and Market Authority (hereinafter "AGCM") by the end of each calendar month of the average purchase, production and sale price of electricity.

Law No. 197 of 29 December 2022 (so-called "Budget Law 2023"), containing the State budget for the financial year 2023 and the multi-year budget for the three-year period 2023-2025, specified that the contribution is due if at least 75% of the turnover for the year 2021 derives from energy production and resale activities.

Measures against high energy prices

International tensions did not ease during 2022, maintaining a strongly bullish scenario for energy commodity prices. The national legislator and ARERA have, therefore, continued to introduce measures to support households, workers and businesses to counter the effects on the economy.

Reduction of electricity bill charges

In order to proceed with the cancellation of the general system charges in the first quarter of 2022, for all users, in accordance with the provisions of Article 14 of the Support-ter Decree with Resolution 35/2022/R/eel, the Authority cancelled the general system charges by repealing the articles of Resolution 635/2021/R/com with which it had previously implemented the provisions of Article 1, paragraphs 503 and 504, of the Budget Law 2022 (L. 234/2021) and confirmed for the first quarter of 2022 the rates of general system charges in force at the end of 2021.

The zeroing of the Asos and Arim components was subsequently also confirmed for the second, third and fourth quarters of 2022. In particular, with Resolutions 141/2022/R/com and 295/2022/R/com, the Authority implemented Decree-Law No. 50 of 17 May 2022 (so-called "Aid DL") on urgent measures on national energy policies, business productivity and investment attraction, as well as on social policies and the Ukrainian crisis, confirming the cancellation of the Asos and Arim tariff components for all electricity consumers for the second quarter of 2022 and the third quarter of 2022. Similarly, with Resolution 462/2022/R/com, the Authority implemented the provisions of the Aid bis DL, cancelling the Asos and Arim tariff components for all electricity users for the fourth quarter of 2022.

Social bonus

The Price cut DL dictated provisions to support end customers with regard to the social bonus. In particular, for the period between 1 April 2022 and 31 December 2022, the ISEE value considered for the purposes of accessing the social bonus was raised to Euro 12,000, thus expanding the number of beneficiaries who, on the basis of the Authority's provisions, previously only had access to the bonus in the case of an ISEE value not exceeding Euro 8,265. ARERA and the Single Buyer, in their capacity as Manager of the Integrated Information System, therefore issued specific technical and regulatory provisions to implement that regulation.

Supplementary social bonus

The 2022 Budget Law called for a continuation of the reinforcement of the electricity bonus for the first quarter of 2022 by means of a supplementary compensation component (CCI), in order to minimise increases in supply costs for disadvantaged customers.

Subsequently, in implementation of Decree-Law No. 17 of 1 March 2022 (so-called ("Energy DL"), with reference to the billing period between 1 April 2022 and 30 June 2022, supplementary social bonuses were again applied, the amount of which is added to that of the compensation already recognised to electricity sector customers in a state of economic/physical hardship pursuant to resolution 63/2021/R/com. Similarly, with the Aid DL and Aid bis DL, the application of supplementary social bonuses was also confirmed for the third and fourth quarter of 2022.

ARERA implemented the legislative provision during its quarterly tariff updates (Resolution 635/2021/R/com, Resolution 141/2022/R/com, Resolution 295/2022/R/com and Resolution 462/2022/R/com).

Payments in instalments

Article 6-bis of the Price cut DL extended the instalment provisions in favour of defaulting domestic end customers introduced by Article 1 of the 2022 Budget Law, with the application of payments in instalments with reference to invoices issued in the period between 1 January 2022 and 30 June 2022, instead of until 30 April 2022 as originally established.

The Price cut DL also provided that companies based in Italy may ask their Italian-based suppliers to pay the amounts due for energy consumption relating to the months of May 2022 and June 2022 in instalments, for a maximum number of monthly instalments not to exceed twenty-four.

In addition, Article 3 of Decree-Law No. 176 of 18 November 2022, converted with amendments by Law No. 6 of 13 January 2023, (so-called "Aid quater DL"), allows companies with utilities located in Italy to request the payment in instalments of the amounts due by way of consideration for the electricity component and exceeding the average amount accounted for, consumption being equal, in the reference period between 1 January and 31 December 2021, for consumption effected between 1 October 2022 and 31 March 2023 and invoiced by 30 September 2023. Suppliers are obliged to offer an instalment facility proposal upon delivery by the end customer of a declaration of actual willingness to take out insurance coverage on the entire instalment credit in the interest of the energy supplier issued by an insurance company and in the event of actual release of the guarantee issued by SACE S.p.A. in favour of the insurance companies. This proposal must contain the total of the amounts due, the amount of any interest rate applied (which may not exceed the interest rate equal to the yield on BTP of the same duration), the due dates of each instalment and the breakdown of the instalments, for a minimum of 12 months and a maximum of 36 monthly instalments.

Unilateral variations

Article 3 of the Aid bis DL suspends, until 30 April 2023, the effectiveness of any contractual clause that allows the electricity supplier to unilaterally change the general terms and conditions of the contract relating to the definition of the price, even if the counterparty's right of withdrawal is contractually recognised. Decree Law No. 198 of 29 December 2022 (so-called "Milleproroghe") postpones to 30 June 2023 the suspension of the effectiveness of the aforementioned clauses and excludes from the scope of Article 3 the contractual clauses that allow the electricity supply company to update the contractual economic conditions upon their expiry, in compliance with the contractually provided notice periods and without prejudice to the counterparty's right of withdrawal.

Furthermore, Article 3 of the Aid bis DL provides for the ineffectiveness of notices communicated for the aforementioned purposes prior to the date of entry into force of this decree, unless the contractual changes were finalised prior to the entry into force of the decree.

Tax credit

In order to contain the effects of increases in electricity prices, the Price cut DL provided for the recognition in favour of electricity-intensive companies referred to in the Decree of the Minister of Economic Development of 21 December 2017, published by notice in Official Journal No. 300 of 27 December 2017 (so-called "energy-intensive enterprises") and to enterprises with electricity meters with an available power of 16.5 kW or more, other than energy-intensive enterprises, an extraordinary contribution, in the form of a tax credit, equal to 25% and 15%, respectively, of the expenses incurred for the purchase of the energy component, actually used in the first and second quarter of the year 2022.

A similar measure was also confirmed for the third 2022, with the Aid bis DL.

Decree Law No. 144 of 23 September 2022 (so-called "Aid Ter DL") and Aid quater DL then extended the measure to the fourth quarter of 2022, with the following amendments:

- the extraordinary contribution is granted to companies with electricity meters with an available power of 4.5 kW or more in the amount of 30% of the expenses incurred for the purchase of the energy component, actually used in the fourth quarter of the year 2022;
- the extraordinary subsidy is granted to energy-intensive companies to the extent of 40% of the expenses incurred for the purchase of the energy component, actually used in the fourth quarter of the year 2022.

To access the tax relief, it is always necessary that in the quarter preceding the one for which the tax credit is due,

there has been an increase in the costs per kWh of the electricity component of more than 30% compared to the same quarter of 2019.

Furthermore, in order to benefit from the extraordinary contributions, in the form of a tax credit, where the undertaking receiving the contribution is supplied with electricity or natural gas by the same seller from which it was supplied in the year 2019, the seller, within sixty days from the expiry of the period for which the tax credit is due, must send to its customer, upon its request, a communication in which it states the calculation of the increase in the cost of the energy component and the amount of the deduction due.

Development of renewable sources

Authorisation procedures

During 2022, the legislature made a series of regulatory interventions aimed at making authorisation procedures simpler, faster, and more proportionate and appropriate to the specific characteristics of the renewable energy project to be developed, with the ultimate aim of accelerating the process of building new renewable source plants, which are now considered strategic not only with respect to achieving national and European decarbonisation targets, but also in terms of the country's energy independence.

In particular, the main interventions in this regard were set forth by:

- the Energy DL, which introduced, through Article 9, the Certified Declaration of Start of Works (DILA) for ground-mounted photovoltaic plants with power of less than 1 MW and the extension of the Simplified Authorisation Procedure (PAS): to grid works connected in high and medium voltage of photovoltaic plants with power up to 20 MW located in areas for industrial, productive or commercial use, former quarries; to new photovoltaic plants with power up to 10 MW located in Eligible Areas; to agri-voltaic plants that are no more than 3 km away from areas for industrial, artisanal and commercial use; to floating photovoltaic plants with power up to 10 MW. The same article raised the screening thresholds for the Environmental Impact Assessment (EIA) to 20 MW, with the self-declaration that the plants are not located in unsuitable areas pursuant to the Ministerial Decree of 10 September 2010 for photovoltaic plants in areas for industrial, productive or commercial use, former quarries, as well as for photovoltaic plants in Eligible Areas and agri-voltaic plants that are no more than 3 km away from areas for industrial, artisanal and commercial use. In addition, authorisation simplifications were introduced for grid-connection works relating to solar power plants on roofs of existing buildings, and the surface usage limit for the installation of photovoltaic plants in industrial areas was raised to 60 percent. Article 10 extended the simplified single model established in Article 25, paragraph 3, letter a) of Legislative Decree 199/2021 to plants with power of more than 50 kW and up to 200 kW. Article 11 introduced as a condition for eligibility for incentives the adoption of the MITE [Italian Ministry of Ecological Transition] Guidelines (published on 27 June 2022) for monitoring the interaction between agricultural activity and the production of renewable energy used in agri-voltaic plants. The land on which the agri-voltaic plants are located may not be subject to further applications for the installation of photovoltaic plants for ten years after the state incentives have been granted. Finally, in addition to measures for simplifying off-shore plant authorisations (Article 13), the criteria for the provisional identification of Eligible Areas have been updated (Article 11);
- the Price Cut DL, which introduced additional simplification measures by extending the threshold increase to 20 MW for EIA screening to all types of photovoltaic plants and extending regional responsibility for the authorisation of photovoltaic plants with power exceeding 10 MW, for which applications were submitted before 31 July 2021. In addition, the decree updated the provisional criteria for identifying Eligible Areas for photovoltaic plants;
- the Aid DL, which also extended the PAS to the construction of connection works for new photovoltaic plants in Eligible Areas (Article 11) and further updated the provisional criteria for the identification of Eligible Areas for photovoltaic plants (Article 6). Furthermore, in the same Article 6, the decree stipulated that floating photovoltaic plants subject to PAS may also be placed in the water reservoirs of quarries that are still in operation. The deadline by which works must begin for the construction of plants fuelled by renewable energy sources authorised through the Single Authorisation procedure has been extended to three years from the issue of the building permit (Article 7-bis) and, with Article 10, the terms and additional documents in the EIA have been reduced and tacit consent has been provided for in the EIA under government responsibility. Finally, the DILA was also extended to specific modernisation projects on existing energy transport infrastructure.

Incentives

With Resolution 26/2022/R/efr, ARERA determined, for the purpose of quantifying the value of the incentives that replace green certificates for the year 2022, the average annual value recorded in the year 2021 of the sale price of electricity, equal to Euro 125.06/MWh.

Electricity market

Discipline of unbalancing

As a result of the provisions of resolution 523/2021/R/eel, whereby ARERA implemented the reform of the imbalance regulation, in implementation of the European regulatory framework, as of 1 April 2022 the single price mechanism for the valuation of the imbalances of all units, without distinction based on characteristics, and the introduction of additional fees for the failure to comply with dispatching orders for qualified units, became applicable. The imbalance price is equal to the market zone price; for the sole purpose of determining imbalance prices, two macro-zones are considered: North, corresponding to the North market zone; South, corresponding to all other market zones not included in the North macro-zone and other than the foreign ones.

The Non-Arbitrage Fee was also extended to eligible units.

Transmission capacity utilisation fee

With Resolution 504/2021/R/eel, ARERA confirmed the use of the transmission capacity fee (CCC) for the 2022-2025 four-year period, as an alternative to the long-term transmission rights (LTTR), pursuant to Article 30 of Regulation 2016/1719.

Moreover, with Resolution No. 506/2021/R/eel, the Authority approved the Terna proposal for the implementation of the competitive procedures for the allocation of instruments hedging against the risk of volatility of the transmission capacity utilisation fee, for the year 2022, which, compared to the previous year, incorporates the adjustment to the new zone configuration in force as of 1 January 2021.

Sanction proceedings for non-diligent planning strategies

With Resolution 507/2022/R/eel, the Authority adopted the prescriptive measure against CVA ENERGIE concerning non-diligent scheduling strategies.

In particular, on the basis of the results of the supplementary enquiry initiated with Resolution 217/2021/R/eel, the Authority deemed it necessary to confirm the prescriptive measure adopted against CVA ENERGIE with Resolution 489/2017, revising the methods for the valuation of imbalances, in order to take into account the possible cost savings deriving from the positive effects, if any, on the entire system of imbalances in the counter-phase. In addition, the Authority delegates to Terna the quantification of the statute of limitations with application of the new methodology of valuation of actual imbalances in counter-phase to the "real sign" of the system to all actual imbalances, and not only to those above the diligence threshold. The settlement of economic items must take place in the following timeframe:

- by the last day of October 2022, Terna must determine the economic items;
- by the sixteenth working day of November 2022, any settlement of economic items must be carried out. Should the recalculation carried out by Terna result in an amount equal to zero, no prescription shall be deemed to have been adopted by the Authority vis-à-vis the sales company, with the consequent closure of the proceedings.

Terna therefore re-quantified the restitution request at Euro 9.269 million.

Capacity Market

On 28 December 2021, Terna launched the secondary market provided for by the Capacity Market Regulations approved by the Ministerial Decree of 28 June 2019. Sessions are held monthly, valid for the following delivery month, in order to allow operators to renegotiate their commitments close to the actual delivery period. During market sessions, the combination of offers relating to different national market zones is permitted, subject to transit limits.

Retail sales

Capacity Market Fee

As of 1 January 2022, the fee covering the net capacity supply charge borne by dispatching users on the basis of values defined quarterly by Terna is applicable. In respect of end customers, the capacity fee is applied as follows:

- for the greater protection service, the fee is included and quantified by the Authority in the PD element of the PED fee;
- for PLACET offers in the deregulated market, the determination of the fee is up to ARERA, while the relevant application methods will be established by the seller;
- for other free market offerings, the seller is free to quantify and choose how to charge the end customer.

Seller list

On 17 November 2022, in implementation of the provisions of Article 1, paragraphs 80-82, of Law 124/2017, was the entry into force of Decree No. 164 "Regulation on criteria, methods and requirements for registration in the list of entities qualified for the sale of electricity pursuant to Article 1, paragraph 81, of Law No. 124 of 4 August 2017" (so-called "Vendors' List"), which lays down the modalities and technical, financial and honourability requirements for the registration and permanence on the list of persons authorised to sell electricity to end customers.

In particular, all companies that carry out sales activities in the retail electricity market are required to be included on the Seller List, as inclusion on that list constitutes an eligibility requirement. On the other hand, companies operating in the retail electricity market exclusively as operators of the greater protection service are excluded.

In order to complete the registration, sales companies will have to submit an application, filling out the forms that were published by the Ministry of the Environment and Energy Security in a directorial decree dated 16 January 2023, prot. 1294. Such an application must be submitted within 90 days from the date of adoption of the relevant Directorial Decree, i.e. by 16/4/2023. In the meantime, CVA ENERGIE is nevertheless provisionally registered in the Vendors' List as an accredited sales company as a commercial counterparty of customers in the Integrated Information System.

Network losses

With Resolution No. 117/2022/R/eel, the Authority, at the conclusion of consultation proceedings No. 602/2021, outlined the main lines of action for the revision of the conventional percentage loss factors to be applied for the settlement of dispatching service to end customers for the two-year period 2022-2023.

In particular, for the year 2022, the Authority did not make any changes to the value of the loss factor, so as not to generate any problems for supply contracts already signed for the year 2022. From 1 January 2023, the conventional percentage loss factor for low-voltage withdrawal points defined in Table 4 of the TIS will be 10%.

Offer Code

With Resolution 135/2022/R/com as amended and supplemented, the Authority ordered that, as of 1 October 2022, each withdrawal and redelivery point in the Official Central Register (OCR) of the SII be assigned a standardised offer code.

The latter is made up of 32 characters and contains summary information on some of the characteristics of the offer (such as, the commercial counterpart, the commodity, the type of price, ...), so as to allow the end customer to compare the annual expenditure associated with the existing supply contract with the expenditure of the other offers published on the Portal itself.

Facilities following seismic events

With Resolution 34/2022/R/com, ARERA extended the tariff concessions supporting the populations affected by the seismic events that occurred in Central Italy and in the municipalities of Casamicciola Terme, Lacco Ameno and Florio, in 2016 and 2017. In particular, in implementation of the provisions of the 2022 Budget Law, the extension until 31 December 2022 has been established of the tariff facilitations set forth in Resolutions 252/2017/R/com and 429/2020/R/com.

Code of Business Conduct

In implementation of the provisions of Legislative Decree 8 November 2021, No. 210 on contractual rights of end customers, the Authority, with Resolution 289/2022/R/com, amended the Code of Business Conduct by providing that:

- the terms and conditions for the payment of invoices are made explicit in the supply contracts and summary sheets, in compliance with the regulations in force, as well as the absence of charges for the receipt of invoices;
- the estimate of annual expenditure is updated monthly, rather than quarterly, resulting in monthly updates of the comparability sheets and summary sheets.

Gradual Protection Service for Micro-enterprises

With Resolution 208/2022/R/eel, the Authority dictated the provisions for the provision of the graduated protection service for micro-enterprises in the electricity sector, referred to in Law No. 124 of 4 August 2017 (Annual Law on the Market and Competition). In particular, the Authority has regulated the scope of application, the terms and conditions of provision, as well as the allocation methods and timing of the relevant service.

As in the case of the graduated small business protection service, the Authority decided to identify the operators of the service through the conduct of competitive procedures, which were carried out during the third quarter of 2022. Successful bidders will have to deliver the STG Micro-enterprises from 1 April 2023 to 31 December 2026.

Consequently, as of 1 April 2023, the following will cease to be supplied in the enhanced protection service:

- micro-enterprises with only low voltage connected withdrawal points all with a contractually committed power of 15 kW or less;
- final customers, other than those referred to in point 1) above, who are holders of low-voltage withdrawal points for public lighting, for supplying heat pumps and for other uses (Art. 2.3(b) or (c)), provided that all such points have a contractually committed power of 15 kW or less.

On this occasion, the Authority clarified that the graduated protection service for micro-enterprises, in addition to small enterprises and micro-enterprises with contractually committed power greater than 15 kW, also includes end customers with low-voltage withdrawal points for public lighting, for supplying heat pumps and for other uses (Article 2.3(b) or (c)), provided that these points all have contractually committed power greater than 15 kW.

Credit rating

Following the termination of the state of emergency on 30 March 2022, the Authority deemed it appropriate to govern the management of the rating guarantee in electricity transmission contracts in cases of downgrades relating to the COVID-19 emergency situation and, in particular, the termination of the exemptions introduced during 2020 and 2021 in the regulation on payments and guarantees pursuant to the Standard network code for electricity transport ("CTTE").

With Resolution 210/2022/R/com, the Authority identified a period of twelve months following the end of the state of emergency during which time the transport user may continue to make use of the downgraded rating previously issued with that justification in its electricity transmission contracts, even after the end of the state of emergency, as possibly confirmed by the same agency. In other words, transport users which, at the end of the 12-month exemption period provided for by Resolution 81/2021/R/com, have received a downgrade confirmation from the rating agency due to the economic context relating to COVID-19 epidemic containment measures, will be able to continue to benefit from the exemptions to the payment and guarantee regulations set out in the CTTE until 31 March 2023.

WACC

With Resolution 614/2021/R/con, the Authority approves the WACC calculation formula for the second regulatory period (2022-2027). Consequently, the 2022 WACC for electricity distribution is set at 5.2%, which is lower than the 2021 rate (5.9%).

Superbonus

In the course of 2022, the 110% Superbonus rules set forth in Decree-Law No. 34 of 19 May 2020 (so-called "Relaunch Decree") were amended as follows:

- extension of the 90% deduction of the expenses incurred in the year 2023 for interventions, commenced after 25 November 2022, carried out by condominiums and individuals, including those carried out on individual real estate units within the same condominium or building (so-called Aid quater DL);
- for works commenced on or after 1 January 2023 on real estate units by individuals who are not engaged in the business, arts and professions, the deduction is 90% also for expenses incurred by 31 December 2023, provided that the taxpayer is the owner of the right of ownership or right in rem of enjoyment over the real estate unit, that the same real estate unit is used as a principal residence and that the taxpayer has a reference income not exceeding Euro 15,000 (so-called Aid quater DL);
- the reduction to 90% of the deduction due for expenses incurred in the year 2023 pursuant to paragraph 8 bis of the Relaunch Decree does not apply (Budget Law 2023) to:
- interventions other than those carried out by condominiums for which, at 25 November 2022, the communication of commencement of works asseverated (CILA) has been submitted;
- interventions carried out by condominium owners for which the meeting resolution approving the execution of the works is adopted before 19/11/2022, provided that for such interventions, at 31/12/2022, the CILA has been submitted;
- interventions carried out by condominium owners for which the meeting resolution approving the execution of the works is adopted on a date between 19/11/2022 and 24/11/2022, provided that for such interventions, on 25/11/2022, the CILA has been submitted;
- works involving the demolition and reconstruction of buildings for which the application for the acquisition of the permit had been submitted by 31/12/2022.

Business outlook

Your Group is now moving in an overall scenario that is still relatively turbulent, but not to the extent experienced in the previous year. The progressive achievement of energy autonomy from Russia and the high level of gas storage brought the PUN, as well as the prices indicated by futures for 2023, in a range between 110 and 160 €/MWh, and with a volatility markedly lower than in 2022. This leads to expect less financial strain in the operation of electricity markets. The Directors, prudently, have nevertheless decided to keep the medium-term funding channels open in 2022 to meet margin calls, aware that the geopolitical situation remains very complex, and that the likelihood of major shocks occurring again is not negligible. Moreover, these financial facilities were opened on very advantageous terms, compared to the current market situation, and it would therefore be difficult to obtain them again, once closed.

On the hydraulicity front, the winter of 2022-2023 was initially very poor in precipitation, raising fears of a further deterioration in hydroelectric production compared to the already very critical winter of 2022. In fact, production in the first quarter of 2023 was slightly lower than in the same period of 2022 (-6.1%). However, since March 2023, significant snowfall has been recorded, bringing the Snow Water Equivalent present in the catchment areas of the Valle d'Aosta back to almost normal levels. It is, therefore, possible to expect that, following the thaw phase, a production level closer to historical averages may be recorded for 2023. In this regard, it is also important to note that, in April, after major renovation work, production at the Hône power station resumed at full speed, which will make it possible to fully intercept the relative water supplies.

The widespread rainfall that has recently occurred over the Po Valley and other sectors of the Alps and Apennines also suggests that the risk of emergency releases to cope with water emergencies will be tempered compared to 2022. This comforting situation in the short term does not, however, alleviate concerns about progressive climate change, which makes it necessary to plan a future for the hydroelectric sector characterised by resilience and maximum utilisation of the water resource in terms not only of energy, but also considering agricultural and civil uses.

Internally, the Group's activities are focused on pursuing its strategic objectives, which will soon be articulated in a revised Strategic Plan aligned with new market conditions and opportunities.

Specifically, the Group will continue growth in the wind and photovoltaic sector by integrating CVA EOS and the SR Group, the acquisition of which was completed in March 2023. This integration concerns:

- organisational aspects, with respect to competencies and business processes, and also considering the planned growth of the workforce, especially in EPC, Asset Management and Operations and Maintenance, which will be implemented through both recruitment and targeted acquiring;
- the integration and advancement of their respective pipelines, together with the evaluation of further development opportunities. In this regard, the Group will make careful assessments of which plants should be built and included in its fleet, and which ones should be enhanced on the market, with a view to optimising its production portfolio;
- the start of operations in the agri-winery sector, in strategic partnership with the Bonifiche Ferraresi Group.

In the hydroelectric sector, work will continue on the two major revamping and repowering projects for the Hône 2 and Chavonne power plants, reaching the executive phase for the former, and continuing with the authorisation process for the latter. In addition, preparatory planning activities will continue that will allow the Group to technically robustly and economically competitively tackle the renewal procedures for Large Hydroelectric Derivation concessions, whatever form this regulatory uncertainty may take.

In the area of Distribution, investments in the mass replacement of metres with second-generation devices will continue, and the implementation phase of the important PNRR project won by DEVAL will begin.

The Energy Efficiency BU will see important development thanks to the establishment of CVA SMART ENERGY, a Group company dedicated to this line of business, operating in strategic partnership with a selected portfolio of companies in the sector. This will create important synergies between the strength and integrated offering that characterises the Group and the entrepreneurial spirit, technical skills, and sector and geographical coverage that characterise the partners.

CVA SMART ENERGY will also take care of the Group's Open Innovation activities, relaunched thanks to the recent exemption from several TUSP constraints and enabled by several projects associated with the PNRR. Specifically, in addition to ensuring continuous evaluation and experimentation of the various enabling technologies that can support all business activities, the focus will be on the development of energy communities, for which we are awaiting the enactment of a number of implementing regulations, and energy storage systems, which are to be considered increasingly essential as a complement to non-programmable production systems. In this context, the role of the PNRR project, called "H2WAY2ZERO", of electrolysis with Valle d'Aosta LPT services as an off-taker should be mentioned. It should be noted that the objective of this Open Innovation programme is not limited to increasing the Group's competitiveness in a sector context made increasingly complex by the acceleration of the energy transition, but aims prospectively at fostering the industrial development of the area, attracting around the Group the creation of a true energy technology district.

The important development activities outlined above will require the continuation of a long-term financial strategy aimed at intercepting, in a prudent and diversified manner, the various financing opportunities. In addition to bank credit, a traditional channel that has always been accessible to the Group thanks to its rating, its reputation, and the continuous and excellent relations it has maintained with the main banking groups, CVA has progressively added a listed bond and, the first Italian utility to close such an operation, a Schuldschein under German law placed with leading international investors. This path will continue in the current year by exploring further financial opportunities, as always operating prudently and commensurate with the most relevant profitability parameters. The level of leverage used for industrial development, also taking into account the Group's ability to generate cash, puts CVA in a position to maintain a net ratio of EBITDA to NFP well below market benchmarks. This ratio is expected to remain well below the levels of the market and the main comparables, even in the medium to long term following the achievement of the industrial targets pursued.

Plant activities

CVA has always paid the utmost attention to the safety and efficiency of its plants, whose average age, especially for hydroelectric plants, is particularly high, exceeding 70 years. The Operations Department constantly updates its knowledge of the state of the plants with monitoring and inspections that are the basis for planning the maintenance and upgrading of the entire production system.

In a context of this kind it is fundamental to take care of the professionalism of the collaborators.

Main activities carried out in 2022 by the Civil Engineering Division

Chavonne plant renovation

Inca was awarded at the end of 2021 the assignment for the design and environmental impact study of the refurbishment of the Chavonne plant for an amount of over Euro 2 million. The assignment includes the development of design choices, preparation of documentation for the National EIA application, and preparation of the final design and executive design.

The first project step was completed at the beginning of 2022, with the delivery of the "Outline Design Plan" documents confirming the validity of the choices previously identified. In 2022, planning continued with the preparation of the documentation required for the discussion phase with the competent authority, the Ministry of Ecological Transition, for the definition of the contents of the Environmental Impact Study pursuant to Art. 21 of Legislative Decree 152/2006. In October 2022, the request to start the process was sent to MITE.

As far as the final project is concerned, the necessary studies are underway to define the individual works involved in the plant renovation.

Hône II plant renewal

In October 2021, the Environmental Impact Assessment application was submitted to the competent offices of the Region, and 2022 saw the completion of the entire authorisation process, which was completed on 5 January 2023. In the course of the proceedings, two revisions of the final project were submitted to meet the requests expressed by the entities in the Conferences of Services.

Interventions on the shunt channels

During 2022, in continuation of the activities of previous years, work was carried out on the renovation and restoration of the plastering of the plant's shunt channels for a total of about Euro 2.9 million.

In particular, work was carried out on the channels of the Hône II (Euro 798,000), Chavonne (Euro 828,000), Pont St. Martin (Euro 580,000), Champagne 2 (Euro 262,000), and Saint Clair (Euro 229,000) plants.



Works for obtaining the CPI

In recent years, CVA has launched a programme to bring fixed electrical machines with combustible insulating liquids located inside the power plants up to fire prevention standards.

In this context, work on the Covalou, Hône 1 and Issime power plants was completed in 2022.

Work on the Avise power station is scheduled for 2023. Interventions for the safety of sites treated by geological risk DVR In order to reduce the risk linked to rockfall phenomena on some sites contained in the geological risk assessment DVR, studies and interventions have been launched to make the sites safe.

On the Artanavaz intake, Signayes plant, a project was drawn up in 2020 to secure the site and its access. Cortical reinforcement works with adhering nets are planned. Along the access track, in addition to actively intervening in individual sectors, a rockfall barrier was installed.



Once the authorisations were obtained, work began in 2022 and will be completed during 2023.



On the Mecosse intake work, Grand Eyvia plant, hazard mitigation works along the access path began in 2021.

It includes the consolidation of the existing dry-stone walls, the detachment of the elements isolated from the rock mass in a situation of precarious equilibrium and the installation of a rockfall barrier.

The works were completed during 2023 and the amount spent on the works was Euro 113,000.

On the loading tank of the Montjovet plant, the feasibility study for the definition of interventions to mitigate the risk of falling rocks was extended to also consider the access road.



In 2022, the final design of the work was completed, which includes the installation of a rockfall barrier.

Also at the Montjovet plant, near the intake structure, an intervention to implement the existing mitigation works was assessed in 2022. The project involves reinforcing

the existing nets, laying a rockfall barrier at the sluice gates and carrying out a small active intervention downstream.

At the Hône 1 power plant, a study was launched aimed at implementing the mitigation of the risk from falling rocks. In the course of 2023, the executive design of the interventions will be developed and the tendering process will begin in order to achieve a good degree of protection.

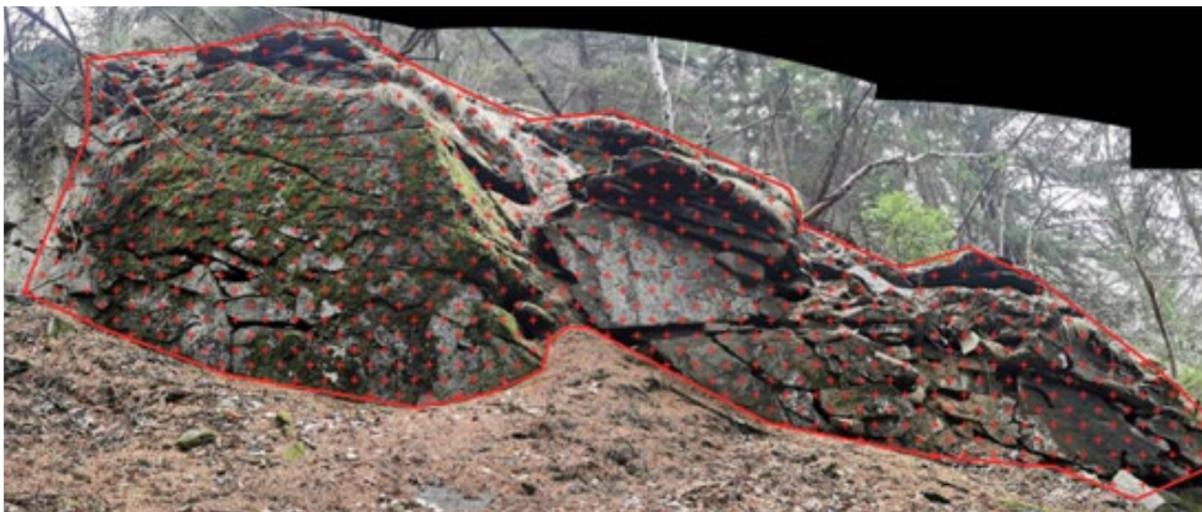
At the Miollet intake of the Avise plant, in 2022 the reclamation of a rock slope with an incipient collapse just upstream of the intake began. In the course of 2023, the reclamation will be completed with the use of a mechanical means in the wall.

Along the channel of Chavonne branch La Nouva, in 2022, mitigation measures against the risk of rockfalls were defined.



Four intervention points are planned with a total expenditure of approximately Euro 400,000.

This involves active work on rocky cliffs and the creation of a mattress capable of absorbing the energy of any blocks falling onto the channel slab. The interventions are expected to be carried out during 2023.

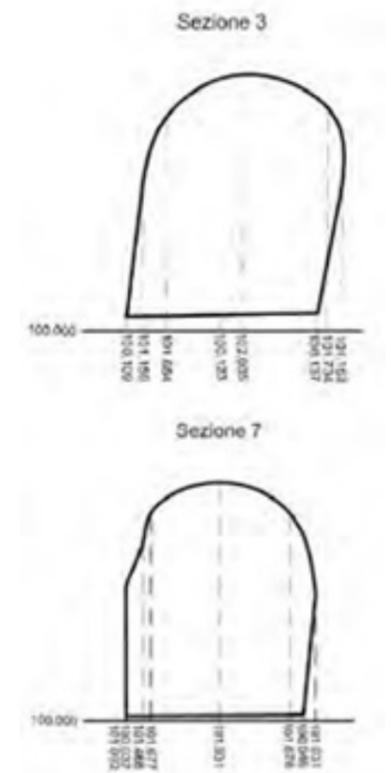
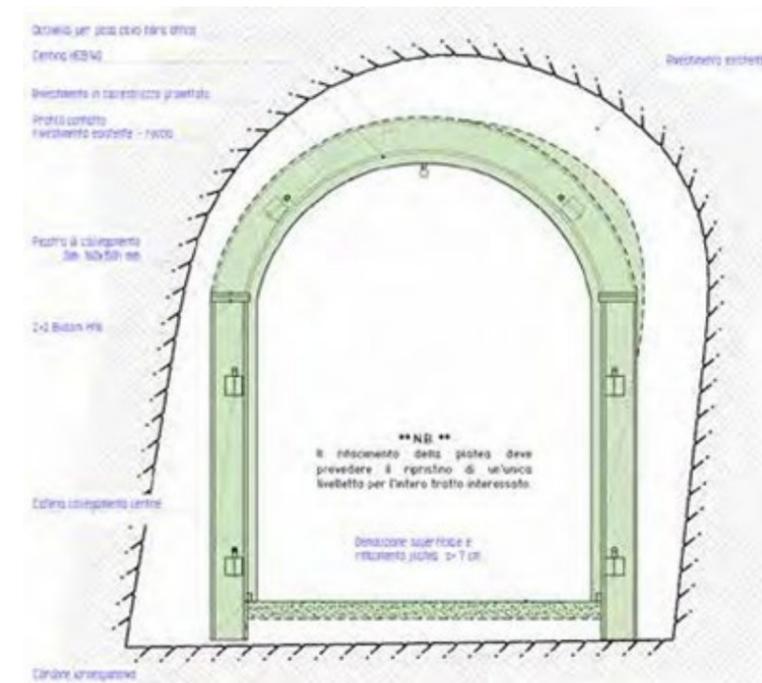
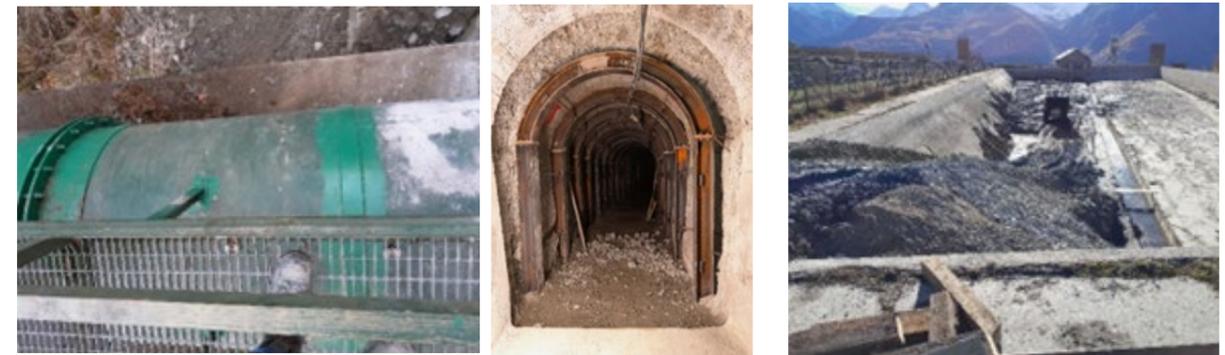


Tunnel diversion channel - NUS hydroelectric plant

The conservative restoration of the section of the shunt channel in the tunnel, between progressions pk 2,757 ÷ 2,787, became necessary due to the damage and deformations induced by the landslide phenomenon that insists on the work.

The design solution adopted involves reinforcing the channel in the tunnel by laying metal ribs and thixotropic mortar projected with a slightly reduced post-intervention section compared to the existing one. This narrowing minimises the volume of demolition and shotcrete and does not change the hydraulic functionality of the channel.

In addition to the work required for the conservative restoration, the expansion joint on the bridge-pipe was restored as slope movements had caused the joint to close. At the same time as the works, which involved a substantial outage of the works, the La Tour reservoir was also being broken through.



Hérin siphon - Covalou hydroelectric plant

The siphon is located along the bypass of the Antey stream crossing facility.

The work, consisting of a 2.80 m-diameter metal pipe, built in 1926, overcomes a 90 m drop with a development of 290 m. The pipe rests on saddles with sliding supports and is blocked at the base by a major anchor block. There are 2 end blocks on the shunt channel and 2 blocks at the slope changes of the descending and ascending branch. There are also 4 expansion joints. Monitoring activities, which began in 2006, have shown a steady movement of the left side of the valley corresponding to a displacement in 15 years of 10 cm (55 cm since the time of construction). The phenomena, attributable to the presence of a DGPV, have caused deformations over the years with the opening of joints and the rotation of saddles in the ascending branch. As of January 2021, planning for siphon maintenance has been initiated. A Permit application was submitted to the region in 2021, which was completed in September.

The results of the geognostic investigation campaign, however, showed the presence of significant levels of intercalated clays in the area below the anchor block. In order to investigate these layers, it was decided to proceed with additional surveys, and work is underway to recalibrate the work in order to carry out the work in 2024.

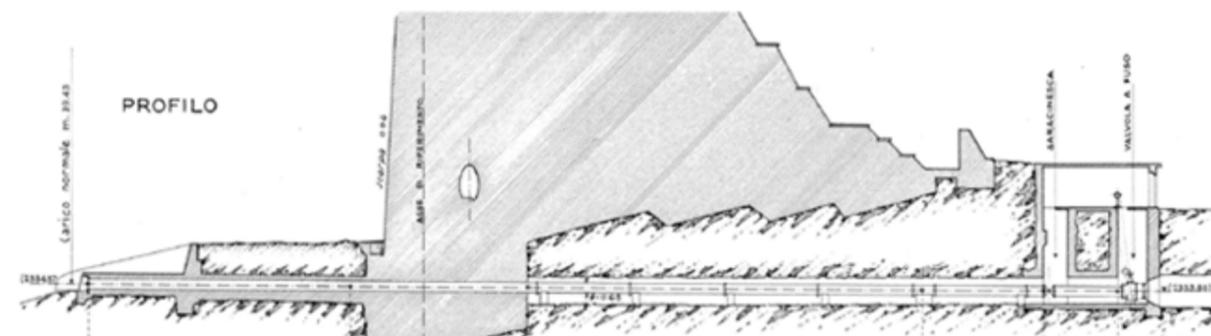
Gabiet dam bottom outlet - Gressoney hydroelectric plant

The bottom outlet of the Lago Gabiet dam consists of a metal pipe with a diameter of 0.70 m; the pipeline continues in a rock tunnel; downstream the pipeline is intercepted by a gate valve and a spindle valve. The bottom outlet constitutes a fundamental element for the safe operation of the dam and its maintenance is essential to guarantee the operation of the work.

In the 2019 supervisory visit, the Technical Office for Dams of Turin prescribed "to carry out restoration work on the section of the bottom outlet where a leak was found" between the gate valve and the spindle valve. In the section upstream of the gate valve, the stress state of the pipeline is acceptable. However, the presence of dents on the pipeline, due to the release of stone elements from the vault, was detected.

Considering the positive stress tests and in the section of pipe upstream of the gate valve, the main objective of the intervention was to restore the full efficiency of the work and included the replacement of a section of the deteriorated metal pipe, located between the two valves in the underground chamber.

In addition, a pipe guard was installed to protect it from possible detachment from the rock tunnel. At the same time, the functionality of the water drainage system was restored. All works were carried out in 2022.



Central cavern false ceiling - Quart hydroelectric plant

In 2020, the project for the reclamation and replacement of the encapsulated asbestos ceiling in the Quart plant was drafted. Before issuing the call for tenders and starting the authorisation process, given the delicacy of the subject, it was decided to carry out further in-depth analyses of some detailed aspects of the project.

These studies, carried out in 2021, introduced design changes and improvements.

Project drafting activities are ongoing.

Seismic upgrading of the guardhouse and valve room of the Lake Gabiet dam

THE O.P.C.M. 3274 20/03/2003, with the clarifications of the DPCM 21/10/2003 and of the DL 79/2004, introduces the obligation for large dams to be subjected to seismic verification, primarily for works falling within seismic zones 1 and 2. Repeated extensions have postponed the deadline for carrying out the checks.

After an initial request that all dams be audited, the requirement was suspended in 2015 and reduced to a smaller list of priority cases. For dams not included in the list, the requirement to check ancillary works (watch house, discharge organs, sluice gates, etc.) remained.

Therefore, the seismic vulnerability assessment of the guardhouses serving the large dams of the CVA Group started in 2017. The tests for the characterisation of the materials were carried out and then the verification and modelling activities of the Cignana, Beaugard and Gabiet buildings were carried out.

Based on the results, the design and permitting process for upgrading the buildings was started. For the buildings at the Gabiet dam, all consolidation and adaptation work was completed in 2021. For the guardhouse in Cignana, the design and authorisation process for the adaptation works was completed and the first part of the works was carried out in 2022, which will be completed in 2023.

Adaptation work will be carried out on the remaining guardhouses in the coming years. In some cases, for example on the Beaugard Dam, energy efficiency work on the structure will also be considered.



Building in Aosta - Via Festaz - Former DEVAL headquarters

In 2022, the project was developed for the recovery and adaptation of blocks A and B and part of block C of the building located in via Festaz - the former DEVAL headquarters - with the aim of redeveloping them for office use.

The presumed amount of the work is approximately Euro 2.5 million, while the assignment related to the technical expenses of the contract was awarded in the amount of Euro 250 thousand.

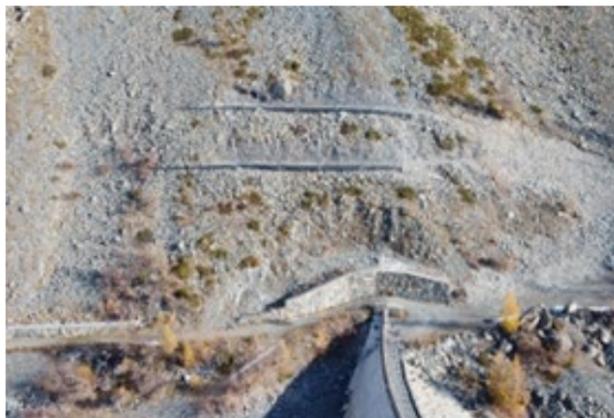


Installation work of rockfall net barriers at the Cignana Dam - Maen hydroelectric plant

In 2022, work on the installation of rockfall protection works on the left bank of the Cignana dam was completed.

The intervention involved the installation of passive protection systems consisting of high-energy-absorbing rockfall barriers, capable of intercepting and blocking falling rocks from the rock face. Two rows of rockfall barriers were installed, with a useful height of 7m and a linear development of 40m each.

This is a particularly important protection system for which very high strength barriers of 8,700 kJ were used.



Main activities carried out in 2022 by the Electromechanical Engineering Division

During 2022, as in previous years, the Division will carry out checks on the functionality of the electrical protections of the generators, which are indispensable for the safe operation of the machines. During the year, more than 90 checks were carried out on group, line, transformer and MAIG protections.

In addition to this, over 30 thermographic analyses were carried out on the main electrical components of hydroelectric plants and over 43 checks on high voltage capacitive voltage reducers.

The monitoring of the status and reliability over time of the oil-filled production transformers is above all guaranteed by the multi-year plan of periodic analyses of the insulating oil: in 2022, 45 chemical-physical laboratory oil analyses were carried out, none of which were urgent. The state of the processors was very stable compared to the previous year, partly due to the corrective actions taken as a result. As usual, the data collected, in addition to contributing to fault prevention and strategically directing maintenance activities (e.g. targeted diagnostic investigations, installation of specially developed on-line dehydrators, ventilation systems, water-in-oil blocking systems, etc.), feed a sophisticated forecasting model developed in-house. The installation of remote on-line oil analysers also continued (4 new installations in 2022), some of which are also capable of monitoring 8 temperatures inside the transformer.

For the first time, 6 chemical-physical analyses were also carried out on the water contained in the exchangers of the water-cooled transformers located indoors, which are inherently characterised by greater potential criticality regardless of the state of degradation inferable from the oil analysis.

A specialised measurement campaign was also carried out to survey the flow rate of water-cooled transformer heat exchangers (OFWF). Ten transformers were involved, with a total of 20 exchangers. The water flow rate, in fact, is a particularly important process parameter for the long-term integrity of such equipment.

In addition, 6 triads of MV overvoltage surge arresters were installed, 4 of which were used to protect as many electrical production machines and equipped with discharge counters to monitor the phenomenon.

During 2022, surveys of vibrational phenomena were carried out on all hydroelectric groups, giving priority to setting up ON-LINE analysis. In the future, we will proceed with increasing use of this tool as we try to set up predictive maintenance on our assets in small steps.

During the three-year period 2019-2021, following the shrewd installation of new vibration monitoring and protection units for supports, the remediation of all failed or absent vibration monitoring/protection units in the CVA hydroelectric fleet was completed. There are many results obtained, and the main ones can be summarised in the following points:

- All obsolete systems have been decommissioned;
- During 2021, manual patrols were scheduled only on major groups and those without remote connection;
- On all new systems, attention thresholds have been re-aligned;
- All new ECU have been properly remoted.

In view of the excellent results obtained to date, with the intention of increasingly reducing manual measuring patrols, a new schedule of expansion of the systems already installed has been identified for the next few years apt to cover with new instrumentation the entirety of the manual measuring points to date.

The targets set for the years 2023 and 2024 are as follows:

- Year 2023: upgrading vibration monitoring/protection units on 5 plants;
- Year 2023: upgrading vibration monitoring/protection units on 5 plants.
- In-house software for more smart and resilient plants

Also in 2022, the path started in 2010 by the Electromechanical Engineering Department for the creation of a unified process of management, effective and technological operation of electromechanical plants continued. This process led to the installation of new automated systems designed in-house.

Main activities carried out in 2022 by the Operations Division

Extraordinary maintenance of outlet gates GR1-GR2-Saint-Clair plant

At the Saint-Clair hydroelectric plant, an extraordinary overhaul was carried out on the sluice gates of the return channels of the turbined flows towards the Dora Baltea from the two production groups. The main activities involved the construction of a tura in the riverbed to dry the work area, the sandblasting and painting of the metal diaphragms of the sluice gates and the replacement of the sealing profiles.

Application of intumescent coating on transformer doors - Avise plant.

In compliance with the requirements for obtaining the IPC, the metal doors of the three transformer rooms installed in the cavernous engine room of the Avise hydroelectric power plant were treated by applying an intumescent coating and the subsequent sealing of the joints.

Painting watertight doors F4-F5 shunt channel - Avise plant.

As a continuation of the activities planned on a multi-year basis, the surface coating of the metal artefacts constituting the F4 and F5 watertight doors providing access to the Avise plant's shunt channel was restored.

Risks and uncertainties

Risk management in the CVA Group

The CVA Group has developed an integrated corporate risk management model that is inspired by the international principles of Enterprise Risk Management (ERM), in particular the Committee of Sponsoring Organisations (COSO) framework, the main purpose of which is to adopt a systematic approach to the identification of the company's priority risks in order to assess their potential negative effects in advance and take appropriate action to mitigate them.

In particular, over the years, this model was updated with a view to continuous improvement, considering not only short- to medium-term risk events but also those impacting industrial and strategic targets in the long term, as well as ESG and sustainability issues in a broader sense. The risk mapping and risk scoring methodology adopted by CVA assigns a relevance index to risk according to the assessment of impact, probability of occurrence and level of control. The Corporate Risk Model, developed on the basis of industry and international best practices, encompasses in an integrated framework the different types of risk characterising the business in which the Group operates:

- risks relating to the external environment, depending on market conditions and the competitive environment within which the Group operates, as well as changes in the political, legal and regulatory environment;
- operational risks, related to the company's internal processes, structures and management systems, particularly with regard to electricity generation and the marketing of commodities and services;
- strategic risks, relating to the definition and implementation of the Company's strategic guidelines.

In particular, with the coordination of the Risk Management Function, the heads of the various corporate areas identify and assess the risks under their responsibility through a Risk Self Assessment process, providing an initial indication of the mitigation actions associated with them. The results of the process are then consolidated centrally in a map, in which risks are prioritised according to the resulting scoring and aggregated to facilitate the coordination of mitigation plans with a view to integrated risk management.

The results of the ERM are reported to the Board of Directors, and are used by the General Management as information elements for the preparation of updates to the Strategic Plan.

Risks related to Climate Change

A source of uncertainty for the Group stems from the possibility that progressive changes in the climate may have, on the CVA Group's business, impacts arising mainly from the volatility of power generation volumes, with particular reference to renewable generation and the availability of natural resources that feed the Group's generation facilities (water, wind and sun). In a shorter time frame, the main risks may be due to an increase in the frequency and intensity of extreme weather events that may cause potential damage to plants and/or infrastructure, reduced Performance and availability, increased O&M costs and higher insurance costs. The risk management strategy is aimed at the implementation of meteorological models that make it possible to define more accurate and effective production and safety plans, improving risk management; special attention is paid to the management of potential extreme calamitous events that could affect the Group's hydroelectric plants. In addition, the risk mitigation strategy calls for greater technological and geographical diversification of power generation facilities from renewable sources with the Strategic Plan provision for the construction of new wind and photovoltaic power plants. The risk assessment process also includes the presence of adequate insurance coverage as one of the risk transfer solutions.

Finally, the Group has started a progressive process of analysing climate risks and opportunities according to the international guidelines of the Task Force on Climate-related Financial Disclosures (henceforth TCFD). TCFD reporting will assess the financial impacts of climate change on the Group's business, according to internationally recognised scenarios of physical change and energy policy transition. The ultimate goal is to contribute to operational and strategic business decisions in order to increase resilience and ensure value generation over time.

Risks related to the external regulatory context

A potential and significant source of uncertainty for the Group arises from the constant evolution of the relevant legal and regulatory environment with effects on the functioning of markets, tariff plans, required levels of service quality, and technical-operational compliance. The CVA Group, with reference to such potential risks, operates continuous monitoring and constructive dialogue with institutions aimed at seeking moments of dialogue and timely evaluation of regulatory changes that have occurred, working to minimise the economic impact resulting from them.

Details of the regulatory impacts for the year can be found in the specific chapter on Evolution of the Regulatory Framework in this report. In particular, please note:

- the impact in terms of economic fallout of the various interventions on producer remuneration ("Aid DL" and "Aid-bis DL", "Price Cut DL") to which, however, there is strong opposition from all operators;
- the impact in terms of operational onerousness of measures against high energy prices (Social Bonus, Accruals, Cancellation of tariff components covering general system charges, Suspension of unilateral changes in economic conditions and Tax Credit);
- the potentially positive impact of the various pieces of legislation aimed at making authorisation procedures for the construction of new renewable source plants faster and simpler, as well as the launch of the secondary market of the Capacity Market managed by Terna and set forth in the Regulation approved by the Ministerial Decree of 28 June 2019;
- the impact in terms of economic fallout of the various interventions on the remuneration of renewable energy producers (so-called "Budget Law 2023");
- the residual application of the provisions of the TUSP, pursuant to Article 52, paragraph 1-bis of the Aid Decree.

Strategic risks

The growth path embarked upon by the Group includes, first and foremost, the diversification of renewable source energy production plants through the construction of an important pipeline of wind and photovoltaic power plants. The hydroelectric sector, on the other hand, is involved in the maintenance and expansion of existing capacity through significant repowering and modernisation, also in preparation for 2029, when the main hydroelectric concessions expire.

Strategic planning also includes the consolidation of other important areas:

- energy efficiency, with the continuation of General Contractor activities within the framework of the opportunities established under the "Superbonus";
- electricity distribution, through investments in the modernisation and resilience of the distribution network in Valle d'Aosta;
- energy marketing, by expanding the acquisition of retail customers leaving the greater protection market and optimising the portfolio of business customers.

Furthermore, as part of its sustainability journey, the CVA Group has defined an integrated strategy whereby it combines corporate growth with environmental and social sustainability, by setting specific sustainability targets.

The risk of not or only partially achieving the strategic targets could entail both an economic-financial impact as a result of lower growth in the Group's margins and reputational impacts as a result of failing to meet Stakeholder expectations. Among the main risk factors affecting the various development areas are: possible authorisation problems and delays in the commissioning of new plants, the presence of competitors with greater investment capacity, uncertainties over legislative and regulatory developments, and unforeseeable external events already such as the COVID-19 pandemic or the Russia-Ukraine conflict, with ensuing impacts on the profitability of planned initiatives.

Furthermore, during 2022, the supply chain crises clearly demonstrated the presence of procurement risks for certain materials that are used both in ordinary plant operation and maintenance activities, and in the future at construction sites for development initiatives. This phenomenon is accompanied by a significant and generalised increase in the prices of materials, equipment, machinery and services.

To evaluate and monitor its strategic objectives, in April 2022 the Group established the Strategy, Innovation and Sustainability Area, which includes the Strategic Planning and Analysis Office.

During annual risk assessment activities, the Enterprise Risk Management process monitors the risks associated with strategic and sustainability objectives and submits them to the Management in order to prioritise any corrective actions.

Information Security Risk

IT and TLC systems support almost all business activities and processes; some of the data stored are particularly significant, such as business information and personal information of, for example, customers, service providers and employees. The functioning of these information and technology systems and networks, as well as the ability to process and store data securely, are fundamental to the Group's activities.

The recent increase in security threats to systems and networks has raised the level of attention and engagement on the part of the Management and the relevant corporate structures. Incidents and system breaches could compromise the confidentiality, integrity and availability of such data and result in, but not limited to, unlawful access to data by unauthorised third parties, misuse of information, alteration/theft/loss/destruction of data/resources, inability to access data and possible operational interruptions. The same events could also lead to litigation, fines and disqualifications, as well as operating and other costs.

In order to reduce this risk, the following certifications were obtained in the year 2022:

- ISO/IEC 27001 certification: ISO 27001 is the international standard that provides specifications and requirements for managing, monitoring, controlling and improving information security. In 2022, activities continued effectively for the implementation of the Information Security Management System (ISMS); the results of the gap analysis were consolidated, the first vertical "IT and TLC systems" risk assessment was carried out and the deployment of remedial actions began. Visits by the certifying body took place in September and October, and in November 2022, CVA and CVA ENERGIE were certified;

- ISO/IEC27701 certification: ISO 27701 is the international standard that provides the framework for the Privacy Information Management System (PIMS). ISO supports organisations in the management of personal data by providing working methodologies that support compliance with mandatory privacy principles; ISO is closely synergic and related to ISO 27001 as it is based on the same requirements. Visits by the certifying body took place in September and October, and in November 2022, CVA and CVA ENERGIE were certified.

In addition, the Business Continuity project aimed at improving the business continuity level of IT/TLC services was launched in 2022. The activities carried out so far are also aligned with the recent update of ISO 27001:2022, which fully incorporates ICT business continuity among the requirements that will come into force in the coming years.

Compliance with ISO standards entails numerous adaptation and improvement actions, including compliance with specific policies, plans and internal procedures, the precise and risk-based governance of access to information, in-depth vulnerability assessments of systems and applications aimed at identifying the most critical assets, training and awareness-raising activities and, in general, the integrated and holistic management of company security for all assets, both physical and digital.

The CVA group adopts a highly reliable hardware and software architecture. To protect against harmful events, it has a disaster recovery solution aimed at maintaining the functionality of IT and TLC services and the correct, rapid and efficient restoration of their operation, should an event occur that causes a prolonged interruption.

Significant investments were also dedicated to the security of the electricity distribution network. These measures will reduce the possibility of failure and limit potential cyber attacks with consequences in terms of business continuity and the quality of services provided to customers.

An ongoing training and information programme is also underway to spread the culture of privacy and cyber security, including through phishing simulations to assess the degree of employee awareness, and the usual and appropriate training kit dedicated to newly hired personnel.

Financial risks

Commodity price risk

The Company is exposed to market risks on electricity prices for all generation plants for which market sales are planned, for the volumes of electricity delivered to end customers and, to a lesser extent, as concerns the short-term purchase and sale of futures and physical energy. This risk is identified as the possibility that changes in market prices will produce changes in economic performance that could jeopardise the achievement of the Group's objectives set by the Strategic Plan. This threat has recently been exacerbated by the increase in the volatility and prices of energy commodities recorded across all domestic, European and international markets in 2021, and continued with greater intensity during 2022, with particularly important peaks during the summer period.

Management and control activities are governed by the Energy Risk Policy, which provides for the adoption of specific risk limits in terms of Economic Capital, combined in terms of both variability (VaR) and maximum Mark to Market Loss, and the use of derivative financial instruments commonly used in the market in order to limit exposure to price risk. The strategic policy of the CVA Group is also aimed at limiting exposure to market volatility, while operations are directed towards the goal of harmonising energy purchase and sale price structures by signing, wherever possible, supply contracts structured in such a manner so as to reduce exposure to the risk of energy price fluctuations.

The Group holds financial derivative contracts and, to a minimal extent, physical derivative contracts aimed at hedging the risk of fluctuations in the price of electricity generated by the purchase and sale portfolio; in addition, it holds in its portfolio some physical and financial positions on the price of energy traded for purely short-term brokerage and/or arbitrage purposes.

As in previous years, the Company has deemed it necessary to face the risk of volatility in the amount for the allocation of transport capacity to supplement the rules governing dispatching economic conditions, referring to the differential between zone prices and the single national price, participating in both the annual auction and the monthly auctions in 2022.

Credit risk

Credit risk represents the exposure of the Company to potential losses arising from the non-fulfilment of the obligations assumed by the counterparty. This risk can arise from factors that are more strictly technical-commercial or administrative-legal (disputes over the nature/quantity of the supply, the interpretation of contractual clauses, etc.) and from factors that are typically financial or, the credit standing of the counterparty.

Exposure to credit risk is mainly linked to the correct assessment and monitoring of the customer, who will then be supplied with electricity. In order to control this risk, the Company, with reference to customers in the Free Market, uses tools for assessing the "Business" and "Small Business" customer at the time of its supply request, for the subsequent monitoring of the expected flows and for the implementation of any recovery actions. With regard to credit risk relating to other customers in the Free Market operating in the customer segment defined as "domestic" and in the Greater Protection Market, the Company, even though it cannot implement actions aimed at the preliminary assessment of the customer, will continue to maintain the already consolidated control standards. In addition, in order to further mitigate the risk linked to the possible insolvency of customers supplied on the Free Market, a contract was also stipulated for the insurance of receivables deriving from supplies to Business and Small Business customers.

Liquidity risk

Liquidity risk represents the possibility that the company's financial resources may be insufficient to meet its financial and commercial obligations pursuant to the contractual terms and conditions set. The risk management policy, also in view of the Group's significant cash generation, has always involved maintaining sufficient liquidity, sufficient current liquidity and holding easily negotiable securities and investments that can be quickly liquidated.

This management policy has recently been changed and, in the wake of issues relating to the exceptional volatility experienced in the energy futures markets, the Group now pursues a policy aimed at making liquidity risk reasonably remote, through the constant availability of irrevocable credit lines, which allow reasonably foreseeable future financial commitments to be met and with the minimum objective of providing the Group with the necessary financial resources at all times. The Group monitors risk by seeking to maintain a balance between continuity in the availability of funds and flexibility in utilisation.

Interest rate risk

Interest rate risk is the risk of higher financing costs due to an unfavourable change in interest rates.

The Group is exposed to market risk arising from changes in interest rates exclusively with reference to rates in the Eurozone, as all of the Group's debt is denominated in Euros. The Group has implemented a strategy of balancing fixed- and floating-rate debt, as a result of which, at 31 December 2022, approximately 85.79% of gross financial debt was fixed-rate, including the effect of hedging derivatives.

The Group manages its exposure to interest rate risk on a dynamic basis, resorting to simulations of prospective needs and cash flows, and, where deemed necessary, identifying hedging policies, even in advance of financing expectations (so-called Pre-Hedging).

Exchange rate risk

The Group's operations in currencies other than the Euro are significantly limited, so there is no risk resulting from exchange rate fluctuations.

Risks connected to the commercial activity

Market competitiveness risk

In 2022, the energy markets in which the Group operates experienced significant changes in demand, with competitive pressure remaining high and a significant increase in prices following the Russia-Ukraine conflict. In the

Italian electricity market, 2022 saw a recovery in electricity consumption across the various sectors compared to 2021, a year partly impacted by the restrictive measures defined by the Italian government to counter the spread of the COVID-19 pandemic. The Group operates, through the subsidiary CVA ENERGIE, in the energy sales sector, which is characterised by high levels of competition, determined by the presence of a vast number of operators, including international ones, which are offering increasingly competitive prices, in addition to the increasingly large number of resellers. Although exposure to risks related to the competitiveness of the retail market remains significant, the success of the commercial offering in the business and retail market significantly benefits from the renewable nature of the energy produced, the recognised strength and positive brand reputation of the CVA Group.

Counterparty risk

Counterparty risk is linked to the possibility that a counterparty may not fulfil its contractual obligations of payment or delivery/withdrawal of commodities in the agreed time and manner. The methodology adopted by the CVA Group for the management of counterparty risk is characterised by a prudential approach and is aimed at the conscious assumption of this risk. Specifically, the counterparty risk management process includes the following phases:

- a. prevention: this includes all precautionary activities aimed at assessing the creditworthiness of a potential counterparty, establishing the associated operational limits and consequently identifying the strategy to be adopted for the (possible) conclusion of the contract;
- b. monitoring: this includes all activities carried out in order to measure and monitor the evolution of exposure to counterparty risk through the assessment of concentration risk with reference to the defined risk limits, and to promptly identify any changes in the creditworthiness of counterparties. These activities are carried out both for individual counterparties and at Group level;
- c. response: this includes corrective action taken if risk limits are exceeded or if the creditworthiness of the counterparty deteriorates. These actions aim to minimise losses and maximise coverage of the credit exposure associated with the counterparty.

Tax risks

The Group constantly monitors the development of tax regulations from which additional tax disputes may arise that may result in tax risks against which the payment of additional taxes, penalties or interest cannot be ruled out. In addition to what has been described above in relation to risk management and mitigation activities, the Group, in the presence of current obligations resulting from past events, which may be of a legal or contractual nature or arise from statements or conduct of the company such so as to induce in third parties a valid expectation that the company itself will be responsible or assume responsibility for fulfilling an obligation, has made appropriate allocations over the years in special provisions for risks and charges present among the liabilities in the financial statements and described in detail below in this report in the Notes to the Financial Statements items.

Corporate Governance

Organisational and management model

Legislative decree No. 231 of 8 June 2001, entitled "Discipline of the administrative responsibility of legal entities, companies and associations also without legal personality, in accordance with Article 11 of Italian Law No. 300 of 29 September 2000", introduced into the Italian legal system a regime of administrative responsibility for companies for some types of offences (by way of example and not exhaustively, offences against the public administration, corporate offences, offences concerning health and safety in the workplace, environmental offences, etc.) committed by persons who perform functions of representation, administration or management of the entity, as well as by persons subject to the management or supervision of the latter, in the interest or advantage of the companies themselves.

In implementation of the provisions of Art. 6 of the aforementioned Legislative Decree No. 231/2001, the administrative bodies of the companies of the CVA Group have resolved on the approval of their "Organisation, Management and Control Model".

The purpose of this model is the preparation of a structured and organic system of procedures and of control activities, aimed at preventing the commission of the different types of crime envisaged in Legislative Decree No. 231/2001. Likewise, the same Companies appointed a Supervisory Body with a three-year mandate.

The Bodies - with independent powers of initiative and control - monitor the functioning and observance of the Model, regularly reporting their work in the periodic Reports submitted to the attention of the administrative bodies, within which it was also highlighted what emerged from the significant information flows received from the various corporate structures concerned. From the same point of view, the Supervisory Bodies have been responsible for monitoring the regulatory updates, as well as the structural changes that have affected the companies of the CVA Group, so as to constantly assess the adequacy and compliance of the corporate organisational models - and if necessary - remind the governing bodies of the appropriate updates to said models.

Finally, in verifying the relevance of the control standards already implemented for the activities deemed sensitive pursuant to the aforementioned Decree, the Bodies assessed and suggested any necessary adjustments to the existing procedural system and/or recommended the implementation of new specific company procedures, also supporting the Group companies in training and informing all company personnel.

Code of Ethics and Conduct

The awareness of the ethical, moral, social and environmental aspects that accompany the activities carried out by the companies of the CVA Group - together with the consideration of the importance of both the cooperative approach with stakeholders and the good reputation of the same - have inspired the drafting of the Code of Ethics and Conduct of the CVA Group.

The issue of the seventh revision of the Code of Ethics and Conduct was adopted by resolution of the Board of Directors of the Parent Company and the document is unique for all the companies of the CVA Group, which have ratified the entry into force with an appropriate resolution of the related administrative Bodies. The Code of Ethics and Conduct is binding, as expressive of the commitments and ethical responsibilities in the conduct of business and company activities undertaken by all those operating for and on behalf of the Group.

Anti-bribery and transparency regulations

Law No. 190 of 6 November 2012 and Legislative Decree No. 33 of 14 March 2013 introduced significant obligations regarding the prevention of corruption, publicity and transparency on the part of public administrations and the companies controlled by them or in which they have an interest. These provisions were implemented in the context of the companies of the CVA Group, by virtue of the changes in the subjective scope of application made by Legislative Decree 97/2016, with the same various requirements: in particular, the preparation of measures for the prevention of corruption is required, in addition to those adopted pursuant to Legislative Decree 231/2001, of publicity and transparency, as well as the periodic publication of a series of company data and information in the "Transparent Company" section specially created on the institutional website of the Parent Company.

Given the willingness to comply with these requirements, the companies of the CVA Group appointed a person responsible for the prevention of corruption and transparency (or, alternatively, an internal contact person), in compliance with the provisions of ANAC Determination No. 1134/2017 "New guidelines for the implementation of legislation on the prevention of corruption and transparency by companies and private law entities controlled and owned by public administrations and public economic entities", which came into force on 5 December 2017, the date of publication in the Official Journal.

The companies of the CVA Group have consolidated the integration of the anti-corruption and transparency measures within their respective Models 231 and, in the course of 2022, the entire system was supervised, cyclically verified and - if necessary - perfected; furthermore, the "Transparent Company" section on the institutional website of the Parent Company was constantly populated and monitored, within which the publications made pursuant to Legislative Decree No. 33/2013.

Lastly - taking into account that CVA may be considered a "listed company" within the meaning of Article 1, paragraph 5, and Article 2, paragraph 1, letter p), of the TUSP insofar as it issues a bond listed on the Dublin regulated market by the date of 31 December 2021 - it should be noted that, in accordance with the provisions of Article 2-bis, paragraph 2, letter b), of Legislative Decree No. 33/2013, and Article 1, paragraph 2-bis, of L. 190/2012, the obligations on prevention of corruption and transparency no longer apply to CVA and its subsidiaries, with the exception of VALDIGNE ENERGIE for which, since the share capital is partly held by a public administration (i.e. Municipality of Pré-Saint-Didier), the aforementioned obligations remain in force.

As a result of the above, the Anti-Bribery and Transparency framework described above is being revised in order to bring it into line with the new subjective condition of the Group.

Personal Data Protection

On 4 May 2016, Regulation 2016/679 (GDPR) of 27 April 2016 on the protection of individuals with regard to the processing of personal data was published in the Official Gazette of the European Union and subsequently came into force on 25 May 2018. With Legislative Decree No. 101/2018, in force since 19 September 2018, Italy has adapted its national legislation to the provisions of the GDPR, adapting and updating Legislative Decree No. 196/2003 (Privacy Code).

In order to make data protection even more secure and effective, the GDPR has appointed the Data Protection Officer (DPO); a professional with particular expertise in the fields of information technology, law, risk assessment and process analysis, whose main responsibility is to support the Controller in the management of the processing of personal data in accordance with European and national privacy laws.

The CVA Group companies with employees, as Data Controllers, have appointed a DPO and several Privacy Officers. The main tasks of the DPO - with the collaboration of the Privacy Reference Persons - are: i) advise on the GDPR and other provisions on personal data protection; ii) continuously monitor compliance with the GDPR and other provisions on personal data protection, through appropriate structuring of regular on-site and remote monitoring activities; iii) provide training for personnel on personal data protection; iv) give prior opinions on the Privacy impact assessment, for example on the introduction of new processing of personal data; v) cooperate, where necessary, with the control authorities; vi) act as a point of contact for the control authority on matters relating to processing, including prior consultation, and provide consultations, where appropriate, on any other matter.

Human Resources and Industrial Relations

The CVA Group consisted of 647 employees at 31 December 2022 (600 employees at 31 December 2021, 583 employees at 31 December 2020), of whom 3 executives, 65 managers, 396 white collars and 183 blue collars. Relations with the 3 executives are governed by the National Collective Labour Contract of executives of companies that produce goods and services, while for the rest of employees relations are governed by the National Collective Labour Contract for workers in the electricity sector.

At the level of individual Group companies, at 31 December 2022, the number of employees was as follows:

- 434 at CVA (398 in 2021 and 386 in 2020);
- 62 at CVA ENERGIE (61 in 2021 and 61 in 2020);
- 6 at CVA EOS (3 in 2021. No employees before 2021);
- 145 at DEVAL (138 in 2021 and 136 in 2020).

Below is a breakdown of the changes occurred in the number of Group employees in the last three years:

	Balance at 31 December 2020	Balance at 31 December 2021	Balance at 31 December 2022
Executives	2	3	3
Managers	62	63	65
White collars	347	352	396
Blue collars	172	182	183
Total	583	600	647

The increase in personnel in 2021 is due to the difference between 31 hires and 14 terminations in 2022 is due to the difference between 57 hires and 10 terminations.

During 2021, within the companies of the CVA Group, there were 31 hires, 4 intra-group contract transfers and 14 job terminations. During 2022, within the companies of the CVA Group, there were 57 hires, 1 intra-group contract transfers and 10 job terminations. Between 2021 and 2022, the increase was 47 units, from 600 employees at 31 December 2021 to 647 employees at 31 December 2022. The breakdown by range of gender at 31 December 2022 shows that, of the total company population, female resources account for 26%, while the remaining 74% are male resources, and by age the most populous range is that between 41 and 45 years of age.

The breakdown by professional category (executives, managers, white collars, blue collars) and the evolution compared to previous years is shown below:



Group industrial relations

The Group continues to maintain with the trade unions the necessary relations to express the most complete transparency on the significant activities undertaken, to apply the contractual rules and to allow the management of personnel for the organisation of work and in compliance with occupational prevention and safety regulations.

In the 2020-2022 period, activities aimed at standardising the treatment of personnel present in the companies of the CVA Group continued according to the provisions of the "Protocol of industrial relations at the CVA Group". The agreements relating to the following issues were signed with the trade unions at CVA Group level or by the individual company:

- minutes at CVA Group level: economic agreements, COVID-19 minutes and integration - non-remote workers and solidarity of the CVA Group, industrial relations model, Arca loans, integration of minutes performance bonus years 2019 - 2021, agile work, establishment of senior assistant qualification BS category, framework agreement for performance bonus years 2022 - 2024;
- minutes at individual company level: integration company safety training 2019-2020, aggression risk training 2020, teamwork and conflict management training, company safety training 2020-2021, JARVIS alerting system, company safety training 2021-2022 and integration, integration career progression minutes, departmental administrative flexitime, company safety training 2022-2023, performance bonus year 2020 cash 2021, performance bonus year 2021 cash 2022, result bonus year 2022 cash 2023, Fopen agreement, Fondemain agreement for silents, safety training agreement 2020 and 2021.

In addition, in order to provide operational indications aimed at increasing, in non-healthcare workplaces, the effectiveness of the precautionary containment measures adopted to combat the COVID-19 epidemic, since 2020, the Protocols for the regulation of measures to combat and contain the spread of the COVID-19 virus in workplaces have been signed and updated for the companies of the CVA Group.

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During 2022, the average number of CVA personnel was 416 people (390 people in 2021 and 389 people in 2020). At 31 December 2022, the CVA workforce was of 434 people (398 people at 31 December 2021 and 386 at 31 December 2020). Below is a breakdown of the changes occurred in the number of CVA employees between 31 December 2020 and 31 December 2022:

	Balance at 31 December 2020	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2021
Executives	2	1	-	-	-	-	3
Managers	45	-	(1)	(1)	1	-	44
White collars	215	12	(5)	(3)	-	(1)	218
Blue collars	124	11	(2)	-	-	-	133
Total	386	24	(8)	(4)	1	(1)	398

	Balance at 31 December 2021	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2022
Executives	3	-	-	-	-	-	3
Managers	44	-	-	-	2	-	46
White collars	218	41	(3)	(1)	2	(3)	254
Blue collars	133	4	(5)	-	1	(2)	131
Total	398	45	(8)	(1)	5	(5)	434

In 2021, there were 24 hires, no positive contract termination by the Group, 4 negative terminations to the Group and 8 work terminations. In 2022, there were 45 hires, no positive contract termination by the Group, 1 negative contract termination to the Group and 8 work terminations. The 45 hires (41 white collars and 4 blue collars), of which 36 permanent (32 white collars and 4 blue collars) and 9 fixed-term (9 white collars), were carried out:

- for the stabilisation of positions held by contract personnel for 4 employees;
- for incremental needs for 26 employees (including protected cat.);
- for replacement of terminated/terminating/transferred/unemployed 14 staff plus 1 staff for replacement of absent staff with the right to retain their post.

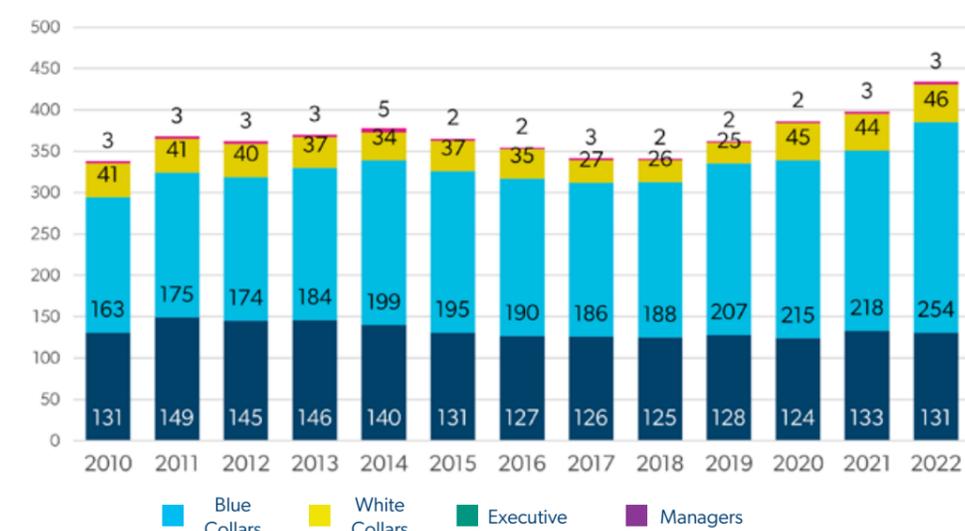
Recruitment took place at the following Operating Units:

Description of Operating Unit	Strategic Plan Increments_ new increments	Strategic Plan Turnover	Replacements terminations 2021_2025_ new replacements	Protected categories	Old Budget Increments	Old budget Replacements	Old Budget Stabilisations	Substitute character with cons.place right	General total
DAFCS-CFO/ Administration Function	-	-	2	-	-	1	2	-	5
DAFCS-CFO/ Management Control Function	2	-	-	-	1	-	-	-	3
DAFCS-CFO/Assets and Services Function	-	-	1	2	-	-	-	1	4
DG-GM/AALS-CLO/ Procurement and Tenders Department	2	-	-	-	-	-	-	-	2
DG-GM/ASIS-CSISO/Function Eff. Energy and Open Innovation	5	-	-	-	2	-	-	-	7
DG-GM/ASIS-CSISO/Information Technology Services Function	1	1	-	-	-	-	-	-	2

Description of Operating Unit	Strategic Plan Increments_ new increments	Strategic Plan Turnover	Replacements terminations 2021_2025_ new replacements	Protected categories	Old Budget Increments	Old budget Replacements	Old Budget Stabilisations	Substitute character with cons.place right	General total
DG-GM/ASIS-CSISO/Comm. Office, Marketing, Support and European Prog.	1	-	-	-	-	-	1	-	2
DG-GM/Human Resources Function	-	1	-	1	1	-	-	-	3
DG-GM/Risk Management Function	1	-	-	-	-	-	-	-	1
DG-GM/ Management Secretariat Office	-	-	-	-	-	-	1	-	1
DO-COO/Operations Division	-	-	2	-	-	3	-	-	5
DO-COO/Civil Engineering Division	3	1	-	-	-	-	-	-	4
DO-COO/ Electromechanical Engineering Division	2	-	-	-	-	-	-	-	2
DO-COO/ Quality, Safety and Environment Department	1	-	-	-	-	-	-	-	1
DO-COO/ Telecommunications Office	1	1	1	-	-	-	-	-	3
Total	19	4	6	3	4	4	4	1	45

Between 2020 and 2021, there was a change in the average workforce of 1 employee, while the actual increase was of 12 units, resulting in a shift from 386 employees at 31 December 2020 to 398 employees at 31 December 2021, of whom 3 have a managerial qualification and are governed by the National Collective Labour Contract of executives of companies producing goods and services and 395 (as follows: 44 managers, 218 employees and 133 blue collars) are regulated by the National Collective Labour Contract for workers in the electricity sector. Between 2021 and 2022, there was a change in the average workforce of 26 employees, while the actual increase was of 36 units, resulting in a shift from 398 employees at 31 December 2021 to 434 employees at 31 December 2022, of whom 3 have a managerial qualification and are governed by the National Collective Labour Contract of executives of companies producing goods and services and 431 (as follows: 46 managers, 254 employees and 131 blue collars) are regulated by the National Collective Labour Contract for workers in the electricity sector. The breakdown of CVA employees at 31 December 2022 by gender and age range faithfully reflects the composition already detailed with reference to Group figures. The breakdown by professional category (executives, managers, white collars, blue collars) and the evolution compared to previous years is shown below:

CVA – Personnel Data



In 2020, a total of 627,342 hours (606,773 regular and 20,569 overtime) were worked, corresponding to an average of 1,620 hours (1,560 regular and 60 overtime) worked by each CVA employee. During 2021, a total of 630,561 hours (608,478 regular and 22,083 overtime) corresponding to 1,627 hours (1,562 regular and 65 overtime) average hours were worked by each employee in the CVA workforce. During 2022, a total of 660,412 hours (637,270 regular and 23,142 overtime) corresponding to 1,595 hours (1,532 regular and 63 overtime) average hours were worked by each employee in the CVA workforce. Of the 434 employees in service at 31 December 2022, 359 (325 at the end of 2021 and 322 at the end of 2020) opted for a full contribution to a complementary pension fund, 25 (28 at the end of 2021 and 29 at the end of 2020) for the partial transfer to a complementary pension fund and 32 (30 at the end of 2021 and 33 at the end of 2020) for the maintenance of employee severance indemnity (TFR) at the company and 18 new hires (15 at end 2021 and 2 at the end of 2020), having 6 months to express their intentions, have not yet made their choice. In the three-year period 2020-2022, in addition to the normal entry training activity that involved the newly hired staff, training courses were offered to employees, both at company headquarters and outside. The number of people trained in the year 2022 is indicated below:

- health and safety training - 407 employees;
- periodic department training - 47 employees;
- environmental training - 4 employees;
- professional training - 282 employees;
- language training - 40 employees;
- meetings, conferences, workshops - 13 employees.

CVA organization chart

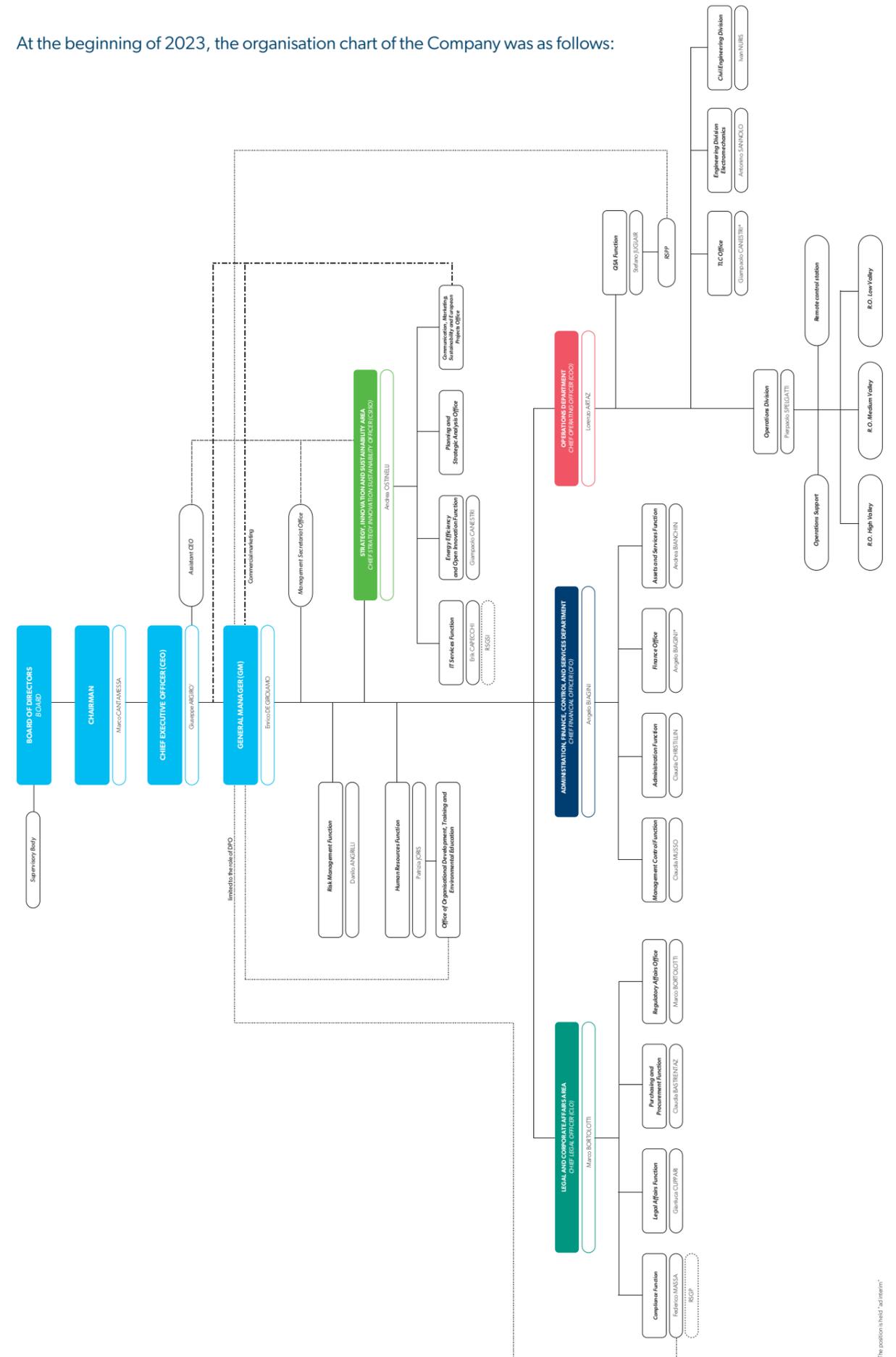
In 2022, the reorganisation process continued in order to create the organisational prerequisites to allow an effective implementation of the Group's Strategic Plan 2021-2025 defined by the Company and its constant review to the changing context in which it operates. The revision was implemented during the year 2022 at various times. In April 2022, the "Strategy, Innovation and Sustainability Area" was established within the Executive Board, with the task of acting transversally within the Group companies to enable the board and top management to monitor the implementation of the Strategic Plan and to effectively communicate the results to internal and external Stakeholders. The main objectives assigned to the new structure are:

- organise and structure a Project Management activity to carry out the planning of the Group Strategic Plan 2021-2025 and the constant monitoring of its implementation;
- organise a strategic analysis activity with reference to the main "competitors" in the reference sector to allow, through a continuous benchmarking action, the Strategic Plan to be periodically updated also according to the actions of competitors and the changing competitive scenario;
- effectively communicate to internal and external Stakeholders the company's objectives and the progress of the Plan defined to achieve them, and also managing the group's sustainability policies;
- coordinate the Energy Efficiency and Open Innovation Function to stay at the forefront of innovative businesses with potential for synergies with the CVA ENERGIE Commercial Area in terms of "cross selling";
- coordinate the IT Services Function, which is of strategic importance in order to achieve its objectives with effectiveness, efficiency and timeliness, at a time when "decarbonisation" and "digitalisation" are among the objectives of major companies in the sector.

In the final part of the year, the organisational and corporate structure underwent a further change, concluded at the beginning of the year 2023, consisting mainly of the conferral of certain new powers on the Chief Executive Officer. In addition, the simultaneous partial exemption of CVA and its subsidiaries from the scope of the TUSP, led to an acceleration on the "three pillars" of the Strategic Plan, namely: hydroelectric revamping design and preparation for tenders to renew concessions, electricity production from "other RES" with M&A activities combined with Co-Development and growth in the Energy Efficiency and Open Innovation sectors, also with a view to the potential future creation of an Energy Saving Company. In this understanding, the revision of the organisational model took place therefore:

- strengthening support activities for the CEO, the General Management and the Departments in order to enable top management to concentrate on the challenging objectives on the horizon by relieving it of basic organisational/coordination tasks;
- consolidating the Innovation and Sustainability Strategy Area;
- implementing "other RES" and "M&A" management activities within the company CVA EOS, which then absorbed, with the beginning of 2023, the employees who worked in these areas within CVA.

At the beginning of 2023, the organisation chart of the Company was as follows:



*The positions listed "red triangle"

Recruitment plan

At a number of meetings held in 2022, the CVA Board of Directors resolved to update the 2021-2025 Hiring Budget, (which had already been defined in 2021), containing the numerous repercussions on the organisational structure resulting from the implementation of the CVA Group's Strategic Plan 2021-2025, bringing it from 117 resources (96 CVA - 12 CVA ENERGIE - 9 CVA EOS) to a total of 133 (110 CVA - 14 CVA ENERGIE - 9 CVA EOS), which, net of the new hires made in 2021, amounts to 109 remaining positions (89 CVA - 11 CVA ENERGIE - 9 CVA EOS) detailed below:

- 19 positions already authorised in pre-2021 Hiring Budgets (16 CVA - 2 CVA ENERGIE - 1 CVA EOS) of which 8 for stabilisation of positions held by contract staff (7 CVA - 1 CVA EOS), 4 for replacement of terminated/transferred/unqualified staff (4 CVA) and 7 incremental positions (5 CVA and 2 CVA ENERGIE);
- 54 positions for increased staffing for development initiatives (43 CVA - 3 CVA ENERGIE - 8 CVA EOS) related to the Strategic Plan;
- 8 shadowing positions for turnover (7 CVA - 1 CVA ENERGIE) related to the Strategic Plan;
- 18 positions for replacements of workers with expected termination dates by 2025 (14 CVA - 4 CVA ENERGIE)
- 10 positions resulting from the application of Law No. 68/1999 on mandatory employment (9 CVA - 1 CVA ENERGIE).

As a result of organisational changes at the end of 2022, 2 positions (1 for stabilisation of a position held by temporary staff and 1 for an increase in staff for development initiatives related to the Strategic Plan) authorised under the CVA 2021-2025 Hiring Budget were assigned to CVA EOS, while 1 position (increase in staff for development initiatives related to the Strategic Plan), previously assigned to CVA EOS, was transferred to CVA in exchange for filling the position by transferring the contract from CVA to CVA EOS. In the course of 2022, a total of 44 hires were made within CVA (actual 45 of which 1 was a replacement and therefore not included in the 2021-2025 Hiring Budget), attributable to:

- 23 incremental positions including 19 from Strategic Plan and 4 from pre-2021 Hiring Budget;
- 14 positions to replace terminated/terminating/transferred/unqualified staff, of which 4 from the Strategic Plan, 6 from terminations expected in the period 2021-2025 and 4 from pre-2021 Hiring Budget;
- 4 positions for stabilisation of positions held by contract staff from the pre-2021 Hiring Budget;
- 3 positions resulting from the application of Law No. 68/1999 on mandatory employment.

Industrial relations

CVA ENERGIE continues to maintain with the trade unions the necessary relations to express the most complete transparency on the significant activities undertaken, to apply the contractual rules and to allow the management of personnel for the organisation of work and in compliance with occupational prevention and safety regulations. In the 2020-2022 period, activities aimed at standardising the treatment of personnel present in the companies of the CVA Group continued according to the provisions of the "Protocol of industrial relations at the CVA Group". The agreements relating to the following issues were signed with the trade unions at CVA Group level or by the individual company:

- minutes at CVA Group level: economic agreements, COVID-19 minutes and integration - non-remote workers and solidarity of the CVA Group, industrial relations model, Arca loans, integration of minutes performance bonus years 2019 - 2021, agile work, establishment of senior assistant qualification BS category, framework agreement for performance bonus years 2022 - 2024;
- minutes at the individual company level: integration company safety training 2019-2020, company safety training 2020-2021, company safety training 2021-2022 and integration, company safety training 2022-2023, JARVIS alerting system, integration career advancement minutes, flexitime for departmental administrative staff, performance bonus year 2020 cash 2021, performance bonus year 2021 cash 2022, performance bonus year 2022 cash 2023.

In addition, in order to provide operational indications aimed at increasing, in non-healthcare workplaces, the effectiveness of the precautionary containment measures adopted to combat the COVID-19 epidemic, since 2020, the Protocols for the regulation of measures to combat and contain the spread of the COVID-19 virus in workplaces have been signed and updated.

CVA Energie S.r.l. a s.u.

During 2022, the average number of CVA ENERGIE personnel was 62 people (61 people in 2021 and 61 people in 2020). At 31 December 2022, the CVA ENERGIE workforce was of 62 people (61 at 31 December 2021 and 61 at 31 December 2020).

Below is a breakdown of the changes occurred in the number of CVA ENERGIE employees between 31 December 2020 and 31 December 2022:

	Balance at 31 December 2020	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2021
Executives	-	-	-	-	-	-	-
Managers	6	-	-	-	-	-	6
White collars	55	3	(3)	-	-	-	55
Blue collars	-	-	-	-	-	-	-
Total	61	3	(3)	-	-	-	61

	Balance at 31 December 2021	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2022
Executives	-	-	-	-	-	-	-
Managers	6	-	(1)	-	-	-	5
White collars	55	3	(1)	-	-	-	57
Blue collars	-	-	-	-	-	-	-
Total	61	3	(2)	-	-	-	62

In 2021, there were 3 hires, 0 positive contract terminations by the Group, 0 negative terminations to the Group and 3 work terminations. In 2022, there were 3 hires, 0 positive contract terminations by the Group, 0 negative terminations to the Group and 2 work terminations. The 3 hires (3 white collars) on permanent contracts were made for the replacement of workers with termination in the period 2021-2025.

Recruitment took place at the following Operating Units:

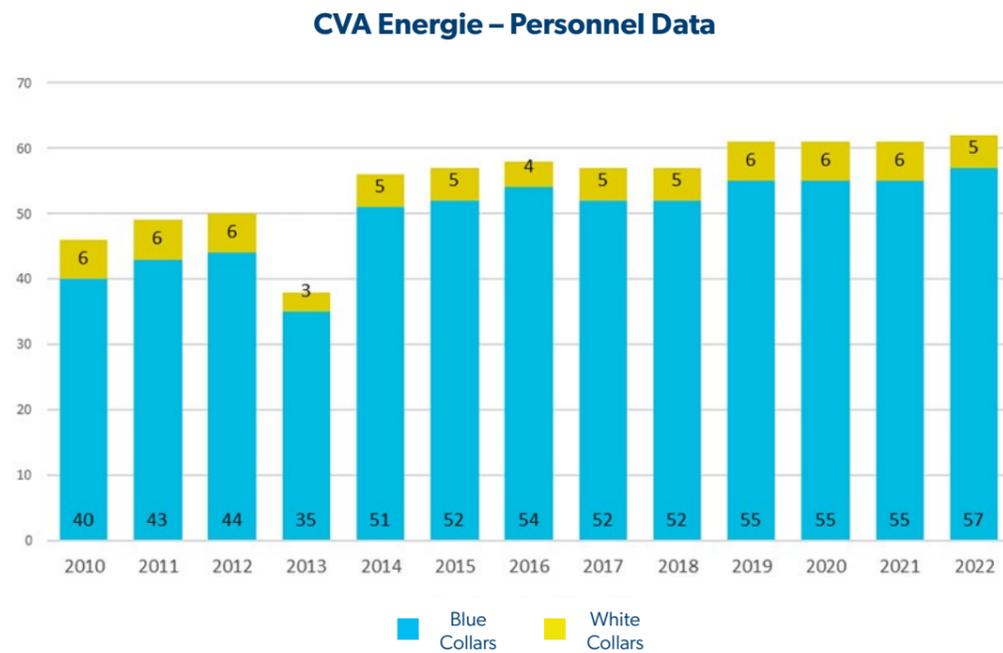
Description of Operating Unit	Strategic Plan Increments_ new increments	Strategic Plan Turnover	Replacements terminations 2021_2025_ new replacements	Protected categories	Old Budget Increments	Old budget Replacements	Old Budget Stabilisations	Substitute character with cons.place right	General total
CEO/Greater Protection Service Function	-	-	1	-	-	-	-	-	1
CEO/Sales Area - Office Retail Customers Free	-	-	2	-	-	-	-	-	2
Total	-	-	3	-	-	-	-	-	3

There was no change in average and actual workforce between 2020 and 2021. Thus, at 31 December 2021, the workforce consisted of 61 employees (as follows: 6 managers, 55 employees) regulated by the National Collective Labour Contract for workers in the electricity sector.

Between 2021 and 2022, there was a change in the average and effective workforce of 1 employee, resulting in a shift from 61 employees at 31 December 2021 to 62 employees (as follows: 5 managers, 57 employees) at 31 December 2022, all regulated by the National Collective Labour Contract for workers employed in the electricity sector.

The breakdown of CVA ENERGIE employees at 31 December 2022 by gender range shows, contrary to the Group's trend, a 65% female predominance against a male representation of 35%.

The breakdown by professional category (managers, white collars, blue collars) and the evolution compared to previous years is shown below:



In 2022, hours worked totalled 97,527 hours (96,332 ordinary and 1,195 overtime) corresponding to 1,579 hours (1,558 ordinary and 21 overtime) average worked by each employee in force at CVA ENERGIE. In 2021, hours worked totalled 97,130 hours (96,034 ordinary and 1,096 overtime) corresponding to 1,603 hours (1,583 ordinary and 20 overtime) average worked by each employee in force at CVA ENERGIE. In 2020, hours worked totalled 98,582 hours (97,629 ordinary and 953 overtime) corresponding to 1,618 hours (1,601 ordinary and 17 overtime) average worked by each employee in force at CVA ENERGIE.

Of the 62 employees in service at 31 December 2022, 51 (49 at the end of 2021 and 49 at the end of 2020) opted for a full contribution to a complementary pension fund, 4 (4 at the end of 2021 and 7 at the end of 2020) for the partial transfer to a complementary pension fund and 7 (7 at the end of 2021 and 5 at the end of 2020) for the maintenance of employee severance indemnity (TFR) at the company and no new hire (1 at the end of 2021 and 0 at the end of 2020), having 6 months to express intentions, has not yet made a choice.

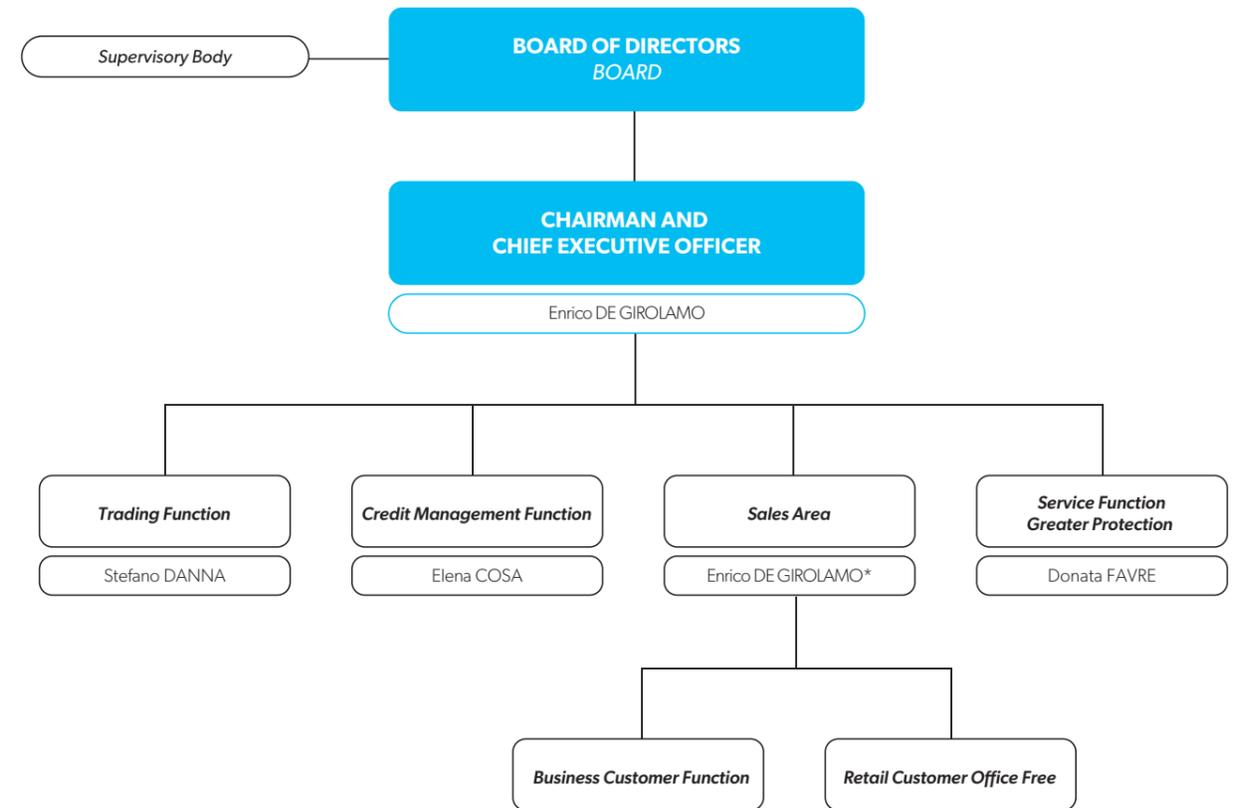
In the three-year period 2020-2022, in addition to the normal entry training activity that involved the newly hired staff, training courses were offered to employees, both at company headquarters and outside.

The number of people trained in the year 2022 is indicated below:

- health and safety training - 60 employees;
- professional training - 37 employees;
- language training - 9 employees.

Organisation Chart

At 31 December 2022, the organisation chart of CVA ENERGIE was as follows:



Recruitment plan

At its meeting of 29 March 2022, the Board of Directors of CVA ENERGIE confirmed the update of the 2021-2025 Hiring Budget resolved by the Parent Company, increasing it from 12 resources to 14 resources, which, net of the new hires made in 2021, amounts to 11 remaining positions:

- 2 positions already authorised in the pre-2021 Hiring Budgets due to incremental needs;
- 3 positions for increased workforce for development initiatives related to the Strategic Plan;
- 1 shadowing position for turnover related to the Strategic Plan;
- 4 positions for replacements of workers with expected termination dates by 2025;
- 1 position resulting from the application of Law No. 68/1999 on mandatory employment.

During 2022, a total of 3 hires were made to replace workers terminated in the period 2021-2025.

Industrial relations

The company CVA ENERGIE continues to maintain with the trade unions the necessary relations to express the most complete transparency on the significant activities undertaken, to apply the contractual rules and to allow the management of personnel for the organisation of work and in compliance with occupational prevention and safety regulations.

In the 2020-2022 period, activities aimed at standardising the treatment of personnel present in the companies of the CVA Group continued according to the provisions of the "Protocol of industrial relations at the CVA Group". The agreements relating to the following issues were signed with the trade unions at CVA Group level or by the individual company:

- minutes at CVA Group level: economic agreements, COVID-19 minutes and integration - non-remote workers and solidarity of the CVA Group, industrial relations model, Arca loans, integration of minutes performance bonus years 2019 - 2021, agile work, establishment of senior assistant qualification BS category, framework agreement for performance bonus years 2022 - 2024;
- individual company minutes: training on aggression risk 2020, teamwork and conflict management training, JARVIS alerting system, career progression report integration, company safety training 2022-2023, performance bonus year 2020 cash 2021, performance bonus year 2021 cash 2022, performance bonus year 2022 cash 2023.

In addition, in order to provide operational indications aimed at increasing, in non-healthcare workplaces, the effectiveness of the precautionary containment measures adopted to combat the COVID-19 epidemic, since 2020, the Protocols for the regulation of measures to combat and contain the spread of the COVID-19 virus in workplaces have been signed and updated.

CVA Eos S.r.l. a s.u.

During the year 2022, the average workforce of CVA EOS was 5 resources (1 person in 2021. There were no employees before 2021).

At 31 December 2022, the workforce of CVA EOS was 6 people (3 people at 31 December. There were no employees before 2021). Below is a breakdown of the changes occurred in the number of CVA EOS employees between 31 December 2020 and 31 December 2022:

	Balance at 31 December 2020	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2021
Executives	-	-	-	-	-	-	-
Managers	-	-	-	1	-	-	1
White collars	-	-	-	2	-	-	2
Blue collars	-	-	-	-	-	-	-
Total	-	-	-	3	-	-	3

	Balance at 31 December 2021	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2022
Executives	-	-	-	-	-	-	-
Managers	1	1	-	-	-	-	2
White collars	2	1	-	1	-	-	4
Blue collars	-	-	-	-	-	-	-
Total	3	2	-	1	-	-	6

In 2021, there were 0 hires, 3 positive contract terminations by the Group, 0 negative terminations to the Group and 0 work terminations.

In 2022, there were 2 hires, 1 positive contract termination by the Group, 0 negative contract terminations to the Group and 0 work terminations. The 2 hires (1 manager and 1 white collar) on a permanent basis were made to increase the workforce for activities related to the Strategic Plan and to stabilise a position held by contract staff.

Recruitment took place at the following Operating Units:

Description of Operating Unit	Strategic Plan Increments_ new increments	Strategic Plan Turnover	Replacements terminations 2021_2025_ new replacements	Protected categories	Old Budget Increments	Old budget Replacements	Old Budget Stabilisations	Substitute character with cons.place right	General total
AU/Function Other RES/Engineering Office Other RES	1	-	-	-	-	-	-	-	1
AU/Function Other RES/Operations Office Other RES	-	-	-	-	-	-	1	-	1
Total	1	-	-	-	-	-	1	-	2

Between 2020 and 2021, the average increase in the workforce was 1 employee, while the actual was an increase of 3 units, resulting in a shift from no employees at 31 December 2020 to 3 employees at 31 December 2021 (as follows: 1 manager and 2 employees) regulated by the National Collective Labour Contract for workers in the electricity sector.

Between 2021 and 2022, there was a change in the average workforce of 4 employees while the number of employees was 3, resulting in a change from 3 employees at 31 December 2021 to 6 employees (as follows: 2 managers, 4 employees) at 31 December 2022, all regulated by the National Collective Labour Contract for workers employed in the electricity sector.

The breakdown of CVA EOS employees at 31 December 2022 by gender range indicates a male preponderance at 83% of the company's population.

The composition by professional category at 31 December shows the presence of 2 managers and 4 white collars (1 manager and 2 white collars at 31/12/2021)

In 2022, hours worked totalled 7,755 hours (7,326 ordinary and 429 overtime) corresponding to 1,671 hours (1,542 ordinary and 129 overtime) average worked by each employee in force at CVA EOS.

A total of 877 hours (824 regular and 53 overtime) were worked during 2021 relative to the two months of operation with employees. The average hours worked per employee in the two months with employees corresponded to 301 hours (275 ordinary and 26 overtime).

Of the 6 employees in service at 31 December 2022, 3 (2 at the end of 2021) opted for the full contribution to a complementary pension fund, 1 (0 at the end of 2021. There was no employees before 2021) for partial contribution to a supplementary pension fund and 2 (1 at the end of 2021. There were no employees before 2021) for the retention of severance pay in the company.

In the two-year period 2021-2022, in addition to the normal entry training activity that involved the newly hired staff in 2022, training courses were offered to employees, both at company headquarters and outside.

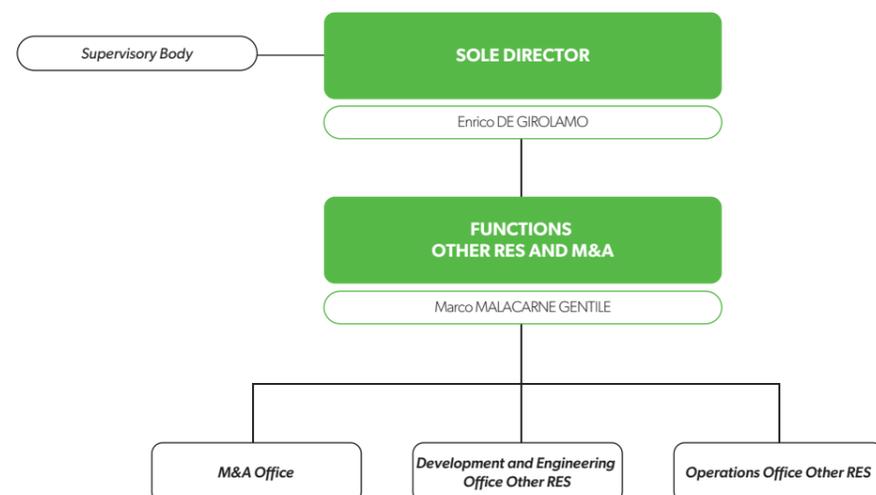
The number of people trained in the year 2022 is indicated below:

- health and safety training - 6 employees;
- professional training - 4 employees.

Organisation Chart

At the end of 2022, in view of the partial exemption of CVA and its subsidiaries from the scope of the TUSP, which resulted in an acceleration on the "three pillars" of the Group's Strategic Plan, a review of the corporate organisational structure was implemented, which was concluded at the beginning of 2023, through the implementation of management and "M&A" activities combined with Co-Development activities. As of 1 January 2023, the "M&A" staff employed by CVA was transferred to CVA EOS.

At the beginning of 2023, the organisation chart of the company was as follows:



Recruitment plan

As a result of the organisational change at the end of 2022, 2 positions (1 for stabilisation of a position held by temporary staff and 1 for an increase in staff for development initiatives related to the Strategic Plan) authorised under the CVA 2021-2025 Hiring Budget were assigned to CVA EOS, while 1 position (increase in staff for development initiatives related to the Strategic Plan), previously assigned to CVA EOS, was transferred to CVA in exchange for filling the position by transferring the contract from CVA to CVA EOS.

Therefore, the 2021-2025 Hiring Budget of CVA EOS, approved by CVA in 2021, amounts to a total of 10 resources:

- 2 positions for stabilisation of positions held by contract staff;
- 8 positions for increased workforce for development initiatives related to the Strategic Plan.

During 2022, 2 hires were made, attributable to:

- 1 position for stabilisation of position held by contract staff;
- 1 position for increased workforce for development initiatives related to the Strategic Plan.

Industrial relations

Since 2021, the company CVA EOS continues to maintain with the trade unions the necessary relations to express the most complete transparency on the significant activities undertaken, to apply the contractual rules and to allow the management of personnel for the organisation of work and in compliance with occupational prevention and safety regulations. Starting from 2021 and for the whole of 2022, the company CVA EOS has undertaken the activity aimed at standardising the treatments relating to personnel present in the companies of the CVA Group according to the provisions of the "Protocol of industrial relations at the CVA Group".

The agreements relating to the following issues were signed with the trade unions at CVA Group level or by the individual company:

- minutes at CVA Group level: integration of minutes of performance bonus years 2019-2021, economic agreements, integration COVID-19 - Non-remote and solidarity workers of the CVA Group, establishment of senior assistant qualification category BS superior, framework agreement for performance bonus three-year period 2022 - 2024;
- minutes at individual company level: Fopen agreement, Fondemain agreement for silents, performance bonus year 2021 cash 2022, performance bonus year 2022 cash 2023.

In the course of the year 2023, the minutes of the agreements applied in the individual companies of the CVA Group will be examined in order to agree, by means of a trade union agreement, on the so-called "harmonisation" of treatment to be extended also to the company CVA EOS. In addition, in order to provide operational indications aimed at increasing, in non-healthcare workplaces, the effectiveness of the precautionary containment measures adopted to combat the COVID-19 epidemic, since 2022 the Protocol for the regulation of measures to combat and contain the spread of the COVID-19 virus in workplaces has been signed and subsequently updated.

DEVAL S.p.A. a s.u.

At 31 December 2022, labour costs, referring to an average workforce of 141 employees, amounted to Euro 9,132 thousand, an increase of Euro 478 thousand compared to the figure recorded at 31 December 2021, which showed a cost of Euro 8,654 thousand for an average workforce of 135 employees. Between 2022 and 2021, the average increase in the workforce was 6 employees, while the actual was an increase of 7 units, resulting in a shift from 138 employees at 31 December 2021 to 145 employees at 31 December 2022 regulated by the National Collective Labour Agreement for workers employed in the electricity sector, of which 12 managers, 81 white collars and 52 blue collars. For information on personnel costs, please refer to the paragraph "Report on operations - personnel costs". At 31 December 2022, the DEVAL workforce was of 145 (138 at 31 December 2021). Below is a breakdown of the changes occurred in the number of DEVAL employees between 31 December 2021 and 31 December 2022:

	Balance at 31 December 2021	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2022
Executives	-	-	-	-	-	-	-
Managers	12	-	-	-	-	-	12
White collars	77	4	-	-	-	-	81
Blue collars	49	3	-	-	-	-	52
Total	138	7	-	-	-	-	145

During 2022, there were 7 hires and 0 terminations. The 7 hires (4 white collars and 3 blue collars), of which 4 permanent (1 white collar and 3 blue collars) and 3 fixed-term (all white collars), were carried out:

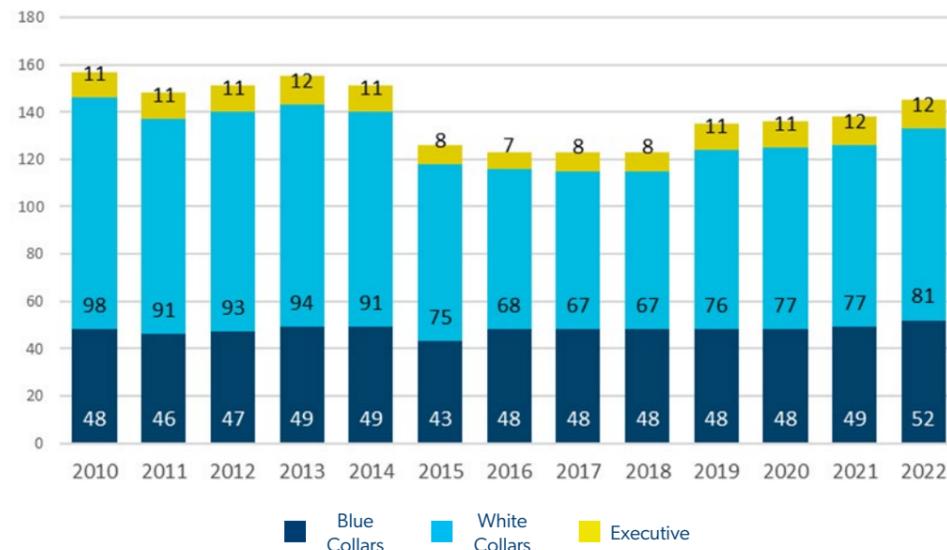
- by an increase in activity for 3 employees;
- by the replacement of transferred/terminated/terminating workers for 4 employees.

Recruitment took place at the following Operating Units:

Description of Operating Unit	Protected categories	Replacement	Increase	General total
CEO/AFC Function and Sales Services/Sales Services Office	-	1	-	1
CEO/QSA Function and Metering Service/Regulatory Office and Metering Service	-	-	1	1
CEO/Technical Area	-	-	1	1
CEO/AT/Operations Function/Audit Office	-	2	-	2
CEO/AT/Maintenance and Development Function/Design Office	-	-	1	1
CEO/AT/Maintenance and Development/Aosta Operations Office/Aosta Team	-	1	-	1
Total	-	4	3	7

The breakdown by gender range is provided below and sees the predominance of males with 88% against the female representation of 12%. The breakdown by professional category (managers, white collars, blue collars) and the evolution compared to previous years is shown below:

Deval – Personnel Data



In 2022, hours worked totalled 222,385.71 hours (217,764.11 ordinary and 4,621.60 overtime) corresponding to 1,583.07 hours (1,547.17 ordinary and 35.90 overtime) average worked by each employee in force at DEVAL.

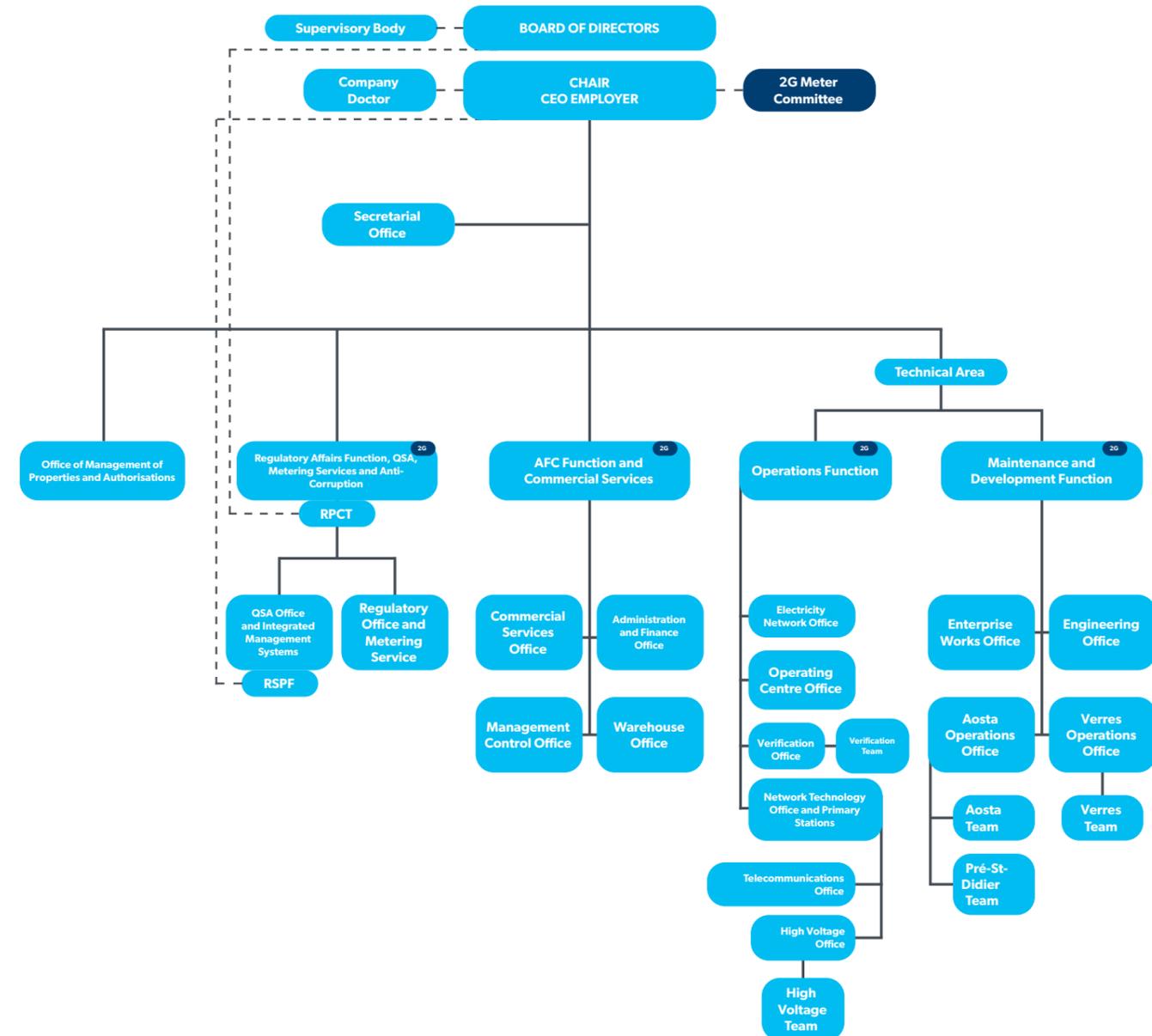
Of the 145 employees in service at 31 December 2022, 116 opted for a full contribution to a complementary pension fund, 17 for the partial transfer to a complementary pension fund, 6 for the maintenance of employee severance indemnity (TFR) at the company and 6 new hires, having 6 months to express their intentions, have not yet made their choice.

Organisation

In July 2022, the revision of the organisational model, which had begun in 2022, was completed with the establishment of the Planning Office to which all planning activities pertaining to HV, MV and LV networks are assigned.

At the end of 2022, the exclusion of the Parent Company and its subsidiaries from the scope of Legislative Decree 175/2016 and the consequent departure from the scope of the Transparency Decree and the regulations on the prevention of corruption, led to a change in the name of the structure in charge of these activities.

At 31 December 2022, the organisation chart of the Company was as follows:



Recruitment plan

At its meeting of 11 April 2022, the Board of Directors resolved to revise the 2022-2026 Hiring Plan approved at the end of 2022, in order to adapt the Hiring Plan to the changes made to the 2022-2026 Multi-Year Plan, resulting from the change in the calculation of the impairment test.

The Hiring Plan was defined for:

- the need for insertions to replace future retirements;
- the start of the massive PMS2 phase (commissioning plan for the 2G Smart Metering system) and the associated remote management and reading processing processes;
- major investments to ensure service quality and energy transition and to manage projects financed by the PNRR (National recovery and resilience plan);
- the evolution of the regulatory framework and the supervision of business processes;
- guaranteeing on-call shifts.

The Plan provides for the entry of a total of 13 resources, 11 for replacement and 2 for incremental needs.

During 2022, a total of 7 hires were made, 4 for replacement and 3 for incremental needs.

Industrial relations

The company continues to maintain with the Trade Unions the necessary relations to express the most complete transparency on the significant activities undertaken, to apply the contractual rules and to allow the management of personnel for the organisation of work and in compliance with occupational prevention and safety regulations.

In 2022, activities aimed at standardising the treatment of personnel present in the companies of the CVA Group continued according to the provisions of the "Protocol of industrial relations at the CVA Group". The agreement minutes relating to the following issues were signed with the Trade Union Organisations at the CVA Group level: economic agreements, COVID-19 report integration - Non-remote workers and solidarity of the CVA Group, establishment of senior assistant qualification in the category BS superior and framework agreement for performance bonus for the three-year period 2022 - 2024.

At company level, the following minutes were signed for DEVAL: performance bonus year 2022 cash 2023 and safety training plan 2022.

In October 2022, an additional extraordinary bonus in the form of a lump sum of Euro 1,000 per employee was paid out by the CVA Group companies for the exceptional results achieved by the Group

Furthermore, in order to provide operational indications aimed at increasing, in non-healthcare workplaces, the effectiveness of the precautionary containment measures adopted to combat the Covid-19 epidemic, on 21 January, 6 April and 20 July, the regulatory Protocol was updated for measures to combat and contain the spread of the Covid-19 virus in the workplace for DEVAL.

Quality, Safety and Environment

Hydroelectric derivation concessions

The Water Protection Plan ("PTA") of the Region formally is still in the approval process. However, based on the draft document submitted to stakeholders, the following points of particular importance to CVA can be highlighted:

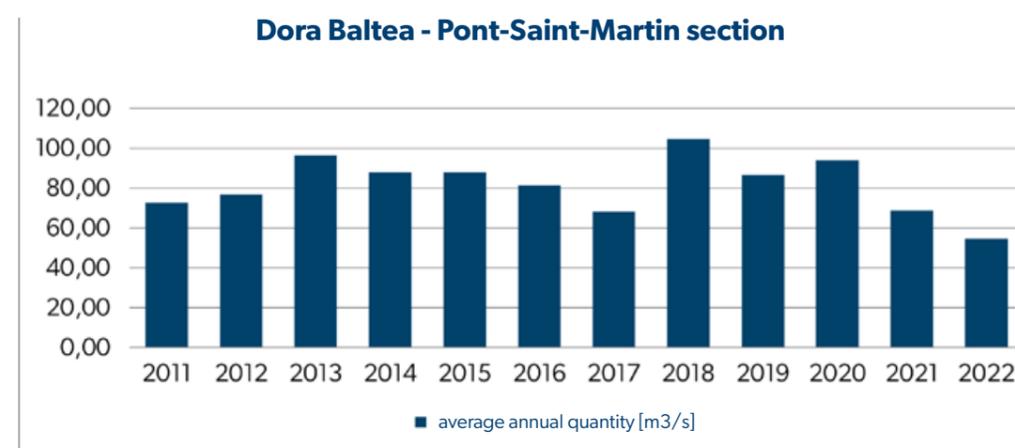
- The shift from Minimum Vital Runoff to Ecological Runoff (shift from the concept of obtaining water quality to the concept of ecological quality assessed through a hydromorphological and "holistic" analysis);
- Review of granting procedures;
- Ex-ante assessment of environmental risk associated with the derivation (application of ERA methodology);
- Modalities for monitoring and sanctioning compliance with the maximum flow rate, average licensed flow rate, and DMV.

As part of the participatory process, CVA indicated in particular the need for the new Water Protection Plan to make more evident any conflicts it would entail with other competing planning such as the National Integrated Energy and Climate Plan ("PNIEC") and the Regional Environmental Energy Plan ("PEAR"), and that it also take on board the proposal to modify the thresholds of the ERA methodology for the admission of applications for new derivation or concession variant or renewal with enhancement, considering the Alpine hydrological context and ongoing climate change. In order to give more weight to the criticalities already highlighted in relation to the application of the ERA Methodology, which is foreseen by the Po River Basin District Derivation Directive, CVA launched a study with the Polytechnic University of Turin in the autumn of 2022 that could optimise the use of the water resource while guaranteeing the protection of the watercourses. To carry out this activity, a PhD scholarship was envisaged, which was partially financed thanks to the agreement between CVA and the Polytechnic University of Turin pursuant to Ministerial Decree No. 352 of 09.04.2022 for innovative PhDs that meet the innovation needs of companies. The study project envisages the production of both scientific publications and dissemination activities with the aim of providing the legislator with scientific evidence to amend the rule in its critical aspects, especially with a view to the renewal of concessions.

Attention to the environment

Hydrological trend

The hydrological trend of the contributions within the water catchment area of Dora Baltea, assessed at the Pont-Saint-Martin closure section, was about 35% lower in the last year than the average recorded in the previous 15 years, establishing an all-time low since measurements were made at this section.



Hydro-weather portal

CVA, being one of the major Italian operators of energy production from renewable sources as well as one of the main users of water in the Region, has been and will always be interested and sensitive in monitoring and studying hydrology and, in particular, the relationship between climatic conditions and the quantity and quality of water in the Alpine area.

With this in mind, the company has been collaborating since 2007 with the Regional Functional Centre, Arpa and the CIMA Foundation, actively contributing to the studies with an investment of about Euro 100,000 per year for the development and evolutionary maintenance of an operational modelling chain for flood forecasting, snowpack water equivalent content assessment, dam discharge assessment, and in-depth knowledge of the hydrological cycle and climate change impacts.

CVA is also a member of a Steering Committee, "Cabina di Regia dei Ghiacciai Valdostani", a body set up in 2004 with the task of coordinating all those involved in the region's cryosphere at the level of research, territorial management, safeguarding and promotion. The Steering Committee defines guidelines by fostering synergies and promoting the dissemination of knowledge and raising awareness of the importance of glaciers.

Since 2022, the Glacier Steering Committee has planned the annual publication of data and indicators on the evolution of the region's glaciers called "Sottozero". This new tool provides scientific data on the evolution of the cryosphere with respect to climate change in the region.

The company has also contributed and still contributes to climate studies through direct participation or as a stakeholder in projects such as the ACQWA Project (Assessing Climate impacts on the Quantity and Quality of Water), RESERVAQUA (Implementation of a Network of Services for the study protection, valorisation and sustainable management of WATER on a local and regional scale on a transboundary Alpine territory), ADAPT Mont Blanc (Adaptation of spatial planning to climate change in Espace Mont Blanc), MISTRAL (Meteo Italian Supercomputing Portal), etc..

The collaboration and meteo-hydrological studies have made it possible to actually provide a web-based "hydro-meteorological portal", that brings together and displays in real time all the weather data, such as the regional automatic stations, the levels at the intakes/reservoirs/dams of CVA, the estimate of SWE (Snow Water Equivalent) conditions on hydro-graphic basins of strategic interest for CVA and, last but not least, the forecasts of flow rates per event on the entire regional territory.

The system is of particular strategic interest for the purpose of supporting short and medium-term planning activities in relation to both the forecasting of flow rates in case of a weather event to the intake sections of the CVA plants, for the purpose of ensuring their safety, and in relation to the estimate of the volumes stored in the "cryosphere" sector, which become available every year during the melting season.

Safety and Accident Trends

In 2022, the QSA Function continued all the periodic safety management activities already carried out in previous years, such as, for example, the organisation of training, inspections, audits, coordination meetings, the drafting of DUVRI (single document on the assessment of risk from interference), legal checks (lifts, stairlifts, cranes, hoists, mobile platforms, davits, pressure vessels, safety valves...), reports of INAIL (National Institute for Insurance against Accidents at Work) equipment, the maintenance of fire prevention certificates at the Company.

Some significant activities carried out during 2022 are shown below:

- agile or smart working, applied during the COVID-19 emergency as a measure to reduce the risk of contagion for workers, was made definitive in the Company through the stipulation of specific individual agreements with the workers who requested it. At present, a period of a maximum of 2 days per week was agreed upon through a specific trade union agreement with the trade unions on 28/09/2021. The company's protection and prevention service ("SPP"), through the issue of a specific Risk Assessment Document, has analysed this type of remote work, which, in addition to the "traditional" risks typical of office activities (video screen, electrical, fire, ...), introduces new ones (e.g. isolation risk, techno-stress, emergency management, ...) that are analysed in the document. The general characteristics that the chosen locations must possess are verified by the worker completing a specific check list. The company's SPP analyses the location indicated as the site for agile work to ensure that it possesses the minimum required characteristics. Workers receive specific training on the subject;
- during 2022, the updating of the DVR for the assessment of work-related stress was started. All workers were

informed of the ongoing activity through the CP CVA, CVA ENERGIE, CVA EOS staff communication No. 09/2022 of 4 May 2022. The commission (composed of the Employer, Prevention and Protection Service Manager (RSPP), Company Doctor, company RLS (Workers' safety Representative), a representative of the Human Resources function and an external consultant) met on 20 April 2022 and decided to carry out the assessment on the basis of the methodology prepared by INAIL and already used for the previous version of the documents. The workers were divided into homogeneous groups that took into account not only the company job description, but also the company area they belonged to and the specific activities carried out by the worker (e.g. on call/not on call) for a total of 9 groups for CVA, 6 for CVA ENERGIE and 3 for CVA EOS (a total of 112 workers were interviewed). The results are currently being processed and the document is expected to be issued during 2023;

- with a view to providing workers with more comfortable PPE, new models of safety shoes and insulating gloves for live work were distributed on a trial basis. Following the results of the trial, consideration will be given to whether to proceed with the purchase. At the request of the RLS, new items of clothing (waistcoat, t-shirt) will be introduced into the supplied work clothing;
- periodic inspections of third-category personal protective equipment and hearing protectors continue by QSE Function personnel, checking devices, ropes, helmets, etc.;
- the QSA Function carried out 31 inspections during 2022 to verify the status of CVA workplaces. For any non-conformities found, the solutions to be adopted are indicated and assigned by the employers of CVA, CVA ENERGIE and CVA EOS to the functions responsible for the various areas.

Also with a view to increasing the health and safety training of employees, the QSA Function ran two editions of training courses for newly recruited maintenance workers and guards on the safe use of portable and workshop equipment. The training was structured in a theoretical part with an analysis of the regulations in force and the main requirements that the equipment must have, and a practical part at the warehouse and workshop of the Middle Valley Operations Department. For the safe use of the motor boat serving the Gabiet dam, 16 hours of training were carried out with both theoretical parts and practical tests on the use of the boat at the Guillemore reservoir.

With a view to continuous improvement, the CVA Group works daily and constantly with the involvement of all personnel to pursue the goal of "0 injuries".

During the last year, 8 accidents occurred for CVA, 4 of which were commuting accidents, all occurring to employees. No injuries were reported for workers at CVA ENERGIE and CVA EOS.

The table below shows the frequency and severity indices for the three-year period 2020-2022, excluding commuting accidents. The tables only relate to employees, as there were no accidents among agency workers. The trend continues to prove erratic over the years, essentially due to the small absolute numbers detected.

Frequency index	2020	2021	2022
CVA	3.19	1.59	6.06
CVA ENERGIE	10.14	-	-
CVA EOS	n.a.	-	-

Gravity index	0.05	0.03	0.10
CVA	0.05	0.03	0.10
CVA ENERGIE	1.35	-	-
CVA EOS	n.a.	-	-

The frequency index is defined as no. accidents * 1,000,000/No. hours worked (i.e. how many accidents occurred, per million hours worked, in a given period and at the company level).

The severity index, on the other hand, is given by no. total days injured * 1,000/No. hours worked (thus estimating the number of days of absence due to injuries that occurred in a certain period of time).

Occupational illnesses

During the year 2022, no occupational diseases were reported for either CVA, CVA ENERGIE or CVA EOS, confirming the figure for the past 5 years.

Safety training and information

During the year 2022, the QSA Function directly took care of the mandatory training and refresher courses pursuant to Legislative Decree 81/2008 and subsequent amendments and integrations. Among the various courses carried out, the most significant are: training and refresher courses for firefighters, first aid and BLS training and refresher courses, refresher courses for rope operators and supervisors, training in the use of category III fall protection PPE, refresher courses for managers, supervisors and workers, RLS update, in addition to the training of new hires directly supervised by qualified personnel of the SPP. For the use of specific work equipment, refresher courses were organised for the use of Elevating Work Platforms (AWP), truck with crane, agricultural and forestry machinery, scaffolding, forklifts.

In addition to this, specific in-depth courses were organised, such as Safety Coordinator on sites (120 hours), chainsaw use, boat use, machine tools and equipment.

In detail, the health and safety training of the companies CVA, CVA ENERGIE, CVA EOS during the year 2022 was as follows (data updated to 31/12/22):

	CVA	CVA ENERGIE	CVA EOS
Total number of participants	1,031	67	47
Total training hours provided	6,486	348	339
Number of employees trained	363	43	7

Integrated Management Systems (SGI)

In the year 2022, was the first certification of CVA EOS to the environment (ISO14:0001:2015), quality (ISO90001:2015) and health and safety (ISO45001:2018) standards by the certifying body DNV (Det Norske Veritas®). The certification process, consisting of two steps, one of document analysis and initial visit and one of certification audit, started on 20/05/2022 and ended on 01/07/2022.

The following elements of the standard were verified:

- Effectiveness of Management Review processes;
- Effectiveness of Internal Audit processes;
- Effectiveness of processes for handling non-conformities (including incidents and complaints from customers and/or stakeholders),
- Effectiveness of the process of identifying and managing risks and opportunities relevant to the management system;
- Effectiveness of processes for setting goals, planning actions and evaluating progress and results;
- Effectiveness of the management system in relation to its ability to meet applicable legal and contractual requirements;
- Effective control of the use of certification marks and reference to certification;
- Effectiveness of Headquarters' capacity and authority to collect and analyse key data from all sites and to initiate changes if necessary.

More specifically, the registrations, authorisations and concessions of the Laterza sites were examined.

The audit was satisfactory and no non-conformities were found.

The companies CVA, CVA ENERGIE and VALDIGNE had their certification reconfirmed by DNV (Det Norske Veritas®).

The visits took place between 20 June and 1 July 2022.

In addition to the verification of the elements of the standard, the following functional processes were examined:

- Management;
- Hydroelectric power production;
- Wind power production;
- Photovoltaic power production;
- Energy commercialisation;
- Civil Engineering;
- Human Resources;
- Risk management;
- Quality Management / Environment / OSH;
- Purchasing and Procurement Function;
- Emergency preparation and response;
- Equipment/Plant Management (only for ISO 45001);
- Interview with Company Doctor (only for ISO 45001);
- Interview with Worker Representatives (only for ISO 45001);
- Waste Management;
- Emissions to the Atmosphere and Hazardous Substances;
- Water supply and water discharges/sewage treatment plant;
- Soil and Subsoil Contamination;
- Other Aspects (noise, consumption, asbestos, greenhouse gases and/or ozone-depleting substances, PCB/PCT...);
- Indirect aspects (product, third party).

And the following operational sites:

- Headquarters CVA - CVA ENERGIE - Chatillon;
- Headquarters CVA ENERGIE - Aosta;
- Visit Aymavilles Hydroelectric Power Plant;
- Visit Champagne II Hydroelectric Power Plant;
- Visit Signayes Hydroelectric Power Plant;
- Visit Gabiet Dam;
- Visit Faubourg Hydroelectric Power Plant (VALDIGNE);
- Alexandria Photovoltaic Plant;
- Valencia Photovoltaic Plant.

The audit was satisfactory and no non-conformities were found; two observations and three opportunities for improvement were reported. A noteworthy aspect related to remote recording was also indicated:

"The project to digitalise data reading through bar code census of all instruments and the provision of APPs to on-site operators is being extended to all plants, and over time the aim is to progressively replace manual measurements in favour of relevant automated and continuous ones."

In addition, in the year 2022, CVA and CVA ENERGIE were certified, followed by the Heads of Functions directly affected by the new standards:

- ISO/IEC 27001, information security management system (ISMS);
- ISO/IEC 27701, privacy information management system (PIMS).

Key environmental indicators

The environmental performance of the companies was evaluated taking into consideration the following aspects:

- Production of electricity from renewable sources;
- Energy efficiency;
- Material consumption.

Production of electricity from renewable sources

The activity of CVA, VALDIGNE and CVA EOS, in terms of energy production, is carried out exclusively using renewable sources: photovoltaic, wind and hydroelectric.

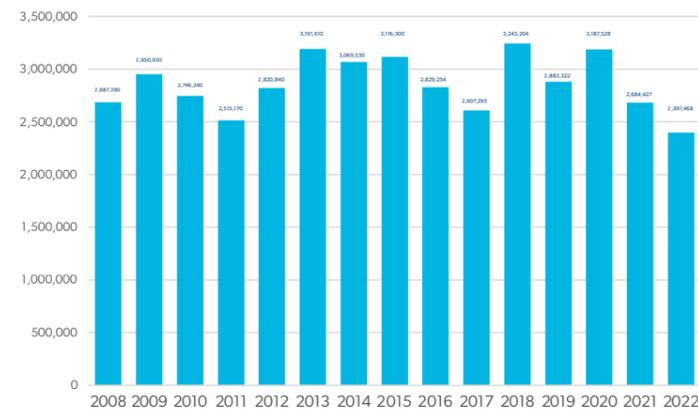
The graph below takes into account the total production from the three sources mentioned above.

Gross production (including self-consumed energy) of energy from renewable sources for 2022 is approximately 2,397,468 MWh. For the year 2022, the influence of wind and photovoltaic on total production is confirmed to be around 12% the former and 1% the latter, respectively.

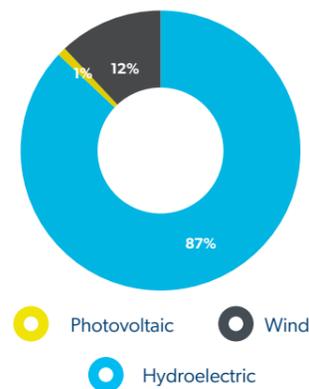
The environmental benefit of renewable energy production by companies can be assessed by converting the MWh produced into tonnes of CO2 not released into the atmosphere due to the primary source used for its production.

Taking into account that the following conversion factor was used 456.57 g CO2 per kWh produced, it can be stated that, for the year 2022, the production of energy from renewable sources resulted in savings of: 1,094,612 tonnes of CO2.

Gross energy production CVA - Valdigne Energie - CVA Eos [MWh]



Total energy production CVA - Valdigne Energie - CVA Eos [MWh]



Energy efficiency

The energy efficiency of the plants was evaluated in relation to the formula:

$$\text{plant energy efficiency} = (\text{auxiliary services energy}) / (\text{plant produced energy})$$

Where "auxiliary services energy" is configured as the energy resulting from the difference between gross energy produced by generating units and net energy fed into the grid.

	Gross energy production	Ancillary services	Consumption/Production	%
2015	3,302,019.78	35,218.00	0.01	1.07
2016	2,911,722.85	34,366.23	0.01	1.18
2017	2,735,282.29	29,903.87	0.01	1.09
2018	3,418,771.02	38,337.82	0.01	1.12
2019	3,100,961.76	35,806.59	0.01	1.15
2020	3,382,624.00	38,241.54	0.01	1.13
2021	2,848,352.71	31,193.14	0.01	1.10
2022	2,397,469.49	26,066.22	0.01	1.09

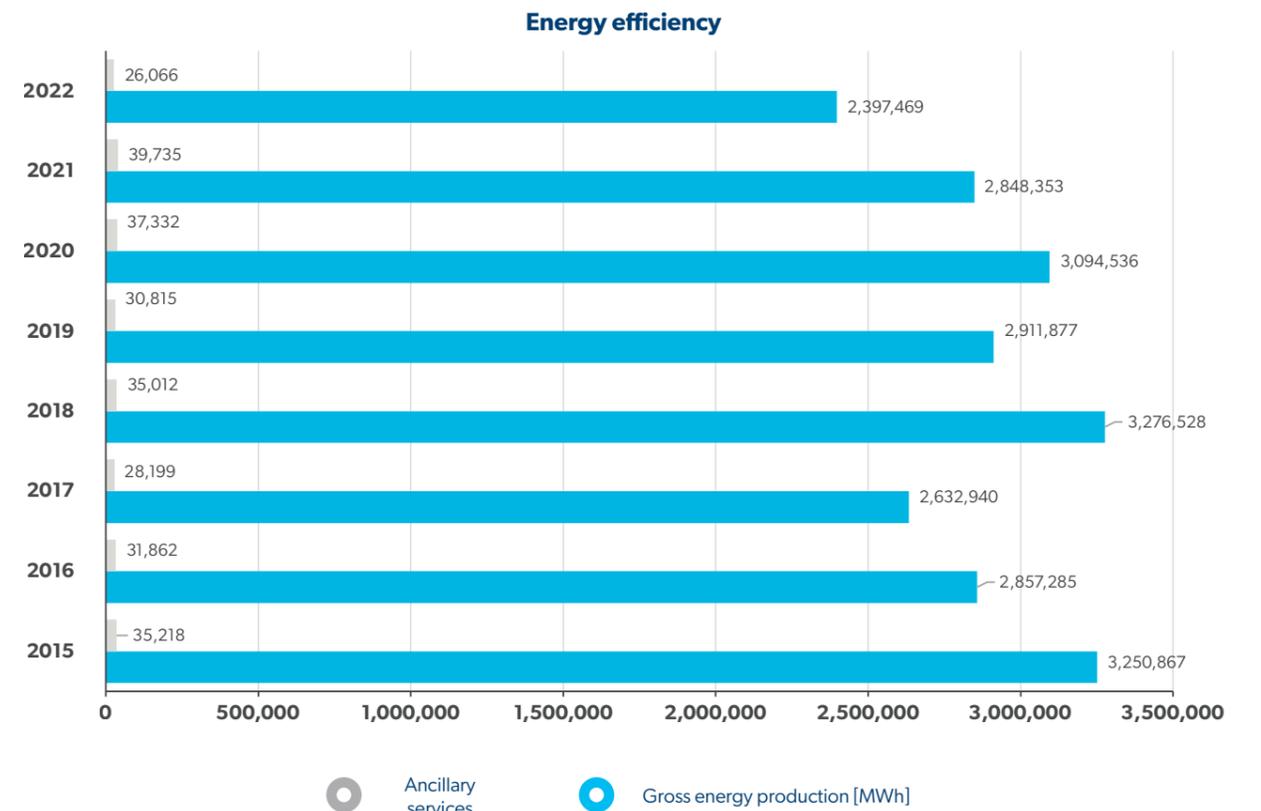
Raw material consumption

Two macro-groups are discussed within this section:

- Electricity for services;
- Waste.

1. Electricity for services

The performance of work activities involves the use of electricity (additional to self-consumption for auxiliary services), to power offices and some services.



From 2021 onward, data were collected and analysed in greater detail, which is why the comparison data report only the 2021-2022 comparison:

	2021	2022
Electricity offices [MWh]	1,526	1,481
Electricity plants [MWh]	8,560	9,407
Electricity from self-consumption plants [MWh]	31,193	26,066
Total electricity consumption [MWh]	43,300	38,976

CO2 missions are 0 tonne as 100% Green energy is used.



**47,779
MWh**

Electricity for plants



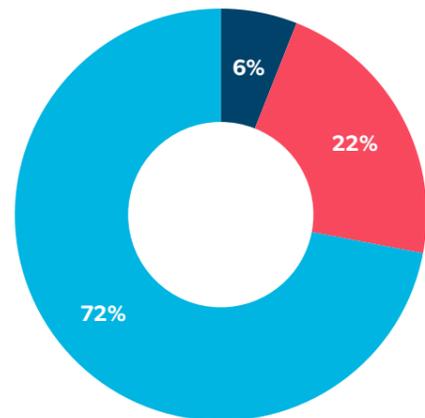
**1,481
MWh**

Electricity for offices

2.Waste

During 2022, 395 tonnes of waste were handled through 488 loading and unloading movements, broken down as follows:

Total special waste 2022



● Total hazardous waste ● Total NON-hazardous waste

● Total Screened EWC 190901



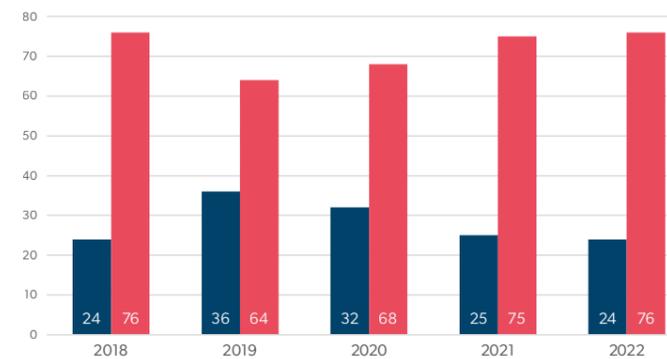
**395 ton
Waste/year**

Of this waste, 24% of the total produced was sent directly to recovery operations, with the remaining 7% in storage at transfer centres authorised for treatment prior to recovery.

	2015	2016	2017	2018	2019	2020	2021	2022
Total special waste	450,791	449,738	786,693	737,989	495,193	397,672	541,408	397,838
of which								
Total hazardous waste	28,550	150,862	34,963	30,567	18,158	63,648	25,424	25,840
Total NON-hazardous waste	422,241	298,876	751,730	707,422	477,035	334,024	515,984	371,998
Total NON-hazardous waste*	58,821	77,296	439,700	208,072	130,495	38,817	144,384	85,408
Total Screened EWC 190901	363,420	221,580	312,030	499,350	346,540	295,207	371,600	286,590

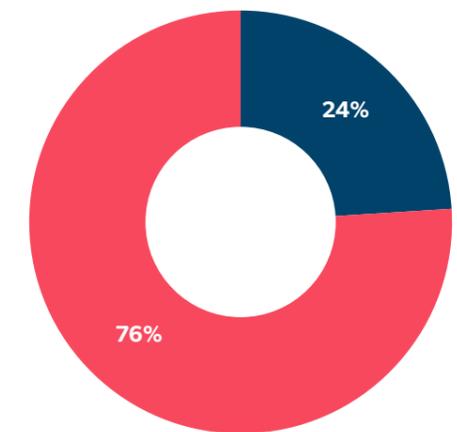
*net screened

Waste allocation



● % waste sent to R ● % waste sent to D

Waste allocation 2022



● In recycling ● In storage

Research and Development

The CVA Group does not currently have an R&D organisational unit, and does not include its many technical development and innovation activities in R&D (see Definitions in Communication EC/2014/C 198/01). In this context, already in past years, the CVA Group launched an Open Innovation programme, with which new technologies relevant to the different areas of activity of all the companies of the Group are monitored and submitted to proof of concept projects, both from known vendors and from small businesses and innovative start-ups. This program allows CVA to act as an "early adopter" of emerging technologies and solutions proposed by the market. To implement this project, the Group has its own organisational unit, now connected to the company CVA SMART ENERGY, which reports to a control room set up by the top management of the Companies.

Other information

Resolution of the Regional Council of Valle d'Aosta No. 1126/XVI of 16 December 2021 pursuant to Article 19 of the TUSP

It should be noted that the Resolution of the Regional Council of Valle d'Aosta No. 1126/XVI of 16 December 2021 established to "identify for the year 2022 and for the subsequent three-year period 2022-2024 the specific annual and multi-year objectives, on the complex of operating expenses, including those for personnel", dictating for the companies of the CVA Group "the maintenance in 2022 and in subsequent years of a level of operating expenses, including those for personnel, of the companies that guarantees in any case the respect of the economic budget balance".

Significant events after year-end

On 29 December 2022, CVA transferred a business unit consisting of photovoltaic and wind power assets to CVA EOS, effective 1 January 2023. The transfer of the business unit led to an increase in the share capital of CVA EOS from Euro 100,000.00 to Euro 75,000,000.00. The transaction responds to a broader rationalisation process undertaken by the CVA Group, started as early as 2020 and formalised in February 2022, whereby all of the CVA Group's activities of power generation from renewable sources other than hydroelectric ("**Other RES**") will be focused on CVA EOS in order to allow for organisational linearity within the Group. The growth of generation from solar and wind sources responds to the CVA Group's strategy of diversification of industrial risks and mitigation of climate change-related risks, a strategy that envisages greater technological diversification towards wind and photovoltaic plants than towards traditional hydroelectric plants.

On 22 February 2023, CVA Group company EOS acquired 100% of Sistemi Rinnovabili S.r.l., a company with 42 MW of operational photovoltaic plants, 194 MW of authorised projects and 846 MW of projects under development, plus an additional pipeline under further development for a further 1,200 MW. The transaction carried out by CVA EOS will allow the CVA Group to further consolidate its position as Italy's leading 100% renewable operator, reaching 514 MW of installed wind and photovoltaic capacity by 2024, thanks to the 292 MW contributed by Sistemi Rinnovabili. The Group's sales and trading company, CVA ENERGIE, continued to pursue the objective of achieving the targets set out in the business plan approved by the Group of which it is a part, with reference to its operations in the supply of electricity to end customers, despite the difficulties presented by the current market context, characterised by very high volatility in the price of electricity. The trend shown in the first quarter of the year, both in terms of volumes administered and PODs served, shows significant growth compared to the figures crystallised in the 2022 Annual Report. The number of PODs served in the deregulated market at the end of the first quarter of 2023 exceeded 85,000, an overall increase of 9% compared to the 78,588 at the end of the 2022 financial year.

As far as the Energy Management business is concerned, also developed within the company CVA ENERGIE, in the year 2023, the intercompany energy sales contracts, through which the company CVA ENERGIE purchases the energy produced by the companies of the Group, were renegotiated; on the basis of the assessments carried out with regard to market trends in order to verify the appropriateness of the sale price of electricity, as well as the prospective analyses shared by the Parties in relation to the levels of production of electricity through the Group's plants and the trend of the baseload market for the year 2023, an amount of 102.5 €/MWh was identified for the period from 01/01/2023 - 31/12/2023 for the sale of electricity. The continuation of the international geopolitical crisis caused by the Russia-Ukraine conflict makes it complex as well as uncertain to assess the effects and repercussions of the continuing international crisis. In this context, the Group monitors the evolution of the situation on a daily basis, updating the possible risk scenarios for its activities and identifying, where possible, mitigation actions.

Treasury shares

CVA does not directly hold, either through a trust company or through a third party, either treasury shares or shares in the parent company.

List of secondary locations

In addition to its registered office in Via Stazione, 31 in Châtillon (AO), CVA exercises its activities at the following locations:

- Alessandria (AL) - Cabanette snc area;
- Antey-St-Andre' (AO) - Covalou snc area;
- Aosta (AO) - Signayes snc area;
- Aosta (AO) - Via Clavalité 8;
- Arlena di Castro (VT) - Strada Vicinale della Banditella snc;
- Avise (AO) - Baraccon area;
- Aymavilles (AO) - Strada Comunale di Aymavilles snc;
- Aymavilles (AO) - Strada Vic. Di Saillod snc;
- Bard (AO) - San Giovanni snc area;
- Bionaz (AO) - Place Moulin snc area;
- Brusson (AO) - Via Col Di Joux;
- Challand-St-Victor (AO) - Centrale Isollaz snc area;
- Champdepraz (AO) - Fabbrica snc area;
- Châtillon (AO) - Breil area;
- Châtillon (AO) - Via Stazione, 30;
- Châtillon (AO) - Via Stazione, 32;
- Cogne (AO) - Lillaz 47 area;
- Foggia (FG) - Ponte Albanito snc area;
- Gaby (AO) - Zuino snc area;
- Gressoney-La-Trinitè (AO) - Edelboden area;
- Gressoney-La-Trinitè (AO) - Gabiet snc area;
- Gressoney-St-Jean (AO) - Sendren snc area;
- Hône (AO) - Centrale snc area;
- Hône (AO) - Raffort snc area;
- Issime (AO) - Grand Praz snc area;
- Montjovet (AO) - Le Bourg snc area;
- Nus (AO) - Strada Statale 26 snc;
- Nus (AO) - Strada Statale 26 snc;
- Piansano (VT) - Varie snc area;
- Pontedera (PI) - Viale America snc;
- Pontey (AO) - Saint Clair snc area;
- Pont-Saint-Martin (AO) - Via Breda, 2;
- Quart (AO) - La Tour snc area;
- Quincinetto (TO) - Strada dei Chiappeti snc;
- Saint Denis (AO) - Puy De St. Evence snc area;
- Valenza (AL) - Strada Alla Nuova Fornace snc;
- Valgrisenche (AO) - Beaugard snc area;

- Valpelline (AO) - Prailles snc area;
- Valtournenche (AO) - Perreres snc area;
- Valtournenche (AO) - Cignana snc area;
- Valtournenche (AO) - Goillet snc area;
- Valtournenche (AO) - Maen snc area;
- Verres (AO) - Via Degli Artifici snc;
- Villeneuve (AO) - Champagne snc area;
- Villeneuve (AO) - Champagne snc area;
- Villeneuve (AO) - Chavonne snc area.

Approval of the financial statements in the longer term

Since the prerequisites set forth in Article 2364 of the Civil Code and in compliance with the Articles of Association were met, the option of approving the financial statements within 180 days of the end of the CVA separate financial year was exercised due to regulatory uncertainties concerning the application of the extraordinary contribution mechanisms provided for companies operating in the energy sector.

Châtillon, 3 May 2022

CEO
Giuseppe Argirò



The Chair
Marco Cantamessa



CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE CVA GROUP AT 31/12/2022

Consolidated Income Statement

Amounts in Euro thousands	Notes	2022	2021
REVENUES			
Revenues from sales and services	(1)	1,701,857	661,743
Other revenues and income	(2)	26,422	48,901
TOTAL REVENUES (A)		1,728,280	710,645
of which: impact of non-recurring items		471	3,761
OPERATING COSTS			
Costs for raw materials and services	(3)	1,348,822	440,041
Personnel costs	(4)	42,246	39,521
Other operating costs	(5)	47,751	42,605
Capitalised days of work	(6)	(5,820)	(4,933)
TOTAL OPERATING COSTS (B)		1,432,999	517,233
of which: impact of non-recurring items		746	10,985
GROSS OPERATING MARGIN - EBITDA (A-B)		295,281	193,412
of which: impact of non-recurring items		(276)	(7,224)
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS			
Amortisation/depreciation	(7) – (13)	54,377	52,660
Provisions and write-downs	(8)	4,717	8,683
TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)		59,094	61,342
of which: impact of non-recurring items		3,412	9,050
OPERATING RESULT - EBIT (A-B+/-C)		236,187	132,069
of which: impact of non-recurring items		(3,688)	(16,274)
FINANCIAL MANAGEMENT			
Financial income	(9)	3,236	3,674
Financial expenses	(9)	(11,322)	8,751
TOTAL FINANCIAL BALANCE (D)		14,558	(5,077)
of which: impact of non-recurring items		-	(6,244)
PRE-TAX RESULT (A-B+/-C+/-D)		250,745	126,992
of which: impact of non-recurring items		(3,688)	(22,518)
Gains/(losses) for income taxes	(10)	86,341	(8,267)
Net result of continuing operations		164,404	135,259
Net result of discontinued operations		-	-
PERIOD NET RESULT		164,404	135,259
Profit/(loss) attributable to the Group		163,975	133,441
Profit/(loss) attributable to non-controlling interests		430	1,819
Basic earnings per share (Euro)		0.42	0.34
Diluted earnings per share (Euro)		0.42	0.34

Consolidated Statement of Other Comprehensive Income

Amounts in Euro thousands	Notes	2022	2021
Result of the period (A)	(27)	164,404	135,259
Other components of the Comprehensive Income Statement that can be reclassified to the Income Statement in subsequent periods (net of the tax effect)			
- Effective portion of changes in fair value of cash flow hedges	(27)	27,258	(84,859)
- Share of change in fair value attributable to cost of cash flow hedging (cost of hedging)	(27)	(76,641)	(6,993)
Total other components of Comprehensive Income that can be reclassified to the Income Statement in subsequent periods (net of the tax effect) (B)		(49,384)	(91,852)
Other components of Comprehensive Income that cannot be reclassified to the Income Statement in subsequent periods (net of taxes)			
- Remeasurement of liabilities for defined benefit plans for employees	(27)	658	(80)
Total other components of the Comprehensive Income that cannot be reclassified to the Income Statement in subsequent periods (net of taxes) (C)		658	(80)
Total profit/(loss) recognised directly in equity (B+C)		(48,725)	(91,933)
TOTAL PROFIT RECOGNISED IN THE YEAR (A+B+C)		115,679	43,327

Consolidated Statement of Financial Position: Assets

Amounts in Euro thousands		2022	2021
ASSETS			
Non-current assets			
Tangible assets	(11) - (13)	606,905	623,165
Intangible assets	(12) - (13)	14,126	12,587
Goodwill	(14)	225,564	228,976
Equity investments	(15)	14,649	2,362
Deferred tax assets	(16)	103,375	66,883
Non-current tax receivables	(22)	4,378	11
Assets for non-current financial derivatives	(23)	1,309	4,659
Other non-current financial assets	(17)	30,215	93,731
Trade receivables	(20)	25,037	8,619
Other non-current assets	(18)	5,132	4,499
TOTAL NON-CURRENT ASSETS		1,030,691	1,045,492
Current assets			
Inventories	(19)	5,095	3,262
Trade receivables	(20)	171,386	87,384
Receivables for income taxes	(21)	5,521	4,850
Other tax receivables	(22)	26,588	13,350
Assets for current financial derivatives	(23)	255,148	96,235
Other current financial assets	(24)	1,171	675
Other current assets	(25)	282,181	173,431
Cash and cash equivalents	(26)	226,663	226,831
TOTAL CURRENT ASSETS		973,753	606,019
Assets classified as held for sale		-	-
TOTAL ASSETS		2,004,445	1,651,511

Consolidated Statement of Financial Position: Liabilities

Amounts in Euro thousands	Notes	2022	2021
SHAREHOLDERS' EQUITY			
Share capital	(27)	395,000	395,000
Other reserves	(27)	255,741	243,128
Accumulated Profits/(Losses)	(27)	55,269	43,134
Net result of the year	(27)	163,975	133,441
Shareholders' equity attributable to the Group		869,985	814,703
Shareholders' equity - Minority interests		8,888	9,495
TOTAL SHAREHOLDERS' EQUITY		878,873	824,197
LIABILITIES			
Non-current liabilities			
Employee benefits	(28)	4,632	5,723
Provisions for risks and charges	(29)	30,488	34,431
Deferred tax liabilities	(16)	23,295	7,663
Liabilities for non-current financial derivatives	(23)	117,887	49,736
Other non-current financial liabilities	(30)	491,350	215,642
Other non-current liabilities	(31)	23,771	22,637
TOTAL NON-CURRENT LIABILITIES		691,424	335,832
Current liabilities			
Employee benefits	(28)	887	1,032
Provisions for risks and charges	(29)	127	221
Trade payables	(32)	86,093	73,107
Payables for income taxes	(33)	44,351	20,611
Other tax payables	(33)	2,851	4,587
Liabilities for current financial derivatives	(23)	198,718	118,554
Other current financial liabilities	(30)	80,720	252,279
Other current liabilities	(34)	20,400	21,091
TOTAL CURRENT LIABILITIES		434,148	491,481
Liabilities related to assets held for sale		-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,004,445	1,651,511

Consolidated Statement of Changes in Shareholders' Equity

Amounts in Euro thousands

	Share capital	Other reserves	Reserve from remeasurement for employee benefit plans	Cash flow hedge reserve	Cost of hedging reserve	Net result of the year	Group shareholders' equity	Shareholders' equity - Minority interests	Total shareholders' equity
At 01 January 2021	395,000	362,738	(1,679)	(6,342)	-	59,977	809,694	7,650	817,344
Allocation of 2020 profits/(losses)									
- profits carried forward	-	23,400	-	-	-	(23,400)	-	-	-
- distribution of dividends	-	-	-	-	-	(36,577)	(36,577)	-	(36,577)
Comprehensive profit/(loss) recognised in the year									
- profits and losses recognised directly in equity	-	-	(80)	(84,859)	(6,993)	-	(91,933)	-	(91,933)
- profit for the year	-	-	-	-	-	133,441	133,441	1,819	135,259
Other changes	-	78	-	-	-	-	78	26	104
At 31 December 2021	395,000	386,216	(1,760)	(91,201)	(6,993)	133,441	814,703	9,495	824,197
At 1 January 2022	395,000	386,216	(1,760)	(91,201)	(6,993)	133,441	814,703	9,495	824,197
Allocation of 2021 profits/(losses)									
- profits carried forward	-	73,440	-	-	-	(73,440)	-	-	-
- distribution of dividends	-	-	-	-	-	(60,001)	(60,001)	-	(60,001)
Comprehensive profit/(loss) recognised in the year									
- profits and losses recognised directly in equity	-	-	658	27,258	(76,641)	-	(48,725)	-	(48,725)
- profit for the year	-	-	-	-	-	163,975	163,975	430	164,404
Other changes	-	33	-	-	-	-	33	(1,036)	(1,003)
At 31 December 2022	395,000	459,689	(1,101)	(63,943)	(83,634)	163,975	869,985	8,888	878,873

Consolidated Cash Flow Statement

Amounts in Euro thousands	2022	2021
A. Cash flows from operating activities (indirect method)		
Profit (loss) of the year	164,404	135,259
Income taxes	86,341	(8,267)
Net financial interest expenses	(14,271)	5,391
Allocations and income provisions for risks and charges	(4,108)	10,658
Allocations and income employee severance indemnity (TFR) and other benefits	247	529
Amortisation/Depreciation of fixed assets	54,377	52,660
Bad debts	2,344	(157)
Write-downs, revaluations and gains/losses	3,649	9,504
Result from shareholdings carried at equity	(301)	(320)
Other adjustments for non-monetary elements	(129,842)	(75,701)
CASH FLOW AFTER ADJUSTMENTS OF NON-MONETARY ITEMS	162,841	129,556
Changes in NWC		
Decrease/(increase) in trade receivables net of write-downs	(102,764)	(27,155)
Increase/(decrease) in payables to suppliers	12,986	12,897
Increase/(decrease) in other current assets/liabilities	(192,257)	(166,014)
of which: net taxes (paid)/reimbursed	(61,760)	(18,962)
Changes in NWC	(282,035)	(180,272)
CASH FLOW AFTER CHANGES IN NWC	(119,194)	(50,715)
Other changes not included in changes in NWC		
Net change in provisions for risks and charges	(585)	(4,695)
Net change in Employee severance indemnity (TFR) and other employee benefits	(890)	(780)
Change in other assets and liabilities not included in NWC	500	541
Other changes not included in changes in NWC	(975)	(4,934)
CASH FLOW FROM OPERATING ACTIVITIES (A)	(120,169)	(55,649)
B. Cash flows from investment activities		
(Investments)/divestments - Tangible assets	(35,556)	(33,219)
(Investments)/divestments - Intangible assets	(3,799)	(2,142)
(Investments)/divestments - Equity investments and goodwill	(12,000)	-
(Investments)/divestments or repayments - Financial assets (current and non-current)	60,831	40,191
CASH FLOWS FROM INVESTMENT ACTIVITIES (B)	9,476	4,830
Interest collected/(paid)	69,679	(6,544)
Borrowed capital	100,847	125,647
Increase/(decrease) in financial assets/liabilities centralised treasury	-	-
New/(Repayment of) loans	100,847	125,647
Equity	(60,000)	(36,555)
Other capital increases (decreases)	-	22
Dividends (and interim dividends) paid	(60,001)	(36,577)
CASH FLOW FROM FINANCING ACTIVITIES (C)	110,525	82,547
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(168)	31,728
Of which net cash and cash equivalents from extraordinary transactions	-	-
Cash and cash equivalents at 1 January	226,831	195,103
Cash and cash equivalents at 31 December	226,663	226,831

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The Consolidated Financial Statements of the CVA Group for the year ended 31 December 2022 have been prepared on the basis of the business operating as a going concern and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the legislative and regulatory provisions in force in Italy. IFRS refers to all the revised international accounting standards (IAS/IFRS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously referred to as the Standing Interpretations Committee (SIC).

In this regard, it is noted that the accounting standards and criteria applied to these financial statements comply with those adopted in the previous year, except for the "Accounting standards, amendments and interpretations approved and applied from 1 January 2022", to which reference is made.

The Consolidated Annual Financial Report has been prepared on a general historical cost basis, with the exception of items that under IFRS must or can be measured at fair value. The Consolidated Financial Statements for the year 2022 consist of the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related Notes to the Consolidated Financial Statements.

In accordance with IAS 1 (Presentation of Financial Statements) comparative information included in the consolidated financial statements refers, unless otherwise indicated, to the previous year. Where a better representation has required a different reclassification of the items in the financial statements, the comparative information has been adapted accordingly.

The reporting currency of the consolidated financial statements is the Euro. Unless otherwise indicated, the financial statements and related notes are presented in thousands of Euros, rounded off to the nearest business unit. It is specified that for the Consolidated Statement of Financial Position the classification of assets and liabilities is carried out according to the "current/non-current" criterion - as required by paragraph 60 and following of IAS 1 - with specific separation of assets and liabilities discontinued or destined to be sold.

An asset is considered current when:

- it is expected to be realised, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realised within twelve months of the closing date of the year;
- it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

All other assets are classified as non-current.

Similarly, a liability is considered current when:

- it is expected to be settled in its normal operating cycle;
- it is held mainly for the purpose of negotiating it;

- it must be settled within twelve months of the closing date of the year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Consolidated Income Statement is classified according to the nature of costs, as this form of presentation is considered more appropriate for representing the Group's economic activities, complies with internal reporting procedures and is in line with the practices of the reference industrial sector. In addition to the Operating Result, the Consolidated Income Statement shows the Gross Operating Margin obtained by subtracting total operating costs from total revenues. For more information on the Alternative Performance Indicators (API) adopted by the Group and different from the financial indicators expressly provided for by the IAS/IFRS international accounting standards, reference is made to the Report on Operations.

The Consolidated Statement of Changes in Equity has been prepared in accordance with the provisions of IAS 1.

The Statement of Comprehensive Income includes the profit or loss for the year as shown in the income statements and all other non-owner changes in equity.

The Consolidated Cash Flow Statement is presented using the indirect method as permitted by IAS 7.

Furthermore, in the Income Statement, income and expenses relating to transactions which by nature do not occur during normal operation (non-recurring transactions) have been specifically identified and their impact has been shown separately, when they are significant. The Group uses the "net presentation" method to represent the trading margin of electricity trading activities in the income statement, considering that the new presentation - together with the related explanatory notes - provides a better representation of the substance of the transaction as required by the reference accounting standards.

Standards and scope of consolidation adopted in preparing the Consolidated Financial Statements

Subsidiaries

The Consolidated Financial Statements include the financial statements of CVA and its subsidiaries at 31 December 2022. Control is obtained when the Group is exposed or entitled to variable returns, deriving from its relationship with the investee and, at the same time, has the ability to impact these returns by exercising its power over such entity. Specifically, the Group controls an investee if, and only if, the following conditions are met:

- the Group exercises its power over the investee (or holds valid rights that give it the current ability to manage the relevant activities of the investee);
- the Group is exposed or has rights to variable returns arising from the relation with the entity of the investment;
- the Group has the ability to exercise its power on the entity of the investment to affect the amount of its returns.

Generally, there is a presumption that the majority of voting rights entails control. In support of this presumption and when the Group holds less than the majority of voting rights (or similar rights), the Group considers all the relevant facts and circumstances to determine whether it controls the investee, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;

- voting rights and potential voting rights of the Group;
- a combination of the above.

The Group reconsiders whether or not it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the elements relevant to the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the Consolidated Financial Statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and each of the other components of Comprehensive Income are attributed to the shareholders of the parent company and minority holdings, even if this implies that the minority holdings have a negative balance. When necessary, appropriate adjustments are made to the Financial Statements of the subsidiaries, in order to ensure compliance with the Group's accounting standards. All assets and liabilities, equity, revenues, costs and inter-group financial flows relating to transactions between Group entities are derecognised completely during the consolidation phase.

Changes in the investment in a subsidiary that do not involve the loss of control are recognised in equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognised in the Income Statement.

Associated Companies

Companies in which the Group exercises significant influence, but not control (or joint control), on financial and operating policies are considered associated. The Consolidated Financial Statements include the Group's portion of the results of associates, accounted for using the equity method, from the date on which significant influence commences until the time said significant influence ceases to exist. Should the portion attributable to the Group of any losses of the associate exceed the carrying value of the investment in the financial statements, the value of the investment is set to zero, and the excess share of the additional loss is not recognised, except and to the extent in which the Group is responsible.

Scope of Consolidation

The scope of consolidation includes companies that the Parent Company directly or indirectly controls, joint ventures and associated companies. The details of the Group's scope of consolidation at 31 December 2022 are shown below.

List of companies included in the Consolidated Financial Statements on a line-by-line basis at 31 December 2022

Company Name	Registered Office	Share capital at 31/12/2022	% Possession of the Group
Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux S.p.A. a s.u.	Via Stazione, 31 – Châtillon (Aosta)	Euro 395,000,000	Parent Company
CVA Energie S.r.l. a s.u.	Via Stazione, 31 – Châtillon (Aosta)	Euro 3,000,000	100%
Valdigne Energie S.r.l.	P.za Vittorio Emanuele II, 14 – Pré Saint Didier (Aosta)	Euro 11,474,567	75%
Deval S.p.A. a s.u.	Via Clavalité, 8 – Aosta	Euro 38,632,000	100%
CVA EOS S.r.l. a s.u.	Via Stazione, 31 – Châtillon (Aosta)	Euro 100,000	100%

List of equity investments not fully consolidated at 31 December 2022

Associated companies

At 31 December 2022, the investment in the associated company TELCHA, equal to 10.98% of the share capital, was valued on the basis of the corresponding portion of equity. The company is considered related by virtue of the significant influence resulting from the presence of one employee (on a five-member Board of Directors) of CVA on the Board.

Other companies

At 31 December 2022, CVA holds 13.7% in the share capital of LE BRASIER, recognised in the financial statements at fair value with a counter-entry on the Income Statement.

Main changes in the scope of consolidation in 2022

There were no changes in the scope of consolidation.

Summary of the main accounting standards adopted in preparing the Consolidated Financial Statements at 31 December 2022

Proprietary tangible assets

Property, plant and equipment

Property under construction, equipment and plants are recorded at historical cost, net of the related accumulated depreciation and accumulated impairment losses.

Pursuant to IAS 16, an operating condition for an item of property, plant and equipment may require significant regular checks for any failures, regardless of whether the parts of the item are replaced; when each significant check is carried out, its cost is recognised in the carrying amount of the asset as a replacement, provided that the recognition criteria are met.

The historical cost of property, plant and equipment may also include the costs for the replacement of part of machinery and plant at the time they are incurred, if they comply with the recognition criteria. Where periodic replacement of significant parts of plant and equipment is necessary, the Group depreciates them separately based on their specific useful life. Likewise, during major revisions, the cost is included in the carrying amount of the plant or equipment as in the case of replacement, where the criterion for recognition is met.

All other repair and maintenance costs are recognised in the Income Statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Financial statement items	Min. rate (%)	Max. rate (%)
Buildings	0.21%	10.00%
Freely transferable works	0.37%	37.50%
Plants and machinery	0.21%	50.00%
Industrial and commercial equipment	0.83%	50.00%
Other assets	0.42%	50.00%
Leasehold improvements	3.33%	26.09%

The useful life of leasehold improvements is determined on the basis of the duration of the lease or, if lower, of the duration of the benefits deriving from the improvement itself; land is not depreciated as it has an indefinite useful life.

The carrying amount of an item of property, plant and equipment and any significant component initially recognised is derecognised at the time of disposal or when no future economic benefit is expected from their use or disposal. Any profit or loss that arises at the time the asset is derecognised (calculated as the difference between the carrying amount of the asset and the net amount) is recognised in the Income Statement when the item is derecognised.

The residual values, useful lives and depreciation methods of tangible assets are reviewed at the end of each financial year and, where appropriate, corrected prospectively.

Freely transferable assets

Tangible assets also include freely transferable assets that are subject to the concessions mainly referable to large water diversions and state-owned areas destined for the operation of such plants. These assets are normally depreciated over a period equal to the duration of the concession to which they refer, with the sole exception of work on wet works, for which, pursuant to Art. 12, paragraph 1 of Legislative Decree No. 79 of 16 March 1999, by Art. 11-quater, paragraph 1, letter a) of Decree Law No. 135 of 14 December 2018, converted into law, with amendments, by Art. 1 of Law No. 12 of 11 February 2019, there is an indemnity in favour of the concession-holder, liquidated at the time of the "reallocation of the concession" and equal to the residual book value of the investment. These assets are therefore depreciated on the basis of their useful economic and technical life. Assets that can be returned free of charge also include cyclical maintenance for cleaning and draining the basins, which is capitalised as it is intended to ensure the future functionality of the asset. The useful life of these interventions is determined on the basis of the multi-year cyclicity with which they must be carried out.

Financial expenses

Financial expenses directly attributable to the acquisition, construction or production of an asset that requires a period long enough before being available for use are capitalised on the cost of the asset. All other financial expenses are recognised as costs for the year in which they are incurred. Financial expenses consist of interest and other costs incurred by an entity in relation to obtaining loans.

Proprietary intangible assets

Intangible assets are assets that are not physical, identifiable, controlled by the company, and that can produce future economic benefits.

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value on the acquisition date. After initial recognition, intangible assets are recognised at cost, net of accumulated amortisation and accumulated impairment, if any.

The useful life of intangible assets may be definite or indefinite.

Intangible assets with a definite useful life are amortised over their useful life and tested for impairment whenever there is evidence of a loss of value. The amortisation period and the amortisation method of an intangible asset with definite useful life are reconsidered at least at the end of each year. Changes in the expected useful life or in the manner in which the future economic benefits related to the asset will be realised are recognised through the change in the period or amortisation method, as the case may be, and are considered changes in accounting estimates. The amortisation of intangible assets with definite useful life is recognised in the annual profit/(loss) statement in the cost category that reflects the function of the intangible asset.

Amortisation is calculated on a straight-line basis over the estimated useful life of intangible assets as follows:

Financial statement items	Min. rate (%)	Max. rate (%)
Software	1.67%	20.00%
Concessions	3.33%	6.67%
Other intangible assets	3.33%	13.33%

Intangible assets with indefinite useful life are not amortised but are subject to an annual impairment test at an individual level or at cash generating unit level. The valuation of the indefinite useful life is reviewed annually to determine whether this allocation continues to be sustainable, otherwise, the change from indefinite useful life to definite useful life is applied on a prospective basis. The profits or losses deriving from the derecognition of an intangible asset are calculated as the difference between the net revenue from the disposal and the carrying value of the intangible asset and are recognised in the Income Statement at the time of derecognition.

Goodwill

Goodwill arising from the acquisition of subsidiaries or business units represents the excess of the sum of i) the consideration agreed for the acquisition of control (measured at fair value at the acquisition date) ii) the value of any non-controlling interest, and the value of the net assets identifiable in the acquired business. Net assets are defined as the total value of assets, measured at fair value, expressed net of current and contingent liabilities relating to the acquired business, also measured at their fair value.

If the fair value of the net assets acquired exceeds the agreed consideration, the Group rechecks that it has correctly identified and valued all the assets acquired and all the liabilities assumed, reviewing, if necessary, the procedures used to determine these values. If after this restatement, the current values of current and potential assets and liabilities exceed the acquisition cost, the excess is immediately recognised in the Income Statement. Goodwill is initially recorded at cost. After initial recognition, goodwill is not subject to amortisation, but subjected to an annual verification of recoverability in accordance with the methods described in the paragraph "Impairment test". For the purposes of the impairment test, goodwill is allocated, from the acquisition date, to each cash generating unit (hereinafter "CGU") identified.

Right of use of leased assets

In accordance with IFRS 16, lease liabilities are presented through the recognition of a financial liability in the Statement of Financial Position consisting in the present value of future lease payments, against the recognition of the right of use of the leased asset.

On the commencement date of the lease, the right of use is recognised at cost including: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs incurred for the signature of the lease and the present value of the estimated restoration and dismantling costs set out in the lease, less any incentives.

Subsequently, the right of use is amortised over the term of the lease (or the useful life of the asset, if lower), subject to impairment and adjusted for any remeasurement of the lease liability.

Non-current assets held for sale

A non-current asset (or a disposal group consisting of assets and liabilities) is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction, rather than through its continued use. Immediately prior to the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset are valued in accordance with the Group's accounting standards. Subsequently, the asset (or group held for sale) is measured at the lower amount between its carrying amount and fair value less costs to sell. The impairment loss of a group held for sale is allocated primarily to goodwill, then to the remaining assets and liabilities in a proportional manner, with the exception of inventories, financial assets, deferred tax assets, employee benefits, property investments and biological assets, which continue to be assessed in accordance with the Group's accounting standards. Impairment losses for the initial classification of an asset as held for sale and subsequent valuation differences are recognised in the Income Statement. Positive changes in value are recognised only up to the amount of any accumulated impairment losses.

Impairment of non-financial assets (impairment testing)

On each reporting date, the Group assesses whether there is evidence that an asset may be impaired. In this case, or if annual impairment testing is required, the Group estimates the recoverable value. Recoverable amount is the fair value of the asset or the CGU, net of selling costs, or its value in use if greater. Recoverable amount is determined for each individual asset, except when the asset generates cash flows that are not fully independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable amount, the asset is considered impaired and is consequently written down to its recoverable amount.

In measuring value in use, the Group discounts the forecast cash flows to their present value, using a discount rate that reflects the market assessment of the current value of money and the specific risks associated with the asset. In determining the fair value less costs to sell, recent transactions on the market are taken into account. If these transactions cannot be identified, an appropriate valuation model is used.

The Group bases its impairment test on detailed budgets and forecast calculations, prepared separately for each CGU. These budgets and forecast calculations generally cover a period of five years. To project future cash flows beyond the fifth year, a long-term growth rate is calculated.

The impairment of continuing operations is recognised in the annual profit/(loss) statement in the cost categories consistent with the function of the impaired assets. Exceptions are previously revalued assets, where the revaluation was recognised as other components of Comprehensive Income. In such cases, the impairment loss is in turn recognised as other components of Comprehensive Income up to the previous revaluation. At each reporting date, the Group assesses the existence of indications of the loss (or reduction) of previously recognised impairment losses and, if such indications exist, estimates the recoverable value of the asset or of the CGU. The value of a previously impaired asset is only reinstated if the assumptions used to determine its recoverable amount change after recognition of the last impairment. The recovery in value cannot exceed the carrying amount that would have been determined, net of amortisation/depreciation, had no impairment been recognised in prior years. Such recovery is recognised in the annual profit/(loss) statement unless the asset is recognised at a revalued amount, in which case the recovery is treated as a revaluation increase. In any case, goodwill cannot be reinstated following a write-down.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent evaluation

Financial assets and liabilities, including derivative financial instruments, are recognised at the time that the contractual rights and obligations forming part of the instrument arise. Financial assets and liabilities are accounted for in accordance with IFRS 9 - "Financial Instruments".

The definition of a derivative instrument of IFRS 9 includes both financial contracts (commodity swaps, commodity futures and interest rate swaps) and forward supply or sale contracts which, although providing for the physical delivery of the underlying energy, are not directly attributable to the Group's operational needs as stipulated for the purposes of brokerage and/or arbitrage.

Forward contracts on commodities stipulated and maintained to receive or deliver the underlying energy with respect to the Group's purchase, sale or use forecasts ("own use") are instead normally recognised at cost.

The Group uses derivative financial instruments (such as forward contracts, commodity swaps, commodity futures and interest rate swaps) to hedge exposure to the price risk of its energy portfolio and exposure to interest rate risk on loans. These derivative financial instruments - including embedded derivatives subject to separation from the main contract ("hybrid instruments") - are initially recognised at fair value on the date the derivative contract is signed and subsequently measured at fair value. Derivatives are accounted for as financial assets when the fair value is positive and as a liability when the fair value is negative.

In accordance with IFRS 9, derivative financial instruments are accounted for as trading instruments, with any gains or losses deriving from fair value changes recognised directly in the Income Statement, with the exception of derivatives for which the Group applies the accounting treatment envisaged for hedging derivatives (hedge accounting). Specifically, for hedge accounting purposes, hedging derivatives can be classified as:

- fair value hedges, if they are to cover the risk of changes in the fair value of the underlying asset or liability or an irrevocable commitment not recognised;
- cash flow hedges, if they are exposed to the variability of cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable scheduled transaction or a currency risk related to an irrevocable commitment not recognised;
- hedging of a net investment in a foreign operation.

At the start of a hedge operation, the Group formally designates and documents the hedging relationship, to which it intends to apply hedge accounting, its objectives in risk management and the strategy pursued.

In compliance with IFRS 9 (as described below), the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and the way in which the Group assesses whether the hedging relationship meets the requirements of hedge effectiveness (including the analysis of the sources of hedge ineffectiveness and how the hedging relationship is determined).

The hedging relationship meets the eligibility criteria for hedge accounting if all of the following requirements are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of the credit risk does not prevail over the changes in value resulting from the aforementioned economic relationship;
- the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge this quantity of hedged item.

Transactions that meet all the criteria for hedge accounting are accounted for as described in greater detail below.

Fair Value Hedges

The fair value Hedge is used by the Group to protect itself from the risk of adverse changes in fair value, assets, liabilities or irrevocable commitments, which are attributable to a specific risk and which could impact the Income Statement. Changes in the fair value of derivatives of this type, which qualify and are designated as hedging instruments, are recognised in the annual profit/(loss) statement under other costs. Changes in the fair value of the hedged item attributable to the hedged risk are recognised as part of the carrying amount of the hedged item and are also recognised in other expenses under profit or loss. With regard to fair value hedges relating to items recognised at amortised cost, any adjustment to the carrying amount is amortised in profit or loss over the remaining life of the hedge using the effective interest rate (EIR) method. The amortisation thus determined may begin as soon as an adjustment exists but may not extend beyond the date on which the hedged item ceases to be adjusted due to changes in fair value attributable to the hedged risk. If the hedged item is derecognised, the unamortised fair value is immediately recognised in the profit/(loss) statement of the year.

Cash Flow Hedges

The cash flow hedge is applied with the intent of hedging the Group from exposure to the risk of changes in the expected cash flows associated with a highly probable asset, liability or transaction. These changes are attributable to a specific risk and may impact the Income Statement.

The portion of gain or loss on the hedged instrument relating to the effective portion of the hedge is recognised in Other Comprehensive Income in the "cash flow hedge reserve", while the ineffective portion is recognised directly in profit or loss. The cash flow hedge 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.

With respect to commodity derivatives, the Group designates only the spot component of forward contracts as a hedging instrument, while the forward component is cumulatively recognised in OCI in a separate line item in the "cost of hedging" reserve.

Amounts accumulated in Other Comprehensive Income are reclassified to the Income Statement as a reclassification adjustment in the same period or periods during which the hedged cash flows impact the Income Statement.

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

Fair value measurement

As specified, the Group assesses derivative financial instruments at fair value at each reporting date. Fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. The fair value of an asset or liability is therefore valued by adopting the assumptions that market operators would use in the determination of price of the asset or liability, assuming that market operators act to best meet their own economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities for which the fair value is measured or recognised in the financial statements are classified according to the fair value hierarchy, as described below:

- **level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **level 2** - inputs other than the quoted prices included in Level 1, directly or indirectly observable for the asset or liability;
- **level 3** - valuation techniques for which the input data is not observable for the asset or liability.

The fair value is entirely classified in the same level of the fair value hierarchy in which the input of the lowest level of hierarchy used for the valuation is classified.

For assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group determines whether there have been transfers between the hierarchy levels re-evaluating the classification (based on the lowest level input that is significant for the purposes of the fair value measurement in its entirety) at each reporting date.

For reporting purposes related to the fair value, the Group determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Equity investments

As illustrated in the previous paragraph dedicated to the standards and scope of consolidation of the Group:

- investments in subsidiaries are consolidated on a line-by-line basis;
- investments in associates are accounted for in the Consolidated Financial Statements using the equity method;
- investments in other companies are measured at fair value with a counter-entry in the Income Statement. When a market value is not available or the fair value cannot be reliably determined using other methods, the share of the investee company's equity is used as the best estimate. The risk arising from potential losses exceeding the carrying value of the investment is recognised in a specific provision as long as the controlling company is committed to fulfil the legal or implicit obligations towards the subsidiary or to cover its losses.

Other financial assets

Initial recognition and subsequent evaluation

Upon initial recognition, financial assets are classified, as the case may be, on the basis of subsequent measurement methods, i.e. at amortised cost, at fair value in OCI and at fair value in the Income Statement.

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 that the Group uses to manage them.

With the exception of trade receivables that do not contain a significant financing component or for which the practical expedient was applied, as envisaged by paragraph 63 of IFRS15, the Group initially values a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through the Income Statement. Trade receivables that do not contain a significant financing component or for which the Group has applied a practical expedient are valued at the transaction price determined in accordance with IFRS 15.

The Group's Business model for the management of financial assets refers to the way in which it manages its financial assets in order to generate financial flows. The business model determines whether the cash flows will arise from the collection of contractual cash flows, the sale of financial assets or both.

For the purposes of subsequent evaluation, financial assets are classified in the following four categories:

- **financial assets at amortised cost (debt instruments)**, if both of the following requirements are met:
 - the financial asset is held as part of a Business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows;
 - the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

Financial assets at amortised cost are subsequently valued using the effective interest method and are subject to impairment. Gains and losses are recognised in the Income Statement when the asset is derecognised, modified or revalued.

- **financial assets at fair value through Comprehensive Income with reclassification of cumulative gains and losses (debt instruments)**, if both of the following requirements are met:
 - the financial asset is held as part of a Business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets;
 - the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest determined on the amount of principal to be repaid.

For assets from debt instruments measured at fair value through OCI, interest income, changes in exchange rates and impairment losses, together with reversals, are recognised in the Income Statement and are calculated in the same way as for financial assets measured at amortised cost. The remaining changes in fair value are recognised in OCI. Upon derecognition, the cumulative change in fair value recognised in OCI is reclassified to the Income Statement.

- **financial assets at fair value through Comprehensive Income without reversal of cumulative gains and losses at the time of derecognition (equity instruments)**. On initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognised at fair value through profit and loss when they meet the definition of equity instruments pursuant to IAS 32 - "Financial instruments: Presentation" and are not held for trading. The classification is determined for each individual instrument. Gains and losses on these financial assets are never reclassified to the Income Statement. Dividends are recognised as other income in the Income Statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such profits are recognised in OCI. Equity instruments recognised at fair value through OCI are not subject to impairment testing.
- **Financial assets at fair value through profit or loss**. This category includes assets held for trading, assets designated at the time of initial recognition as financial assets at fair value with changes recognised in the Income Statement, or financial assets that must be measured at fair value. Assets held for trading are all those assets acquired for sale or repurchase in the short term. Derivatives, including those separated, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not represented solely by principal and interest payments are classified and measured at fair value in the Income Statement, regardless of the Business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be recognised at fair value through profit or loss upon initial recognition if this results in the elimination or significant reduction of an accounting mismatch. Financial instruments at fair value with changes recognised in the Income Statement are recognised in the Statement of Financial Position at fair value and net changes in fair value are recognised in the annual profit/(loss) statement.

Derecognition

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

- the rights to receive cash flows from the asset no longer apply; or
- the Group has transferred to a third party the right to receive the cash flows from the asset or has undertaken the contractual obligation to pay them full and promptly and (a) it has transferred substantially all of the risks and rewards of ownership of the financial asset, or (b) it has neither transferred nor retained substantially all of the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

On each reporting date, the Group assesses whether a financial asset or group of financial assets has been impaired. There is an impairment loss when, after initial recognition, one or more events have occurred that have an impact, which can be reliably estimated, on the estimated future cash flows of the financial asset or group of financial assets.

In particular, the Group recognises an expected credit loss (hereinafter "ECL") write-down for all financial assets represented by debt instruments not held at fair value in the Income Statement. ECLs are based on the difference between the contractual cash flows due under the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows will include cash flows arising from the enforcement of collateral held or other credit guarantees that are an integral part of the terms of the contract. Reference should be made to the following paragraph on "Use of estimates" for further information on the determination of the provision for credit risks.

Other financial liabilities

Initial recognition and subsequent evaluation

At the time of initial recognition, the other financial liabilities (other than the derivatives described above) are recognised as liabilities at fair value in the Income Statement, in addition (in the case of mortgages, loans and payables) to the transaction costs directly attributable.

For the purposes of subsequent evaluation, financial liabilities are classified in the following categories:

- **Financial liabilities at fair value recognised in the Income Statement** - The first category includes the liabilities held for trading and the liabilities designated at the time of the first recognition as financial liability at fair value with changes recognised in the Income Statement. Liabilities held for trading are all those undertaken with the intention of extinguishing or transferring them in the short term. Gains or losses on liabilities held for trading are recognised in the profit/(loss) statement of the year. Financial liabilities are designated at fair value with changes recognised in the Income Statement from the date of initial recognition, only if the criteria of IFRS 9 are met.
- **Loans** - after initial recognition, loans are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in the Income Statement when the liability is settled, as well as through the amortisation process. The amortised cost is calculated by recognising the discount or premium on the acquisition and fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the profit/(loss) statement.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is settled, cancelled or honoured. If an existing financial liability is replaced by another one from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is accounted for as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences in carrying amounts recognised in the annual profit/(loss) statement.

Financial guarantees payable

Financial guarantees payable are contracts that require a payment to reimburse the holder of a debt security following a loss suffered by it as a result of default on the part of the debtor in payment at the contractually agreed deadline. Financial guarantee contracts are initially recognised as liabilities at fair value, increased by transaction costs directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the greater of the amount of the provision to cover expected losses at the reporting date and the amount initially recognised, net of accumulated amortisation.

Compensation of financial assets and liabilities

An asset and a liability (financial and/or trade) may be offset and the net balance shown in the Statement of Financial Position, when:

- there is a current legal right to offset the amounts recognised in the accounts; and
- there is the intention to settle the net residual, or realise the asset and at the same time settle the liability.

Cash and cash equivalents

Cash and cash equivalents and short-term deposits include cash on hand and demand and short-term deposits with a maturity of no more than three months, held to meet short-term cash commitments, rather than for investment or other purposes, and which are not subject to significant risks associated with changes in value.

For the purposes of presentation in the consolidated cash flow statement, cash and cash equivalents are represented by cash as defined above.

Trade receivables and payables

Trade receivables and payables are initially recognised at the fair value of the amount to be received/paid, which for this type normally corresponds to the nominal value indicated on the invoice. Trade receivables, where necessary, are recognised at their estimated realisable value, by means of appropriations (bad debts provision) that reflect the estimate of losses on receivables (determined in accordance with the provisions of IFRS 9) and that are recognised as a write-down of nominal values (see the following paragraph "Use of estimates" for further details).

Subsequently, where the conditions are met, receivables and payables are valued using the amortised cost method. It is noted that trade receivables and payables, the expiration of which falls within normal commercial terms, are not discounted, since the time component has little relevance in their valuation, and continue to be recognised at nominal value.

Inventories

Inventories are recognised at the lower of the cost and the net estimated realisable value. The cost configuration used is the weighted average cost, which includes ancillary charges.

Net realisable value is the estimated selling price in the ordinary course of business, net of estimated completion costs and estimated selling costs.

Employee benefits

Post-employment benefits are defined on the basis of programs that according to their characteristics can be divided into "defined contribution" programs and "defined benefit" programs.

Until 31 December 2006, the employee severance indemnity (TFR) of Italian companies was considered a defined benefit plan. The discipline of this fund was amended by Law 296 of 27 December 2006 and subsequent decrees and regulations issued in the first few months of 2007. As a result of these changes, companies with at least 50 employees are required to transfer the TFR to the "Treasury Fund" managed by the INPS (National Social Security Institute) or other supplementary pension funds. Before these amendments, the TFR of all Italian companies could be managed by the companies themselves.

In accordance with IAS 19 - Employee benefits, the TFR accrued starting from 1 January 2007 and which is paid into the INPS fund and the part paid to any supplementary pension scheme, are classified as defined contribution plans as the company's obligation is limited to the payment of contributions due to the State or to a legally distinct equity or entity (fund).

The sums recognised as provisions for TFR, consisting of the residual obligation relating to the TFR until 31 December 2006 (or the date of choice by the employee in the case of allocation to supplementary funds), instead retain their nature as defined benefits. This is a non-financed defined benefit plan, considering the benefits almost entirely accrued, with the sole exception of future revaluations.

In addition to the severance indemnity accrued up to 31 December 2006, for the Company, the following components also belong to the category of defined benefit plans:

- additional monthly payments due to eligible employees on the basis of the requisites envisaged by the CCNL National Collective Bargaining Agreement ("IMA");
- the company loyalty bonus paid to employees, determined on the basis of the achievement of a certain length of service;
- indemnities in lieu of tariff concessions (referred to as the "electricity discount"), granted to former employees after retirement;
- additional compensation for FOPEN contributions due to eligible employees;
- benefits deriving from the plan related to the Agreement on Art. 4 of Law No. 92/2012 ("Riforma del Lavoro Fornero" - Fornero Labour Reform).

The current cost of work services and the current value of obligations for defined benefit plans and other long-term benefits granted to employees is determined on the basis of actuarial valuations (see the following paragraph "Use of estimates" for further details).

The components of defined benefits are recognised as follows:

- the components for the re-measurement of liabilities, which include actuarial gains and losses, are recognised as other comprehensive income (losses) (these components are never reclassified to the Income Statement in subsequent periods);
- the costs related to service provisions are recognised in the Income Statement;
- the net financial expenses on the defined benefit liabilities are recognised in the Income Statement as financial expenses.

Provisions for risks and charges

Provisions for risks and charges of the Group are recognised where there is a legal or constructive obligation as a result of a past event at the closing of the financial year, the settlement of which will likely result in an outflow of resources whose amount can be estimated reliably. If the effect is significant, provisions are determined by discounting expected future cash flows at a pre-tax discount rate that reflects current market assessments of money in relation to time and, if applicable, the specific risk attributable to the obligation.

If the provision is discounted, the periodic adjustment of present value due to the time factor is recognised as a financial expense in the Income Statement. Where it is assumed that all expenses, or part of them, required to settle an obligation are repaid by third parties, compensation, if virtually certain, is recognised as a separate asset. If the liability is connected to the dismantling of the plants and/or restoration of the site where they are located, the provision is recognised as a balancing entry to the asset to which it refers and the charge is recognised in the Income Statement through the amortisation process of the aforementioned tangible asset.

For contracts whose non-discretionary costs necessary to fulfil the obligations undertaken are higher than the economic benefits that are supposed to be obtainable from the contract (onerous contracts), the Group recognises a provision equal to the lower between the cost necessary to fulfil and any compensation or penalty resulting from breach of the contract.

Changes in the estimates of accruals to the provision are reflected in the Income Statement for the financial year in which the changes occur, with the exception of those relating to the costs of decommissioning and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from a change in the discount rate. These changes increase or decrease the related assets and are recognised in the Income Statement through the amortisation process. When they increase the value of the assets, it is also assessed whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognised in the Income Statement.

Changes in the estimate are shown as a balancing entry to the asset up to its carrying amount and, for the excess, immediately in the Income Statement. For further details on the estimate criteria adopted in determining the liabilities relating to the decommissioning and restoration of sites, reference is made to the following paragraph dedicated to the use of significant estimates.

Grants

Grants, both from public entities and from third party private entities, are measured at fair value when there is the reasonable certainty that they will be received and that the Group will be able to comply with the terms and conditions for obtaining them.

Grants related to plants received for specific assets are recognised, when they become payable, as deferred revenue and recognised as income in the Income Statement systematically during the useful life of the asset to which they refer. The deferred revenue relating to the grants themselves is reflected in the balance sheet as other liabilities, with appropriate separation between the current portion and the non-current one.

Revenue grants (given to provide the company with immediate financial support or as compensation for expenses or losses incurred in a previous accounting period) are recognised in their entirety in the Income Statement as soon as the conditions for recognising the grants are met.

Tax relief on investments

Tax relief on investments are handled as capital grants. Where the relief is granted in the form of a tax deduction (even a multi-year one) from income taxes, it is entered only when there is a reasonable certainty of having a future tax liability on which to exercise that deduction. The right to the deduction is represented as a tax credit recorded as an income tax receivable.

Revenues

As required by IFRS 15, revenue recognition is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, 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 obligations identified on the basis of the stand-alone sale price of each good or service; (v) recognition of the revenue when the relative performance obligation is satisfied, i.e. when the promised good or service is transferred to the customer; the transfer is considered completed when the customer obtains control of the good or service, which can occur continuously over time diluted and extended or at a point in time.

With reference to the assessment of progress toward full compliance to do, the Group generally applies the output-based method. Where the outcome of a long-term obligation to do is not reliably estimable, revenue is recognised within the limits of external contract costs, with no margin recognised.

Depending on the type of transaction, the main revenues are recognised on the basis of the following specific criteria:

- revenues for the sale and transport of electricity and gas are recognised at the time that the energy is supplied or the service rendered, even if invoicing has not yet taken place, and are determined by adding estimates of consumption to amounts resulting from pre-established meter-reading schedules. Where applicable, these revenues are based on the tariffs and related tariff restrictions in force during the year prescribed by the law and ARERA. In particular, with regard to the sale of energy, the time of transfer of control can be identified as the time of consumption (for end customers) or physical delivery (for wholesale customers);
- revenues from services are recorded with reference to the stage of completion of the activities. If it is impossible to calculate revenues on a reliable basis they are recognised up to the amount of the costs incurred providing they are expected to be recovered. With reference to the energy efficiency business, the performance to the customer is identified as a single Performance Obligation that takes the form of energy efficiency in buildings. Revenues are recognised in the financial statements using the output method and the relevant margins are only recognised against Works Progress Reports approved by the Works Management as an element certifying the accrual of the margin itself;
- connection fees paid by users are measured at fair value when there is the reasonable certainty that they will be received and that the Group will be able to comply with the terms and conditions for recognising them. Revenues from connection to the electricity network are closely related to the nature of the regulatory obligations in place; therefore, as from 01 January 2018, as a result of the first-time adoption of IFRS 15, certain electricity network connection services are deferred on the basis of the nature of the obligation resulting from the contract with customers. Reference should be made to the paragraph below "Changes in accounting standards, new accounting standards, changes in estimates and reclassifications" for further details on the effects of the first-time adoption of IFRS 15;
- revenues from the sale of certificates are recognised at the time of sale.
- Revenues are recognised, net of returns, discounts, allowances and premiums.

The Group has generally concluded that it acts as the "Principal" in the agreements that generate revenues, as it usually controls the goods and services before they are transferred to the customer. The status of Principal was also recognised with reference to the new activity of General Contractor in the energy efficiency sector, where, although acting through subcontractors, the Group is primarily responsible for the execution of services and has the discretion to set their prices.

In determining the price of the sale of the assets, the Group considers any effects deriving from the presence of variable fee, significant financing components and/or non-monetary fees. The Group also considers whether there are other promises in the contract that represent obligations to make to which a part of the transaction fee must be allocated. The following section "Use of estimates" explains the significant discretionary evaluations, estimates and assumptions relating to revenues deriving from contracts with customers.

Other income

Other income includes all types of revenues not included in the previous types and not of a financial nature and are recognised according to the methods indicated above for revenues from the sale of goods and provision of services.

Costs

Costs are measured at fair value of the amount paid or to be paid, net of returns, discounts, rebates and premiums, and net of taxes directly associated with the purchase of goods and provisions of services. Costs for the acquisition of goods and services are recognised when their amount can be determined reliably. Costs for the purchase of goods are recognised at the time of delivery, which on the basis of the contracts in force identifies the time of transfer of the related risks and benefits. Costs for services are recognised on an accrual basis when they are received.

Dividends

Dividends are recognised when the unconditional right to receive payment is established and are classified in the Income Statement as financial income.

Other financial income and expenses

With reference to assets and liabilities valued at amortised cost and financial assets that accrue interests classified as available for sale, interest income and expense are recognised using the effective interest rate method (TIE), which represents the rate that exactly discounts expected future cash flows based on the expected life of the financial instrument. Financial income is recognised when the following conditions are met:

- it is likely that the selling company will enjoy the economic benefits of the transaction;
- the amount of revenues can be determined reliably.

Borrowing costs are recognised as costs for the year in which they are incurred.

Income taxes

Current taxes

Current tax assets and liabilities for the year are measured for the amount expected to be recovered or paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those enacted or substantially in force at the reporting date. Current taxes related to items recognised directly in shareholders' equity are also recognised in shareholders' equity and not in the annual profit/(loss) statement.

Deferred taxes

Deferred taxes are calculated on the temporary differences at the reporting date between the tax values of assets and liabilities and the corresponding carrying amounts. Deferred tax assets are also recognised for tax receivables and unused tax losses that can be carried forward, to the extent that it is probable that sufficient future taxable income will be available to allow the use of the tax reduction. The book value of deferred tax assets is reviewed at each reporting date and reduced when it is no longer probable that sufficient taxable income will be available in the future to allow the full or partial use of such receivable. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent that it becomes probable that the taxable income will be sufficient to allow the recovery of

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

Deferred taxes relating to items recognised outside the Income Statement are also recognised outside the Income Statement and, therefore, as shareholders' equity or in the Comprehensive Income Statement, in line with the element to which they refer.

Deferred tax assets and deferred tax liabilities are offset if there is a legal right that allows compensation of current tax assets and current tax liabilities and the deferred taxes refer to the same taxpayer and the same tax authority.

Conversion criteria for foreign currency items

The functional and reporting currency adopted by the Group is the Euro. Foreign currency transactions are initially recognised at the exchange rate in effect on the date of the transaction. Apart from fixed assets, any assets and liabilities held in foreign currencies are recognised at the exchange rate of reference at the end date of the period; the related exchange gains and losses are recognised in the Income Statement for the period of competence. Any net gain is allocated to non-distributable reserve until the date of realisation.

Changes in accounting standards, new accounting standards, changes in estimates and reclassifications

Endorsed accounting standards, amendments and interpretations applied since 1 January 2022

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRSs in force from 1 January 2022 are briefly described below.

Onerous contracts - Costs necessary to fulfill a contract - Amendments to IAS 37

An onerous contract is a contract under which the non-discretionary costs of performing the obligations under the contract (i.e. costs that cannot be avoided by virtue of the existence of the contract) exceed the economic benefits expected to be received under it.

The amendments specify that in assessing whether a contract is onerous or loss-making, an entity shall include costs that relate directly to a contract for the provision of goods or services, including both incremental costs (e.g. the costs of direct labour and materials) and the allocation of costs directly related to contract activity (e.g. depreciation of equipment used to fulfil the contract and the costs of managing and supervising the contract). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly charged to the other party under the contract.

The adoption of said amendments has had no impact on the Group financial statements at 31 December 2022.

Reference to the Conceptual Framework - Amendments to IFRS 3

The amendments replace the reference to an earlier version of the IASB Conceptual Framework with reference to the current version published in March 2018, without significantly changing its requirements.

The amendments add an exception to the recognition principle in IFRS 3 Business Combinations to avoid the issue of potential "second day" gains or losses arising from liabilities and contingent liabilities that, outside the context of a business combination, would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Taxes. The exception requires entities to apply the criteria of IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets cannot be recognised at the acquisition date. In accordance with the transitional provisions, the amendments will be applied prospectively, i.e. to business combinations that occur after the beginning of the financial year in which the amendments are first applied (initial application date). These changes had no impact on the Group's financial statements, as no assets, liabilities or contingent liabilities arose within the scope of these changes during the period.

Property, plant and equipment: Income before Intended Use - Amendments to IAS 16 Property, Plant and Equipment

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the entity must recognise the proceeds from the sale of such items and the costs of producing them in the income statement.

These changes had no impact since there were no sales of such items of property, plant and equipment made available for use at the beginning or after the first period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiaries as First-time Adopters

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation (currency) differences using the amounts reported in the parent's Consolidated Financial Statements, based on the parent's date of transition to IFRSs, if no adjustments have been made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment also applies to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These changes had no impact on the Group's financial statements, since, although this was a first-time adoption, there were no foreign currency items.

IFRS 9 Financial Instruments - Fees in the "10%" test for derecognition of financial liabilities

The amendment clarifies what fees an entity must include in assessing whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. Such fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on behalf of the other. No similar amendment has been proposed for IAS 39 Financial Instruments: Recognition and measurement.

These changes had no impact on the Group's financial statements, as there were no changes in the financial instruments during the period.

IAS 41 Agriculture - Taxation in Fair Value Measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the Group's financial statements, as there were no assets within the scope of IAS 41 at the reporting date.

Standards issued by the IASB but not yet applicable

At the date of preparation of these financial statements, the IASB had issued the following new standards/interpretations which have not yet come into force:

New Standards/Interpretations transposed by the EU but not yet in force	Mandatory application from
Amendments to IAS 12 Income taxes: Deferred taxes related to assets and liabilities arising from a single transaction	01/01/2023
IFRS 17 (Insurance Contracts), including amendments published in June 2020	01/01/2023
Amendments to IAS 1 Presentation of Financial Statements: Disclosure of accounting standards	01/01/2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates	01/01/2023
Amendments to IFRS 17 Insurance Contracts: First application of IFRS17 and IFRS 9 - Comparative information	01/01/2023
New Standards/Interpretations not yet endorsed by the EU	Mandatory application from
Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current	01/01/2024
Amendments to IFRS 16: Lease Liabilities in a Sale and Leaseback	01/01/2024
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate company or joint venture	To be defined
IFRS 14 Regulatory Deferral Accounts	To be defined

The potential impacts on the Group financial statements from application of these new standards and interpretations are currently being assessed.

Significant accounting estimates

The preparation of the Consolidated Financial Statements, prepared in compliance with the IAS/IFRS standards, required the use of estimates, judgements and hypotheses that have an effect on the carrying amount of assets and liabilities, on the information regarding contingent assets and liabilities and on the value of revenues and costs recognized. The estimates and related assumptions are based on elements known at the date of preparation of the financial statements, on historical experience and on other factors that may be considered relevant.

The underlying estimates and assumptions are updated periodically and regularly by the management. Actual results may differ from estimates and therefore need to be amended. The effects of any changes in estimates are recognised in the Income Statement in the period in which they occur or in subsequent periods.

The main items requiring estimates are described below and for which a significant difference with respect to the carrying amounts of assets and liabilities may be required in the future.

Impairment test

The book value of non-current assets is subjected to periodic verification (at each reporting date) and whenever circumstances or events require more frequent verification. In the presence of potential impairment loss indicators (and obligatory at each reporting date for assets with indefinite useful life), it is necessary to proceed with an impairment test, within which the recoverable value is determined, which is the higher of fair value less costs to sell the asset or of the smaller CGU and its value in use. The recoverable value is determined by individual asset or CGU, in the event that it is not possible to allocate the cash flows to the individual asset. An impairment loss must be recognised when the book value of the asset being tested exceeds its recoverable value; conversely, if the recoverable value exceeds the book value, no recognition is necessary. Impairment related to goodwill cannot be reinstated in following years.

The value in use is the present value of future cash flows expected from the use of the asset or CGU and from its disposal at the end of its useful life. Based on the IFRS accounting standards applied in professional practice on valuation, the estimate of the value in use is made by discounting the operating cash flows, i.e. the cash flows available before the repayment of financial payables and the remuneration of shareholders (Unlevered Discounted Cash Flow (UDCF) method), appropriately calculated assuming an actual marginality that can be realised by the company in the event of carrying out the activity at normal market conditions.

The cost of capital of the Group is determined using the WACC method, so as to be representative of the weighted average cost of financing sources (risk capital and debt capital). Some of the parameters used to calculate the WACC are derived from market indicators and from comparable companies/groups.

It is believed that the estimates underlying the calculation of the recoverable amounts determined in the context of the impairment test conducted by the management are reasonable; however, possible variations in the underlying estimating factors could produce different evaluations.

Amortisation/depreciation

Tangible and intangible assets with definite useful life are depreciated or amortised on a straight-line basis over their estimated useful life. The useful economic life of these assets is determined at the time of purchase, with the support of technical experts. The Group periodically evaluates technological and sector developments, dismantling/closure charges and the recovery value to update the residual useful life of assets. This evaluation could result in a change in the economic useful life of assets and, consequently, also in the depreciation period and the underlying depreciation portion to be recognised in future years.

Measurement of derivative financial instruments

The fair value of derivative instruments is determined both using valuation models which also take into account subjective measurements such as, for example, cash flow estimates, expected volatility of prices, etc., and on the basis of prices existing in regulated markets or quotations provided by financial counterparties.

More specifically, the derivative financial instruments on commodities used by the Group are measured at fair value based on the forward market curve at the reporting date, if the underlying of the derivative is traded on markets that provide official, liquid forward prices. If instead the market does not provide forward prices, forecast price curves are used based on simulation models developed by the Group internally. However, the actual results of derivatives could differ from the measurements made.

It is also noted that, the serious turbulence that took place on the markets for the energy Commodities traded by the Group, could lead to greater volatility in Cash Flows and in expected results.

Trade receivables measured at amortised cost

Trade receivables for which extensions have been granted beyond 12 months are valued at their amortised cost. Where the instalment agreement does not provide for the recognition of explicit interest, the financial effect was determined by discounting the expected cash flows at a rate equal to that normally applied to the payment of arrears by customers. The difference between the nominal value of the receivable and its amortised cost has been deducted from the related revenues. Different assessments of the discount rate could change the results of the financial statements.

Recognition of revenues

Revenues from sales to customers are recognised on an accruals basis and on the basis of the fair value of the amount received or receivable. Revenues from sales of electricity to end customers are recorded in the financial statements on the basis of the time of supply and include, in addition to the amount invoiced on the basis of periodic readings, or on the basis of the volumes communicated by distributors and transporters, an estimate of the electricity supplied during the year but not yet invoiced. Revenues between the last reading date and the end of the financial year are partly based on estimates of the customer's consumption, based on the related historical profile.

Provision for risks on receivables

As previously specified, receivables are recognised in the financial statements at their estimated realizable value, by adding appropriations that reflect the estimate of losses on receivables and that are recognised as a nominal value adjustment.

The Group uses a matrix to calculate ECL for trade receivables and contractual activities. The allocation rates are based on the days past due for each class of customers grouped in the various segments with similar historical loss trends (market, type of customer, contract status, type of payment).

The matrix is initially based on the historical default rates observed by the Group. At least once per financial year, the historical insolvency rates are updated.

Although the provision is considered adequate, the use of different calculation assumptions or changes in macro-economic conditions could cause a change in the bad debts provision.

Employee benefits

As previously specified, the current cost related to work services and the current value of obligations for defined benefit plans and other long-term benefits granted to employees is determined on the basis of actuarial valuations using the Projected Unit Credit Cost Method. According to this methodology, the Group assigns the benefit deriving from the plan to the years in which the obligation arises to provide the benefit itself or, in the moment in which employees provide work service. The amount of the liability is calculated by estimating the amount to be paid upon termination of the employment relationship, taking into consideration economic, financial and demographic assumptions, which are annually validated by a third-party and independent actuary. This value is charged pro-rata temporis based on the period of work already accrued. For severance indemnity accrued at 31 December 2006 (or the date of choice by the employee in the case of allocation to complementary funds), the *pro-rata temporis* is instead not applied, since as specified above, at the reporting date the benefits can be considered fully accrued.

The components of remeasurement of the liability, which include actuarial gains and losses, as well as any effects deriving from changes to the actuarial assumptions adopted, are recognised as comprehensive profits (losses).

Although the determination of the current value of the obligation is based on the use of objective and compatible

actuarial assumptions, as well as on financial parameters deriving from market estimates known at the reporting date, regarding the year in which the obligations will be settled, the use of different assumptions, or the change in macro-economic conditions, could determine a change in the current value of the obligation.

Provisions for risks and charges

The identification of the existence or non-existence of a current obligation (legal or implicit), as well as the subsequent quantification of any underlying, represents a process that is not easy to determine by the Directors.

Management carries out a case-by-case assessment of the potential obligations, together with the estimate of the amount of economic resources required for the fulfilment of the same. Estimating allocations to the provisions for risks and charges is therefore the result of a complex process that can also involve subjective judgements on the part of Company management. When the directors are of the opinion that it is only possible that a liability could arise, the risks are disclosed in the section on commitments and contingent liabilities without making a provision.

Obligations for dismantling and/or recovery

The nature of the Group's business may entail an obligation relating to future activities and interventions that will have to be sustained for the decommissioning of (renewable energy production) plants and/or restoration of the site where they are located. The estimate of future charges depends on the type of generation adopted and is based on financial and engineering assumptions that depend on the technology existing at the date of valuation, as well as applicable laws and regulations. The current liability is then calculated by discounting the expected future cash flows that the Group believes will be required for the obligation assumed. Subsequent to initial recognition, the value of the obligation is reviewed annually and possibly adjusted to reflect the passing of time and any change in the underlying estimates. As specified above in the context of the accounting standards adopted by the Group, the provision relating to these obligations is recognised as a balancing entry to the asset to which it refers and the charge is recognised in the Income Statement not only at the financial value over time but also through the depreciation process of the aforementioned tangible asset.

Recoverable value of deferred tax assets

Income taxes (current and deferred) are calculated according to a prudent interpretation of the tax laws in effect. This process sometimes involves complex estimates to determine taxable income and deductible and taxable temporary differences between the carrying amounts and the taxable amounts. In particular, prepaid tax assets are recognised to the extent that future taxable income will be available against which they can be recovered.

The measurement of the recoverability of prepaid tax assets, recognised based on both unused tax loss carry-forwards to future years and deductible temporary differences, takes into account the estimate of future taxable income and is based on conservative tax planning.

In making these valuations, management relies on the most recent budgets and business plans (prepared and used also as part of the asset impairment testing) and also takes into account participation in the group's domestic consolidated tax regime, which allows the Company to transfer its taxable income, whether positive or negative, to the Group.

These estimates and assumptions are subject to a certain degree of uncertainty, especially with reference to the future macro-economic trend. Therefore, changes in current estimates due to unforeseen events could impact the valuation of deferred tax assets.

Absence of an applicable standard or interpretation

As required by IAS 8 (Accounting Standards, Changes in Accounting Estimates and Errors), paragraph 10, in the absence of a Standard or an Interpretation that specifically applies to a particular transaction, Management, through careful subjective evaluation techniques, chooses the accounting methods to adopt with a view to providing financial statements which faithfully represent the financial position, the results of operations and the cash flows of the Group, which reflect the economic substance of the transactions, which are neutral, prepared on a prudent basis and complete in all material respects.

Assessment of Guarantee of Origin Certificates

The valuation of the adjustments necessary to align the portfolio of Guarantee of Origin Certificates acquired with the actual consumption of energy from renewable sources by users is based on the prices expressed by the markets on 31 December. Any differences between these prices and the price actually agreed at the time of the transaction are considered as relating to the year in which the transaction takes place.

The same method is applied to Certificates of Origin for which the right to issue them has matured (against the production of energy from renewable sources), but for which the sale price has not yet been contractually agreed.

Evaluation of transactions involving the acquisition of tax credits as collection

Some of the activities carried out by the Group involve the collection of fees in whole or in part through the acquisition of tax credits recoverable over multi-year time frames varying from 5 to 10 years (mechanism of the so-called "Invoice discount").

Tax credits thus acquired do not appear to be directly applicable to the definition of a financial asset in IAS 32, paragraph 11, since the resulting right to offset taxes and contributions is based on ex lege provisions and does not derive from a Contract.

However, the tax credits in question are, in substantive terms, comparable to a financial asset in that they can be used to offset a debt usually paid in cash (tax debts), they can be exchanged for other financial assets on terms that may be potentially favourable to the entity, and they can be framed in a business model (e.g. Hold to Collect in the case of holding to maturity). For these reasons, it is believed that an accounting model based on IFRS 9 is the most appropriate accounting policy to provide relevant and reliable information, as required by IAS 8 paragraph 10. Such a model, in fact, seems to more adequately ensure a true representation of the Group's financial position, income and cash flows, reflecting the economic substance and not merely the form of the transaction, in a neutral, prudent and complete manner.

In view of the Group's aims, which are to maximise the profitability of such transactions by using the credits acquired to offset tax liabilities, it was deemed appropriate to carry out the valuation of these credits according to the "hold-to-collect" business model and thus at their amortised cost.

Where the contract with the customer includes a rate implicit in the structure of the transaction, the amortised cost of credit was determined using the internal rate of the transaction itself.

When, on the other hand, the contract with the customer does not provide for an implicit rate, we proceed (also in compliance with the dictates of IFRS 15 in terms of revenue allocation) to unbundle the financial component from the contractually stipulated consideration, using an interest rate consistent with the risk expressed by the counterparty (the Italian State) and the identified business model. Specifically, the rate of a BTP with a maturity aligned with that of the loan being evaluated was chosen.

With reference to the time of recognition of the credits, they are recorded at the same time as revenue recognition as receivables from customers. Only with the actual acquisition of the tax credit, which is also subsequent to obtaining the appropriate endorsements, is the receivable from the customer cancelled and the tax credit recorded. The amortised cost valuation, however, is carried out from the time the customer receivable is first recorded in accordance with the above principles.

Information related to operating sectors

For management purposes, the Group is organised into Business Units, the subdivision of which reflects the reporting structure analysed by the Management and the Board of Directors in order to manage and plan the Group's activities. In compliance with the provisions of IFRS 8 - Operating Segments, information is provided below for Business Units, identified on the basis of the management structure and the internal reporting system of the Group.

More specifically, the CVA Group operates in the following business sectors:

- **Hydro BU:** dedicated to electricity generation from hydroelectric sources, and to the relative sale of the same to wholesalers/traders. This production mainly relates to the Parent Company and, to a residual extent, to VALDIGNE;
- **Other Renewable Energy Sources BU** (hereinafter for brevity also "**Other RES**"): dedicated to the activity of electricity generation from renewable energy sources other than the hydroelectric source, and to the relative sale of the same to wholesalers/traders. The activity is carried out mainly by the Parent Company and by the company CVA EOS;
- **Distribution BU:** dedicated to the distribution of electricity to end users entirely carried out by DEVAL, which manages a distribution network (located exclusively in Valle d'Aosta);
- **Sales BU:** includes the activities performed by CVA ENERGIE which operates (i) in the electricity sales sector; (ii) in the energy management sector, also carrying out electricity trading activities mainly in physical and financial energy markets;
- **Energy Efficiency BU:** a new operating sector of the Group that includes the energy efficiency activities of civil and capital buildings carried out by CVA as *General Contractor*.

In addition to these Business Units, it is also possible to identify the so-called "Corporate" includes the result of the activities and Businesses that do not constitute an operating segment pursuant to IFRS 8, as well as values not attributable to the performance of the business areas identified, as they are not directly attributable to their management responsibility.

The item "Eliminations and adjustments", on the other hand, includes consolidation adjustments and eliminations between the individual Business Units.

Based on the nature of the activities carried out by the companies of the Group, the breakdown by geographical area is not significant.

The following tables show some economic and financial information broken down by segment for the years 2022 and 2021 (for comparative purposes):

Summary data by Business Unit at 31 December 2022

Amounts in Euro thousands	For the year ended 31 December 2022							
	Hydro	Distribution	Sales	Other RES	Energy efficiency	Corporate	Eliminations	Total
Economic data by business sector								
Revenues	142,926	34,933	1,627,434	57,121	31,610	3,835	(169,579)	1,728,280
Personnel cost	(14,854)	(7,758)	(4,109)	(597)	(518)	(14,411)	-	(42,246)
Other operating costs	(47,795)	(9,906)	(1,446,125)	(13,071)	(28,789)	(14,058)	168,991	(1,390,752)
Gross Operating Margin (EBITDA)	80,277	17,269	177,200	43,453	2,303	(24,633)	(588)	295,281
% of revenues	56.2%	49.4%	10.9%	76.1%	7.3%	-642.3%	0.3%	17.1%
Amortisation, depreciation, provisions and write-downs	(24,659)	(12,541)	(1,438)	(17,735)	(20)	(3,156)	454	(59,094)
Operating Result (EBIT)	55,618	4,728	175,762	25,718	2,283	(27,789)	(134)	236,187
% of revenues	38.9%	13.5%	10.8%	45.0%	7.2%	-724.6%	0.1%	13.7%
Result from non-recurring transactions	(773)	(3,412)	3,338	(3,312)	-	471	-	(3,688)
Adjusted Operating Result (Adjusted EBIT)	56,391	8,140	172,424	29,030	2,283	(28,260)	(134)	239,875
% of revenues	39.5%	23.3%	10.6%	50.8%	7.2%	-736.9%	-	13.9%
Financial balance	-	-	-	-	352	19,719	(5,512)	14,558
PRE-TAX RESULT	55,618	4,728	175,762	25,718	2,635	(8,070)	(5,646)	250,745
Expenses for income taxes	-	-	-	-	-	(86,361)	20	(86,341)
PERIOD NET RESULT	55,618	4,728	175,762	25,718	2,635	(94,432)	(5,626)	164,404
Equity data by business sector								
Investments	17,493	14,498	176	3,738	692	14,758	-	51,355
Tangible assets	306,479	113,588	632	154,400	1,037	33,320	(2,552)	606,905
Intangible assets	174,509	12,402	5	50,602	1	2,254	(82)	239,690
Trade receivables	20,546	4,396	155,357	4,302	36,682	2,604	(27,464)	196,423
Trade payables	11,215	7,577	75,018	4,173	8,961	6,757	(27,608)	86,093

Summary data by Business Unit at 31 December 2021

Amounts in Euro thousands	For the year ended 31 December 2021							
	Hydro	Distribution	Sales	Other RES	Energy efficiency	Corporate	Eliminations	Total
Economic data by business sector								
Revenues	187,269	33,995	624,085	68,392	5,676	2,908	(211,679)	710,645
Personnel cost	(13,991)	(7,138)	(4,062)	(412)	(346)	(13,572)	-	(39,521)
Other operating costs	(44,647)	(10,970)	(607,898)	(9,917)	(5,556)	(9,917)	211,192	(477,712)
Gross Operating Margin (EBITDA)	128,631	15,887	12,125	58,062	(226)	(20,581)	(487)	193,412
% of revenues	68.69%	46.73%	1.94%	84.90%	-3.99%	-707.83%	0.23%	27.22%
Amortisation, depreciation, provisions and write-downs	(23,612)	(17,580)	200	(17,670)	(0)	(3,118)	437	(61,342)
Operating Result (EBIT)	105,020	(1,693)	12,325	40,392	(226)	(23,699)	(49)	132,069
% of revenues	56.08%	-4.98%	1.97%	59.06%	-3.99%	-815.06%	0.02%	18.58%
Result from non-recurring transactions	-	(9,050)	(10,530)	3,306	-	-	-	(16,274)
Adjusted Operating Result (Adjusted EBIT)	105,020	7,357	22,854	37,086	(226)	(23,699)	(49)	148,343
% of revenues	56.08%	21.64%	3.66%	54.23%	-3.99%	-815.06%	-	20.87%
Financial balance	-	-	-	-	(12)	(7,415)	2,351	(5,077)
PRE-TAX RESULT	105,020	(1,693)	12,325	40,392	(239)	(31,114)	2,302	126,992
Expenses for income taxes	-	-	-	-	-	8,271	(5)	8,267
PERIOD NET RESULT	105,020	(1,693)	12,325	40,392	(239)	(22,843)	2,297	135,259
Equity data by business sector								
Investments	17,303	12,657	56	2,375	345	2,625	-	35,361
Tangible assets	313,596	110,409	563	167,585	345	33,487	(2,820)	623,165
Intangible assets	174,633	13,521	-	50,889	1	2,519	-	241,563
Trade receivables	24,694	6,390	78,569	14,544	9,368	2,240	(39,800)	96,004
Trade payables	11,158	7,125	85,094	2,590	2,588	5,331	(40,779)	73,107

For further details regarding results by Business Unit, reference is made to as illustrated in the Report on Operations.

Comments on the main Consolidated Income Statement items

The breakdown of the main items of the Consolidated Income Statement is provided below. The following tables, unless otherwise indicated, show the figures in thousands of Euro.

1. Revenues from sales and services

Revenues from sales and services totalled Euro 1,701,857 thousand in 2022 (Euro 661,743 thousand in 2021). A breakdown of revenues by nature is provided below:

Amounts in Euro thousands

2022													
	Hydro		Distribution		Sales		Other RES		Energy efficiency		Corporate		Total Group
	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	
REVENUES FROM SALES AND SERVICES	135,875	(134,612)	31,651	(16,105)	1,623,957	(5,231)	46,582	(11,876)	31,610	-	9,491	(9,486)	1,701,857
Sale of electricity	124,879	(123,616)	-	-	967,172	(3,803)	45,416	(11,030)	-	-	-	-	999,019
To wholesale customers	124,879	(123,616)	-	-	933,388	-	45,416	(11,030)	-	-	-	-	969,037
To end customers - Free Market	-	-	-	-	356,145	(3,136)	-	-	-	-	-	-	353,009
To end customers - Greater Protection Market	-	-	-	-	14,242	(667)	-	-	-	-	-	-	13,575
Income from energy hedging instruments in HA	-	-	-	-	(336,602)	-	-	-	-	-	-	-	(336,602)
Income from commodities trading activities	-	-	-	-	26,099	-	-	-	-	-	-	-	26,099
Income from commodities hedging not in HA	-	-	-	-	544,559	-	-	-	-	-	-	-	544,559
Fees for use of the system	4,816	(4,816)	-	-	38,960	(180)	-	-	-	-	-	-	38,780
Revenues for energy transport	-	-	29,647	(15,882)	37,404	(231)	-	-	-	-	-	-	50,938
Connection fees and fixed fees	-	-	1,607	(216)	2,556	(961)	-	-	-	-	-	-	2,985
Disposal of energy certificates/securities	5,907	(5,907)	-	-	6,951	(55)	482	(482)	-	-	-	-	6,896
Provisions of services	273	(273)	397	(7)	257	-	684	(364)	31,610	-	9,491	(9,486)	32,583

Amounts in Euro thousands

2021													
	Hydro		Distribution		Sales		Other RES		Energy efficiency		Corporate		Total Group
	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	
REVENUES FROM SALES AND SERVICES	169,814	(169,302)	31,904	(15,772)	623,169	(3,695)	41,351	(21,361)	5,676	-	9,185	(9,180)	661,790
Sale of electricity	168,214	(167,703)	-	-	426,158	(1,856)	40,589	(21,134)	-	-	-	-	444,269
To wholesale customers	168,214	(167,703)	-	-	315,150	-	40,589	(21,134)	-	-	-	-	335,116
To end customers - Free Market	-	-	-	-	120,612	(1,388)	-	-	-	-	-	-	119,224
To end customers - Greater Protection Market	-	-	-	-	8,692	(467)	-	-	-	-	-	-	8,224
Income from energy hedging instruments in HA	-	-	-	-	(18,296)	-	-	-	-	-	-	-	(18,296)
Income from commodities trading activities	-	-	-	-	3,913	-	-	-	-	-	-	-	3,913
Income from commodities hedging not in HA	-	-	-	-	61,741	-	-	-	-	-	-	-	61,741
Fees for use of the system	-	-	-	-	22,332	(141)	-	-	-	-	-	-	22,191
Revenues for energy transport	-	-	30,076	(15,539)	103,534	(651)	-	-	-	-	-	-	117,420
Connection fees and fixed fees	-	-	1,468	(228)	2,731	(1,042)	-	-	-	-	-	-	2,929
Disposal of energy certificates/securities	1,307	(1,307)	-	-	2,130	(5)	105	(105)	-	-	-	-	2,124
Provisions of services	292	(292)	361	(6)	631	-	658	(122)	5,676	-	9,185	(9,180)	7,202

Revenues from energy efficiency activities, in accordance with the sections on "Summary of the Main Accounting Principles Adopted in the Preparation of the Financial Statements" and the use of "Significant Accounting Estimates", have been allocated between operating assets and the financial operation inherent in contracts with customers (related to deferred payment mechanisms). The revenue shown here corresponds exclusively to what can be attributed to operating assets. These revenues, accrued on the progress of an obligation to do, were valued using the "output" method by taking as a reference the Work Progress States for which the right to invoice the customer contractually accrued. To these was added a portion of revenues, which, in the absence of a certain right to invoicing by lacking customer approval on the Progress States, were recognised up to the amount of the external costs incurred (thus without recognition of margins).

For further details regarding revenues by nature and Business Unit, reference is made to as illustrated in the specific section of the Report on Operations.

It should be noted that the item "results from commodity trading activities" includes the margin generated on transactions in trading commodity trading portfolios as shown in the table below:

Amounts in Euro thousands	2022	2021
RESULT FROM TRADING ACTIVITIES	26,099	3,913
Income from trading activities	439,229	398,037
Expenses from trading activities	(413,130)	(394,124)

It should be noted that the consideration received for participation in the Capacity Market, which provides for remuneration for the production capacity made available to Terna, was also recognised as part of the consideration for use of the system in 2022. CVA ENERGIE was paid a fixed fee for the production/import capacity it was awarded in the auctions held in 2019. Said fixed fee amounted to Euro 11,450 thousand. The remuneration envisages, then, the application of a variable fee that takes on the nature of a cost (in 2022, equal to Euro 1,276 thousand) and that has been classified as a charge for system use. It should be noted that the production capacity in question refers to the dispatched plants owned by the Parent Company in addition to the import capacity.

2. Other revenues and income

The breakdown of the item "Other operating revenues and income" is shown in the following table:

Amounts in Euro thousands	2022	2021
OTHER REVENUES AND INCOME	26,422	48,901
Operating contributions	18,758	42,329
Penalties and insurance reimbursements	3,421	4,598
Leases of properties	934	896
Capital contributions	144	38
Other income	3,165	1,042

The breakdown of the item "Operating contributions" is also given below, by type of contribution and by Business Unit:

BREAKDOWN OF OPERATING CONTRIBUTIONS

Amounts in Euro thousands	2022	2021
OPERATING CONTRIBUTIONS	18,758	42,329
GRIN (former Green Certificates)	11,423	30,647
Photovoltaic plant incentives	5,087	4,896
Contribution for the purchase of TEE securities	852	1,246
Incentive tariffs	214	4,831
Other operating contributions	1,183	709

BREAKDOWN OF OPERATING CONTRIBUTIONS ON PRODUCTION

Amounts in Euro thousands	2022	2021
BREAKDOWN OF OPERATING CONTRIBUTIONS BY B.U.	18,758	42,329
Other RES	10,037	22,981
Hydro	6,686	17,472
Distribution	1,458	1,830
Corporate	572	38
Sales	5	7

- The item "GRIN" amounted to Euro 11,423 and refers to the contribution received from the GSE on the basis of the incentive mechanism replacing "green certificates". The considerable reduction compared to the previous year is mainly attributable to the reduction in the unit value of the GRIN incentive, which went from Euro 109.36/MWh in 2021 to Euro 42.85/MWh in 2022 (the value of incentive is established annually by the GSE on the basis of the provisions of Ministerial Decree 6 July 2012, as subsequently amended and supplemented), and for the lower production of the incentivised plants);
- The item "Photovoltaic plant incentives" amounted to Euro 5,087 and refers to the grants for the year accrued as per the Energy Account mechanism on the production of the Valenza and Alessandria plants owned by CVA. The increase in the value of photovoltaic production incentives is mainly attributable to an increase in production in the photovoltaic sector.
- The item "TEE securities", amounting to Euro 852 thousand, refers for Euro 608 thousand to the contribution received for the cancellation of the securities purchased in FY 2022 to cover the obligations of 2021, which ended in May 2022 for Euro 244 thousand to the recording of the estimated cancellation value of the securities purchased to cover the 2022 obligation, which expires in May 2023.
- The item "Incentive tariffs" amounted to Euro 214 thousand and refers to the amount received from the GSE by way of "incentive tariff", a form of incentive whereby a fixed tariff is guaranteed for each MWh produced by the plant under agreement through the integration of the market price with a contribution from the GSE. The incentive tariffs, guaranteeing a fixed value of the energy sold, move inversely proportional to the market prices of electricity. The decrease is essentially due to the sharp increase in energy sales prices recorded in 2022 compared to the previous year. This movement has practically eliminated the form of incentives.
- "Other operating contributions", amounting to Euro 1,183 thousand, mainly refer to:

- the value of the service continuity premium due to DEVAL, estimated on the basis of the relevant regulations in force (Integrated text of ARERA's provisions on the quality of electricity distribution, metering and sales services), and amounting to Euro 606 thousand (Euro 584 thousand in 2021). The award relates to service continuity levels realised in 2022 and determined based on the number and duration of outages;
- the contribution for non-energy consuming companies granted in the form of a tax credit in the amount of Euro 469 thousand in 2022 (contribution not present in 2021). The item should be regarded as non-recurring.

Overall, the contributions received on hydroelectric production amount to Euro 6,686 thousand, those on wind production and photovoltaic production to Euro 10,037 thousand and those on energy distribution to Euro 1,458 thousand.

- "Penalties and insurance reimbursements", which amounted to Euro 3,421 thousand, include all penalties applied to suppliers for contractual defaults, as well as indemnities and social bonuses received from distributors and insurance reimbursements received for credit losses (the latter two items are characteristic of CVA ENERGIE sales of energy to end customers).
- In the current year, on the one hand, there was an increase, compared to 2021, in revenues from social bonuses (Euro +2,056 thousand), on the other hand, there was a decrease in compensation from third parties, represented last year mainly by the non-recurring item, amounting to Euro 3,761 thousand, of the compensation received from Renexia, a subsidiary of Toto Holding, from which CVA had purchased the shares of Ponte Albanito S.r.l.
- The item "leasing of properties", amounting to Euro 934 thousand, mainly refers to the income from the leasing of the real estate units owned by CVA located in various Municipalities of Valle d'Aosta. Pursuant to IFRS 16, the contracts have all been classified as operating leases;
- The item "capital contributions", amounting to Euro 144 thousand, includes contributions related to the accrued portion of tax relief on investments.
- The item "Other income" amounts to Euro 3,165 thousand and mainly refers to the following types:
 - Contingent assets and non-existence of ordinary liabilities to third parties (in the amount of Euro 2,131 thousand): these mainly contain the release of residual customer payables (Euro 1,587 thousand), owed by DEVAL, related to the exceeding of the limits imposed by the tariff constraints in force until 2007, which were recorded under "Other current liabilities" in previous financial statements and for which the company, after several attempts, was unable to trace the beneficiaries;
 - income for reimbursements obtained by the management companies of the ski lifts to draw the water needed for artificial snow (for Euro 187 thousand);
 - income received by CVA ENERGIE following participation in the mechanism to compensate for arrears of end customers under Greater Protection, as well as following the presentation of the COR model, which amounted to Euro 134 thousand in 2022 (Euro 105 thousand in 2021);
 - Income for the fees received for the precarious concession for the use works drainage Bard power plant and to the related charge-back of maintenance expenses in addition to the fees received for the maintenance of some power stations located in the municipalities of Pontey, Gressoney La Trinité, Antey Saint André, Cogne and Issogne (for Euro 115 thousand);
 - income from fees received from TIM S.p.A: for the maintenance of fibre optics owned by the Region (Euro 70 thousand);

The remainder of the item is attributable to the sum of miscellaneous revenues that are not individually significant.

3. Costs for raw materials and services

Costs for raw materials and services amounted to a total of Euro 1,348,822 thousand.

Their breakdown by type is shown in the table below:

Amounts in Euro thousands	2022	2021
COSTS FOR RAW MATERIALS AND SERVICES	1,348,822	440,041
Expenses from commodities hedging not in HA	643,210	76,314
Costs for raw materials	590,493	215,380
Costs for services	60,421	31,987
Expenses for energy transport	27,554	94,316
Expenses for use of the system	25,721	20,689
Connection fees and similar	1,077	1,176
Costs for rents and leases	345	179

Raw materials and services costs do not include the costs incurred during the year in connection with transactions in commodity trading portfolios, amounting to Euro 413,130 thousand (Euro 394,124 thousand at 31 December 2021), because, as explained in greater detail above, the margin generated is represented in accordance with the "net presentation" and, being positive, is shown under revenues.

Expenses from commodities hedging not in HA

This item represents the effect of commodity derivatives entered into for hedging purposes, but which were not subject to hedge accounting.

Costs for raw materials

The item "costs for raw materials" totalled Euro 590,493 thousand. The detail of costs for raw materials is as follows:

Amounts in Euro thousands	2022	2021
COSTS FOR RAW MATERIALS	590,493	215,380
Wholesale electricity	586,005	211,049
From wholesale suppliers	698,414	225,088
Effects of energy hedging instruments in HA	(112,410)	(14,039)
Raw and ancillary materials and consumables	3,051	2,556
Energy securities/certificates	1,058	1,539
Vehicle power sources	380	236

Wholesale electric power represents all transactions carried out with wholesalers (including the GME), as well as imbalances between consumption and production units. It should be noted that a contingent asset of Euro 1,934 thousand was recognised among imbalances, resulting from the adjustment of the risk provision allocated in the

previous year for the ARERA proceeding initiated on 31 May 2021 with Resolution 217/2021/e/eel on imbalances with reference to the year 2016. Following the calculations and related billing by Terna, the amount of the provision was adjusted to the actual risk. The item should be regarded as **non-recurring**. The increase in purchasing costs, with volumes remaining basically constant, is attributable to the increase in market prices.

Wholesale purchased energy also includes the effects of cash flow hedges entered into to cover expected cash flows from energy purchases, which resulted in a cost adjustment of Euro 112,410 thousand. The costs of certificates/energy certificates are open to the costs for procurement of Guarantee of Origin Certificates (for the portion necessary to cover the quantities of renewable energy sold and not produced by the Group's plants) and TEE Certificates.

Automotive power sources represent the cost of purchasing fossil fuels and electricity for transport.

Costs for services

The item "costs for services" totalled Euro 60,421 thousand. Details are shown in the following table:

Amounts in Euro thousands	2022	2021
COSTS FOR SERVICES	60,421	31,987
Services for energy efficiency interventions	28,513	5,462
Maintenance	8,115	8,386
Commercial, legal, administrative and professional consultancy	7,846	4,212
Insurance	4,273	3,096
Telephone and data transmission services	2,076	1,871
Costs for Information & Communication Technology services - IT services	1,997	1,850
Regarding personnel	1,560	1,319
Advertising	1,003	927
Trips and transfers, representation	846	588
Fees for market access	819	769
Fees for Directors, Auditors, SB and Independent Auditors	688	660
Costs for bank and postal services	597	607
Car park management expenses	460	397
Miscellaneous utilities	142	129
Other costs for services	1,487	1,714

The increase in costs for services is mainly due to the increase in the item "Services for energy efficiency measures", amounting to Euro +23,051 thousand compared to the previous year. Costs related to energy efficiency interventions correspond to all external costs incurred as part of the CVA General Contractor activity in the sector of building energy efficiency.

Maintenance costs, down slightly by Euro 271 thousand, are attributable for Euro 1,843 thousand to the maintenance of the hydroelectric plant park, for Euro 4,639 to the wind and photovoltaic plant park, and for Euro 1,082 thousand to the distribution networks. The residual amount is mainly represented by maintenance costs for leased and non-leased civil and instrumental (office use) buildings.

The cost of consultancy increased compared to last year (Euro +3,633 thousand) mainly due to the increase in expenses for research studies, projects and technical consultancy related to new investment projects, which accelerated in 2022. Also contributing to the increase in consultancy expenses were charges incurred in preparing a bond issue that did not take place due to the absence of market conditions deemed favourable (Euro 460 thousand).

Costs for insurance services consisted mainly of charges for liability and All Risk insurance coverage of plants (respectively, Euro 2,287 thousand and Euro 640 thousand), which increased by a total of Euro 885 thousand during the year. Also worth noting is the greater weight assumed by the insurance policies taken out as part of the General Contractor's activity for the requalification and energy efficiency upgrading of private buildings, which increased from Euro 49 thousand in 2021 to Euro 166 thousand in the current year.

Costs for Information & Communication Technology services refer to support services for computer systems, hardware and software maintenance, while telephone and data transmission services refer to fees and maintenance of fixed and mobile telephone networks.

Personnel expenses increased by Euro 241 thousand, mainly due to two factors: costs for employee training increased (Euro +151 thousand); costs for canteen replacement service, which were lower in 2021 due to the pandemic, returned to a higher level (Euro +114 thousand).

Other service costs mainly include:

- Charges to GSE for the management of incentives (Euro 328 thousand);
- Services on plant areas such as snow removal, green area maintenance, etc... (Euro 189 thousand);
- Transportation of goods by helicopters and/or other special vehicles (Euro 166 thousand);
- Waste disposal (Euro 164 thousand)
- Security services (Euro 144 thousand);
- Expenses for obtaining a rating (Euro 103 thousand).

Expenses for energy transport

Energy transport charges refer to the costs incurred for the transport of energy on the national distribution networks and charged back to the administered customers on time. Similarly to as was reported on revenues, their reduction is linked to the zeroing of general system charges ordered by ARERA as a measure against high bills.

Expenses for use of the System

Charges for system use refer to the cost incurred for the dispatch of electricity, as well as charges incurred for the use of transmission networks.

As mentioned in Note 1, charges also include the variable consideration due to Terna under the capacity remuneration mechanisms (Euro 1,276 thousand).

Connection fees and fixed fees

Connection fees and fixed charges refer to costs incurred for activities carried out by the distributor for new connections, power increases or the like requested by the customers served.

Costs for rents and leases

The item "costs for rents and leases" amounted to Euro 345 thousand and the breakdown is as follows:

Amounts in Euro thousands	2022	2021
COSTS FOR RENTS AND LEASES	345	179
Rents and leases	5	(61)
Car park rental fees	33	7
License and software fees	277	189
Other costs for rents and leases	31	44

The costs recorded in this item correspond to rentals on contracts excluded from the scope of application of IFRS 16 because they do not meet the requirements to be defined as leases or because, although classified as such, they have been excluded due to their duration of less than 12 months or their low unit value. Non-lease components (mainly non-deductible VAT) of lease contracts subject to IFRS 16 are also recorded in this item. The negative value of the item "Rents and leases" in the previous year mainly refers to the reversal to income of the surplus of Euro 61 thousand from the provision set aside in previous years for disputes with the owners of the Monteverde plant land.

4. Personnel costs

The breakdown of personnel costs is shown in the following table:

Amounts in Euro thousands	2022	2021
PERSONNEL COSTS	42,246	39,521
Wages and salaries	30,152	27,948
Social security contributions	9,509	8,763
Employee severance indemnity and others	1,525	1,796
Other personnel costs	1,060	1,014

The item "personnel costs" amounted to a total of Euro 42,246 thousand. The changes in the year are mainly attributable to the following aspects:

- wages and salaries: the increase recorded derives from:
 - the increase in the average number of managers, white-collar and blue-collar workers, mainly due to new recruits;
 - the increase in the integrated contractual minimums effective October 2022 provided for in the renewal of the National Collective Bargaining Agreement for Electrical Workers signed on 18/07/2022;
 - the payment of a one-off payment to all categories of employees for the period 01.01.22-30.09.22 provided for in the renewal of the relevant CCNL.
 - the increase in the amount of the performance bonus;
- social security charges: INPS contribution rates remained unchanged between 2021 and 2022. The increase is attributable to the one-off payment and the renewal of the CCNL as described above.
- termination benefits and other employee benefits: there was an overall decrease, despite an increase in contractual minimums and an increase in the average amount, due to the opposite effect of actuarial gains recorded on employee benefit liabilities managed in accordance with IAS 19;

It should be noted that category transitions had no significant impact during 2022.

The table below shows the average number of employees during the years under review, broken down by category and the related changes:

	2022	2021	Change
Executives	3	2	+1
Managers	63	63	-
White collars	379	347	+32
Blue collars	182	173	+9
TOTAL	627	585	+42

5. Other operating costs

In 2022, other operating costs amounted to Euro 47,751 thousand and are detailed as follows:

Amounts in Euro thousands	2022	2021
OTHER OPERATING COSTS	47,751	42,605
Fees for the diversion of water for hydroelectric use, contributions, licenses and other fees	37,799	37,104
Contributions to GSE	4,084	-
Indemnities and penalties	4,066	2,593
Stamp duties, levies and various taxes	1,783	1,874
Other sundry expenses	20	1,034

The item "fees for the diversion of water for hydroelectric use, contributions, licenses and other fees", equal to Euro 37,799 thousand, includes the fees for hydroelectric use of state, waterways and mountain catchment basins due to the Region and other public bodies such as the Municipalities and the Province of Turin for the derivation of water based on the relevant legislation. On a residual basis, it also includes the fees paid to bodies and authorities for the exercise of the Group's activities. It should be noted that this item includes contingent assets of Euro 340 thousand recorded following the verification that the surcharges on the surpassing of nominal power of hydroelectric diversions were not due to the BIM, which led to the reversal to income and cancellation of the liabilities present in the financial statements with reference to this issue.

The item "Contributions to GSE", which was absent last year, includes, at 31 December 2022:

- the extraordinary contribution to the GSE pursuant to Article 15-bis of DL 4/2022, established for the year 2022, which provides for a levy on the higher profits obtained from the sale of electricity from renewable sources, following the increase in the market price of electricity. The contribution amounted to Euro 3,195 thousand. The production plants subject to this levy must have specific characteristics and for the Group the plants involved are: the photovoltaic plant in Alessandria, the photovoltaic plant in La Tour and the hydroelectric plant in Lillaz;
- the extraordinary contribution to the GSE pursuant to Article 1, paragraph 30 of Law 197/22, instituted at 1 December 2022 and until 30 June 2023, which provides for a levy on the higher profits obtained from the sale of electricity from renewable sources, applicable to plants with certain characteristics that are excluded from the scope of application of the contribution pursuant to Article 15 bis of DL 4/2022 described above. For the Group, the plants involved are the wind plants in Monteverde, Pontedera and Ponte Albanito.

Both items should be regarded as **non-recurring**.

The item "indemnities and penalties" mainly includes:

- indemnities paid to customers for various types of breach of contract. A large part of this is compensation paid by distribution companies outside the Group and reimbursed to users. This item, amounting to Euro 2,023 thousand (Euro 427 thousand in 2021), increased by Euro +1,596 thousand compared to the previous year;
- Environmental compensation due to the municipalities where the Group's wind plants are located (Euro 1,399 thousand, Euro -95 thousand compared to the previous year);

The item "stamp duties, levies and various taxes" amounted to Euro 1,783 thousand and includes municipal taxes and fees, including IMU, TASI, TOSAP, COSAP and stamp and registration duties.

The item "other sundry expenses" amounted to Euro 20 thousand and mainly includes losses on disposals of assets (Euro 217 thousand), membership fees pertaining to Group companies (Euro 434 thousand), expenses for fish restocking (Euro 357 thousand), various donations (Euro 213 thousand), contingencies and non-existent liabilities (Euro 6 thousand).

This item also includes "fines, penalties and sanctions", which in the current year include the negative amount for penalties equal to Euro 1,403 thousand (negative Euro 722 thousand in the year 2021) relative to the reversal to income of the provision allocated in 2020 and related to potential liabilities dependent on the potential administrative fine borne by the Company deriving from the closure of the sanctioning proceedings pending before the ARERA offices. The proceeds are consequent to the closure of the dispute following the positive sentence of the Milan Regional Administrative Court (TAR) (sentence 1946/2022), which cancelled the penalty imposed by ARERA. This was highlighted as a **non-recurring** item.

Expenditure on fish restocking was affected by the provisions of the regional law No. 5 of 24 April 2019, which, with effect from 1 January 2020, provided that concessionaires of public water derivations from surface water bodies for hydroelectric, industrial and heat exchange use are required to pay, as compensation for the greater burdens falling on fisheries management determined by the water derivation, an annual sum in addition to the state concession fee, in an amount equal to 2% of the fee itself, to be paid directly to the Regional Consortium for Fisheries Protection.

6. Capitalised days of work

In 2022, capitalised days of work amounted to Euro 5,820 thousand (Euro 4,933 thousand in 2021). Capitalised costs refer to the materials used and hours of employees involved in the realisation of assets. Capitalised days of work refer mainly to the company DEVAL and therefore to the distribution infrastructures, for Euro 4,193 thousand. The residual part of 1,627 refers to CVA and mainly to hydroelectric plants.

7. Amortisation/depreciation

Amortisation/depreciation can be detailed as follows:

Amounts in Euro thousands	2022	2021
AMORTISATION/DEPRECIATION	54,377	52,660
Proprietary tangible assets	51,253	49,761
Rights of use on tangible assets	865	818
Proprietary intangible assets	2,213	2,034
Rights of use for intangible assets	48	47

Depreciation of proprietary tangible assets amounted to Euro 51,253 thousand and refer to the depreciation of buildings, industrial and commercial equipment, plant and machinery and other goods, as better detailed in the table below:

Amounts in Euro thousands	2022	2021
DEPRECIATION OF PROPRIETARY TANGIBLE ASSETS	51,253	49,761
Buildings	5,057	4,756
Plants and machinery	44,794	43,469
Industrial and commercial equipment	220	216
Other assets	1,023	1,164
Leasehold improvements	160	156

Amortisation for proprietary intangible assets amounted to Euro 2,213 thousand. They are detailed below:

Amounts in Euro thousands	2022	2021
AMORTISATION OF PROPRIETARY INTANGIBLE ASSETS	2,213	2,034
Industrial patents and intellectual property rights	1,606	1,413
Concessions, licences, trademarks and similar rights	93	93
Other intangible assets	513	527

The amortisation of rights of use are recognised in accordance with IFRS 16 for a total of Euro 912 thousand, including Euro 865 thousand for rights of use of property, plant and equipment (land, buildings, vehicles and equipment) and Euro 48 thousand for rights of use of intangible assets (building rights and rights of way). A summary table of movements in user rights is available in Note 13.

8. Provisions and write-downs

Provisions and write-downs in total have a value of Euro 4,717 thousand; in the current year as well, provisions and write-downs exceeded the reversion of provisions. In particular, the reduction compared to last year is due to:

- the write-down of goodwill recorded on the distribution assets in DEVAL in the amount of Euro 3,412 thousand (Euro 9,050 thousand last year), for a value equal to the difference between the book value recorded in the financial statements and the recoverable value resulting from the impairment test;
- an accrual to the provision for bad debts of Euro 2,344 thousand (proceeds of Euro 157 thousand last year)
- proceeds of the provision for risks amounting to Euro 1,048 thousand (it was a release of Euro 213 thousand last year).

Below are details:

Amounts in Euro thousands	2022	2021
PROVISIONS AND WRITE-DOWNS	4,717	8,683
Net write-downs		
Ordinary	2,353	(155)
Extraordinary	3,412	9,050
Net provisions		
Ordinary	(1,048)	(213)
Extraordinary	-	-

A breakdown of the item "write-downs" is provided in the table below:

Amounts in Euro thousands	2022	2021
ORDINARY WRITE-DOWNS	2,353	(155)
Write-downs of fixed assets	9	2
Write-downs of receivables	3,041	191
Proceeds from provisions for bad debts	(697)	(348)
EXTRAORDINARY WRITE-DOWNS	3,412	9,050
Impairment of goodwill	3,412	9,050
Extraordinary	3,412	9,050

In the current year, the item consists partly of the extraordinary impairment of goodwill in DEVAL, while the balance of ordinary write-downs is positive for Euro 2,353 thousand. This latter value derives from the balance between the write-down of trade receivables (Euro 1,295 thousand) and the ordinary write-down of other receivables (Euro 1,050 thousand). The write-down of "Other receivables", in the amount of Euro 1,050 thousand, is intended to write down receivables that arose from refunds made to customers by way of surtax on the state excise tax. These refunds are the result of the orders following the negative rulings at first instance that saw CVA ENERGIE lose out against customers in the context of the litigation opened as a result of the declared incompatibility of the state surtax with the European system. These receivables were written down in line with the estimated risk ratio on all litigation. This provision is balanced by the reversion described below.

The following table provides a breakdown of "Provisions":

Amounts in Euro thousands	2022	2021
ORDINARY PROVISIONS	(1,048)	(213)
Allocations to provisions for risks and charges	15	1
Proceeds from provisions for sundry risks and charges	(1,064)	(214)
EXTRAORDINARY PROVISIONS	-	-

Ordinary items include the following:

- the previously mentioned proceeds of Euro 1,050 thousand from the provision allocated in 2019 in CVA ENERGIE to cover existing risks on the reimbursement of the tax surcharge following its declared incompatibility with the European system. The materialisation of the risk extinguished for a similar value the risk covered by the provision under analysis thus resulting in its release to the Income Statement.
- The proceeds of the Provision for Risks in CVA for Euro 14 thousand (surplus of provision on outstanding disputes). For details on the amount and changes in provisions for risks and charges, as well as for more information about the nature of the main disputes, please refer to paragraph 29.

9. Financial management

Financial management generated a positive margin of Euro 14,558 thousand. The breakdown of the margin is shown in the following table:

Amounts in Euro thousands	2022	2021
FINANCIAL MANAGEMENT	14,558	(5,077)
Financial income	2,935	3,354
Financial expenses	11,336	(8,745)
Results from investments	287	314

Financial income

Financial income was Euro 2,935 thousand. The following table provides a breakdown of this item:

Amounts in Euro thousands	2022	2021
INCOME	2,935	3,354
Interest income and income from financial investments	1,329	2,678
Interest income on trade receivables	867	292
Interest income and income on financial receivables from related parties	245	265
Interest income on bank deposits	56	97
Other income	438	22

Interest income from financial investments consists of income accrued on capitalisation policies and on the securities portfolio for Euro 1,320 thousand and Euro 8 thousand respectively.

Interest on trade receivables mainly consists of default interest applied to CVA ENERGIE customers as well as income recorded on receivables measured at amortised cost because they are due in more than 12 months.

Interest income and financial income from related parties represent the income from the loan granted to the associate TELCHA valued at amortised cost.

Other income mainly includes interest income accrued on amounts pledged as collateral for commodity derivative transactions (Euro 237 thousand) and tax credits requested for reimbursement (Euro 172 thousand)

Financial expenses

The breakdown of financial expenses is shown in the following table:

Amounts in Euro thousands	2022	2021
EXPENSES	(11,336)	8,745
Interest and expense on bank loans	(13,637)	8,207
Interest expense on bonds	471	50
Interest expense on rights of use (IFRS16)	211	212
Other financial expenses	1,619	277

The item "interest and expense on bank loans", amounting to Euro (negative) 13,637 thousand, includes interest due on mortgages and loans payable, expenses related to the application of the amortised cost criterion on bank loans, as well as the effects of the related IRS hedging contracts. It was precisely the latter that generated a change of the opposite sign for a total of Euro 19,617 thousand equal to the ineffective portion of the change in fair value. In particular, the main component was the ineffectiveness recorded on pre-hedging taken out to hedge interest flows on loans payable the conditions of which were different from those assumed when the hedge was taken out. This situation implies that, for the financial year, the expenses arising from financial liabilities are actually in the nature of income.

Interest expenses on mortgages and short-term loans increased by a total of Euro 4,782 thousand compared to 2021.

Interest expense on bonds includes interest expense on the bond issued in November 2021 and maturing in 2028, adjusted by charges from the application of amortised cost.

Interest expense on rights of use is equal to the interest calculated on lease contracts accounted for in accordance with the new standard IFRS 16; information is given in note 13.

The item "other financial expenses" is equal to Euro 1,619 and mainly includes:

- charges for the discounting of provisions (specifically, provisions for plant decommissioning and provisions for employee benefits) for Euro 192 thousand;
- interest expense on margins to guarantee commodity derivative positions in the amount of Euro 569 thousand;
- Interest on late tax payments in the amount of Euro 141 thousand;
- Commissions on loans obtained amounting to Euro 217 thousand;
- Charges arising from the application of amortised cost to trade receivables in the amount of Euro 266 thousand;
- Euro 144 thousand deriving from the adjustment of liabilities for surface rights indexed to inflation;

Results from investments

The item in question includes the net result, pertaining to the Group, of investments in associated companies valued based on the corresponding portion of equity, the write-backs/write-downs of minority shareholdings measured at fair value:

Amounts in Euro thousands	2022	2021
RESULTS FROM INVESTMENTS	287	314
Write-backs/(write-downs) of equity investments	287	314
Other income/(expense)	-	-

The item "Write-backs/write-downs of equity investments" includes:

- the write-back of the investment in TELCHA, measured at equity. The percentage of ownership was 10.98% of the share capital at 31 December 2022. The company is considered to be an associate by virtue of the significant influence resulting from the presence of a CVA employee on the Board of Directors consisting of five members. At 31.12.2022, the value of the investment in TELCHA increased by Euro 301 thousand, equal to the Group's share of the associate's profit;
- the write-down of the minority shareholding in LE BRASIER, valued at fair value, for Euro 14 thousand.

10. Income taxes

Income taxes amounted to Euro 69,708 thousand in 2022 (they increased the result for the year by Euro 8,267 thousand in 2021) and the breakdown is as follows:

Amounts in Euro thousands	2022	2021
INCOME TAXES	69,708	(8,267)
Current IRES	59,168	34,007
Current IRAP	9,118	4,538
IRES deferred tax assets	402	(4,808)
IRAP deferred tax assets	13	(671)
IRES deferred tax liabilities	961	(40,885)
IRAP deferred tax liabilities	135	(6,172)
Taxes from previous years	(90)	(50)
Substitute taxes	-	5,775
Extraordinary taxes	16,611	-

The antithetic value of taxes in the year 2021 is due to the value of IRES and IRAP deferred taxes that exceeded the value of current taxes.

The increase in current taxes is mainly due to an increase in the pre-tax result. In addition to IRES and IRAP, current taxes also include the extraordinary solidarity contribution for the year 2023 (Euro 10,374 thousand) pursuant to Law No. 197/2022 calculated on the 2022 taxable income and the extraordinary solidarity contribution for 2022 pursuant to Art. 37 DL 21/22 (Euro 6,237 thousand). The extraordinary contribution was classified as income tax, given its purpose and in application of IAS 12. Current taxes last year included the substitute tax due for the realignment of goodwill values in the amount of Euro 5,775 thousand.

Net deferred tax assets and liabilities for IRES and IRAP are positive for Euro 1,511 thousand in 2022 (positive for Euro 52,536 thousand in 2021). Deferred taxation last year was significantly impacted by the release of deferred taxes allocated against the fiscally recognised goodwill amortisation and realigned. This impact had generated positive effects of Euro 47,561 thousand;

Previous years' taxes for Euro 90 thousand, reducing the 2022 cost (Euro 50 thousand reducing the cost in 2021). These taxes mainly correspond to the changes recorded between the taxes estimated in the 2021 budget and those actually determined on the return.

The following statement shows the reconciliation between the IRES ordinary rate and effective rate. The reconciliation between the IRAP ordinary rate and the effective rate is not significant. The effect of the extraordinary contributions described above has also been included in the diagram:

IRES - Reconciliation between theoretical and effective tax expense	Notes	2022	2021
Pre-tax result	A	250,745	126,992
Theoretical tax expense	B	60,179	30,478
Temporary differences taxable in subsequent years	C	(3,878)	(3,748)
Temporary differences deductible in subsequent years	D	9,836	26,786
Reversal of temporary differences taxable from previous years	E	69	142
Reversal of temporary differences deductible from previous years	F	(10,078)	(6,631)
Permanent differences	G	(157)	(1,847)
Taxable amount	[A+C+D+E+F+G]	246,537	141,694
Current taxes	[I]	59,169	34,007
Effective rate	[L]	23.60%	26.78%
Extraordinary income taxes	[M]	16,611	-
Adjusted IRES rate	[L]	30.22%	26.78%

Notes the main consolidated Statement of Financial Position items

The breakdown of the main items of the consolidated Statement of Financial Position at 31 December 2022 is provided here below.

11. Proprietary tangible assets

Tangible assets amount to a total of Euro 606,905 thousand at 31 December 2022 (Euro 623,166 thousand at 31 December 2021). Tangible assets consist of all proprietary tangible assets and rights of use on tangible assets. Their breakdown and changes are shown in the table below:

<i>Euro thousands</i>	Proprietary tangible assets	Rights of use on tangible assets	Total
Historical cost	1,210,405	10,613	1,221,018
Provisions for amortisation	(595,788)	(2,065)	(597,853)
Net value at 31.12.2021	614,617	8,548	623,165
Increases	35,725	663	36,388
Decreases due to contract termination	-	(9)	(9)
Amortisation/depreciation	(51,253)	(865)	(52,117)
Change in Accumulated amortisation for concluded contracts	-	111	111
Change in Right of use for concluded contracts	-	(111)	(111)
Reclassifications	87	-	87
Disposals	(1,559)	-	(1,559)
Other changes	522	428	950
Total net changes in 2022	(16,478)	218	(16,260)
Historical cost	1,244,279	11,584	1,255,863
Provisions for amortisation	(646,140)	(2,818)	(648,958)
Net value at 31.12.2022	598,139	8,766	606,905

The breakdown and change in the item "proprietary tangible assets" is shown in the following table:

Euro thousands	Land	Buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Tangible assets in progress and advances	Total
Historical cost	9,462	138,106	1,023,760	4,631	12,092	3,046	19,309	1,210,405
Accumulated depreciation	(29)	(52,727)	(529,123)	(3,579)	(9,356)	(974)	-	(595,788)
Net value at 31.12.2021	9,433	85,378	494,636	1,052	2,736	2,072	19,309	614,617
Increases	28	494	8,241	260	28	56	26,617	35,725
Amortisation/depreciation	-	(5,057)	(44,794)	(220)	(1,023)	(160)	-	(51,253)
Reclassifications	21	5,295	13,423	129	429	118	(19,327)	87
Disposals	(1)	-	(238)	(1)	(3)	-	(1,316)	(1,559)
Other changes	-	524	-	-	(3)	-	-	522
Total net changes 2022	48	1,257	(23,368)	168	(572)	15	5,973	(16,478)
Historical cost	9,511	144,693	1,044,060	4,988	12,523	3,222	25,282	1,244,279
Accumulated depreciation	(29)	(58,058)	(572,791)	(3,767)	(10,360)	(1,136)	-	(646,141)
Net value at 31.12.2022	9,481	86,635	471,269	1,221	2,164	2,087	25,282	598,138

Land

This item mainly includes land related to the Group's industrial buildings.

Buildings

This item mainly includes the industrial buildings connected to the Group's plants.

Plants and machinery

This item includes costs relating to hydroelectric, wind and photovoltaic production plants and the distribution networks. Electricity production assets include freely transferable works connected with concessions.

Industrial and commercial equipment

This item includes costs related to the purchase of complementary or ancillary assets for plant and machinery and various equipment.

Other assets

This item includes costs related to the purchase of furniture and office equipment and vehicles.

Leasehold improvements

This item mainly includes the costs incurred by CVA for the construction of a photovoltaic plant located at the ISITIP School Institute, as part of a project developed with the Institute itself and improvements related to the plants of Lamacarvotta and Lamia di Clemente.

Assets in progress and advances

The item "assets in progress" includes all the charges incurred for investments in progress and not yet in operation.

During the year 2022, there was a net decrease in tangible assets mainly due to the combined effect of the ordinary depreciation process (Euro 51,253 thousand), investments during the year (Euro 35,725 thousand), and divestments (Euro 1,559 thousand) for projects that did not go well and for assets that were removed from the production cycle due to plant modernisation or damage suffered.

It should also be noted that reclassifications included a shift of Euro 1,554 thousand from plant and machinery to buildings. This value corresponds to the estimated cost of restoring the land on which the Monteverde, Lamacarvotta, Lamia di Clemente and Tarifa plants stand. It was considered more correct, during 2022, to consider these charges as an increase of the civil works rather than of the plant components, since the dismantling works will mainly concern the civil works themselves.

The following table shows the main investments made during the year and the main assets commissioned:

Euro thousands	Assets under construction at the beginning of the year	Net new investments	Assets commissioned	Recovery of advances	Assets under construction at year end
Medium voltage network	550	4,986	(4,096)	-	1,439
Low voltage network	515	4,585	(4,676)	-	424
Monjovet plant - extraordinary maintenance (main object: rebuilding of turbine and alternator unit)	740	2,416	(3,156)	-	-
New photovoltaic plants	2,740	1,775	-	-	4,515
Hone 1 plant - plant modernisation (main object: Revis generator Revis turbine overhaul and purchase hub+blades transformer)	4,968	1,640	(44)	-	6,564
Pont Saint Martin plant - extraordinary maintenance (main object: shunt channel and sluice gates)	396	1,541	(1,933)	-	4
Chavonne Plant - Channel waterproofing renovation	268	1,040	(923)	-	384
Saint Clair plant - extraordinary maintenance (main object: automation - turbine regeneration - channel restoration)	172	809	-	-	980
Hône Plant 2 - Plant renovation and extraordinary maintenance (shunt channel)	1,353	775	(802)	-	1,325
Signayes plant - extraordinary maintenance (main object: new impellers and overhaul of alternator 1)	341	760	(993)	-	107
Trigeneration plant	345	692	-	-	1,037
Hydroelectric plants - main object: seismic retrofitting of dam guardhouses	21	575	-	-	596
Aymaville plant - extraordinary maintenance (main object: revision turbine and generators)	230	518	(747)	-	-
CVA - Renovation of network equipment and telephone exchanges	20	517	(8)	-	529
Chatillon plant - extraordinary maintenance (main object: extraordinary maintenance shunt channel)	3	441	(265)	-	179
Verres plant - plant renewal (main object: generator overhaul and purchase and replacement of impellers)	400	428	(510)	-	318
High voltage network	-	419	(419)	-	-
Maen hydroelectric plant - extraordinary maintenance (main object: Perreres dam intervention)	23	417	(386)	-	53
Pont Saint Martin plant - plant refurbishment (main object: new impellers and turbine shafts)	270	401	(443)	-	228
Covalou Plant - plant refurbishment (main object: installation of channel monitoring instruments)	50	376	(357)	-	70
Perreres Buildings - building redevelopment	-	357	(167)	-	191

Euro thousands	Assets under construction at the beginning of the year	Net new investments	Assets commissioned	Recovery of advances	Assets under construction at year end
Gabiet hydroelectric plant - Extraordinary maintenance bottom outlet	22	355	(377)	-	
Chavonne plant - plant renovation	1,274	341	-	-	1,615
Champagne 1 plant - extraordinary maintenance (main object: new impellers and shunt channel)	183	306	(143)	-	346
New hydroelectric plant in Morgex (studies and preliminary project)	-	301	-	-	301
Gressoney plant - extraordinary maintenance of forced ducts	-	290	(290)	-	-
Nus hydroelectric plant - new channel bridge	11	284	(295)	-	-
New wind plants	20	274	-	-	294
Headquarters building - Chatillon - extraordinary maintenance - main activity Revamping of air conditioning system	462	269	(624)	-	107
Valpelline plant - SOD unit no. 2 modernisation	3	224	(227)	-	-
Gressoney plant - extraordinary maintenance (main object generator overhaul)	4	221	(225)	-	-
Chatillon plant - extraordinary maintenance (main object: new impellers)	349	198	(533)	-	14
IT services - hardware implementation (main object: Technological refresh of server rooms)	-	197	(197)	-	-
Monteverde wind plant consolidation of anemometric tower	74	177	(250)	-	-
Instrumental building - Aosta (via Clavalité) - extraordinary maintenance	107	168	(125)	-	149
Other RES plants - extraordinary incremental maintenance	113	158	(186)	-	84
Avisse plant - extraordinary maintenance (main object: new impellers)	237	123	(349)	-	11
Wind plants - Implementation of remote control at PT	106	52	(100)	-	57
New photovoltaic plants Land purchase	-	6	(6)	-	-
Other hydroelectric power plants - extraordinary incremental maintenance	1,583	2,085	(2,212)	-	1,456
Other distribution systems	221	1,342	(1,270)	-	294
Other investments	366	1,202	(1,102)	-	466
Advances on investments	771	1,140		(771)	1,140
General total	19,309	35,180	(28,435)	(771)	25,282

12. Proprietary intangible assets

Intangible assets consist of all the proprietary intangible assets and the rights of use on intangible assets. Their breakdown and changes are shown in the table below:

Euro thousands	Proprietary intangible assets	Rights of use for intangible assets	Total
Historical cost	36,385	739	37,124
Provisions for amortisation	(24,404)	(132)	(24,537)
Net value at 31.12.2021	11,981	607	12,587
Increases	3,847	-	3,847
Decreases due to contract termination	-	-	-
Amortisation/depreciation	(2,213)	(48)	(2,261)
Change in Accumulated amortisation for concluded contracts	-	17	17
Change in Right of use for concluded contracts	-	(17)	(17)
Reclassifications	(87)	-	(87)
Disposals	-	-	-
Other changes	-	40	40
Total net changes in 2022	1,547	(8)	1,539
Historical cost	40,144	762	40,906
Provisions for amortisation	(26,617)	(163)	(26,780)
Net value at 31.12.2022	13,527	599	14,126

The breakdown and change in "Proprietary intangible assets" is shown in the following table:

Euro thousands	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Intangible assets in progress and advances	Other intangible assets	Total
Historical cost	22,474	2,159	1,323	10,428	36,385
Provisions for amortisation	(19,054)	(870)	-	(4,480)	(24,404)
Net value at 31.12.2021	3,421	1,289	1,323	5,948	11,981
Increases	152	108	3,587	-	3,847
Amortisation/depreciation	(1,512)	(187)	-	(513)	(2,213)
Reclassifications	409	-	(498)	2	(87)
Disposals	-	-	-	-	-
Other changes	-	-	-	-	-
Total net changes in 2022	(951)	(80)	3,089	(511)	1,547
Historical cost	23,035	2,267	4,412	10,430	40,144
Provisions for amortisation	(20,566)	(1,058)	-	(4,994)	(26,617)
Net value at 31.12.2022	2,469	1,209	4,412	5,437	13,527

Industrial patents and intellectual property rights

The item mainly refers to the total costs incurred for the purchase of company and management software amortised over five years.

Concessions, licences, trademarks and similar rights

The item mainly consists of concessions for the use of optical fibre and for the production of hydroelectric, photovoltaic and wind energy.

Intangible assets in progress and advances

The item "assets in progress and advances" mainly consists of investments in progress relating to software use licenses and related costs incurred for implementation.

Other intangible assets

The item "Other intangible assets" mainly includes the value of long-term expenses incurred for the acquisition of easement rights and the land area of the electrical, photovoltaic and wind plants.

The change in intangible assets in 2022 is essentially due to the combined effect of the ordinary amortisation process (Euro 2,213 thousand) and investments for the year (Euro 3,847 thousand). The main investments made relate to activities for the implementation of a remote management system for meters and for the management of distribution and metering processes (amounting to Euro 2,810 thousand) and for the acquisition of patent rights and licenses (increases totalling Euro 168 thousand), all referring to DEVAL. Added to these are the capitalisation for the creation of lithium battery accumulation systems for stationary storage and in accumulation systems with second life batteries by CVA (for Euro 678 thousand) and the acquisition of surface rights and easements related to the construction of future photovoltaic plants (Euro 168 thousand in CVA EOS).

13. Rights of use of tangible and intangible assets and related financial liabilities

At 31 December 2022, rights of use on tangible and intangible assets amounted to Euro 9,365 thousand (Euro 9,155 thousand at 31 December 2021).

The following table summarises the breakdown and movements during the year, as well as the movements of the related financial liabilities recorded in the balance sheet liabilities:

	Intangible rights of use	Tangible rights of use			Total
	Building rights and easement fees	Rights of use on real estate	Rights of use on industrial and commercial equipment	Rights of use on other assets	
Net value at 31.12.2021	607	7,731	87	731	9,155
Increases for new contracts	-	236	74	353	663
Decreases due to contract termination	-	(1)	-	(8)	(9)
Amortisation/depreciation	(48)	(508)	(29)	(327)	(912)
Change in Accumulated amortisation for concluded contracts	17	55	-	56	128
Change in Right of use for concluded contracts	(17)	(55)	-	(56)	(128)
Reclassifications	-	-	-	-	-
Other changes	40	265	-	163	468
Total net changes in 2022	(8)	(9)	44	182	210
Closing value of right of use	762	9,588	167	1,829	12,346
Provisions for amortisation	(163)	(1,866)	(36)	(916)	(2,981)
Net value at 31.12.2022	599	7,722	131	913	9,365
Financial liabilities					
Closing financial liability 2021	616	7,281	87	731	8,716
Increases for new contracts	-	88	74	353	515
Decreases due to contract termination	-	(1)	-	(7)	(8)
Changes in fees	40	266	-	162	468

	Intangible rights of use	Tangible rights of use			Total
	Building rights and easement fees	Rights of use on real estate	Rights of use on industrial and commercial equipment	Rights of use on other assets	
Instalments paid	(58)	(558)	(43)	(319)	(978)
of which:					
principal share	(43)	(378)	(42)	(329)	(792)
interest	(15)	(180)	(1)	(19)	(216)
Liabilities instalments	605	7,142	119	910	8,777
Accrued interest	7	110	-	-	117
Closing financial liability 2022	612	7,252	119	910	8,894
Residual instalments					
CURRENT	54	565	62	327	1,007
NON CURRENT	689	8,405	60	673	9,826
Summary of Income Statement Items					
Accrued interest	(15)	(176)	(1)	(19)	(211)
Amortisation/depreciation	(48)	(508)	(29)	(327)	(912)
Non lease component	-	-	-	(10)	(10)
Total costs on the Income Statement 2022	(62)	(684)	(30)	(357)	(1,133)

Rights of use for building rights and easement fees correspond to the value of contracts for the granting of such rights for which a periodic fee is paid. A portion of the fees is due to the related party Region. Rights of use of real estate assets primarily reflect the value of contracts concerning the lease of land on which wind farms are located and the lease of operating buildings.

Rights of use of other assets mainly represent the value of rental contracts for the fleet of company vehicles.

With reference to financial liabilities, the table below shows their maturity by bracket and the related expected financial outlay:

	Within 1 year	more than 1 year, but within 5 years	More than 5 years
Instalments	1,007	3,334	6,493
Financial liabilities	896	2,336	5,662

14. Goodwill

At 31 December 2022, goodwill amounted to Euro 225,564 thousand (Euro 228,976 thousand at 31 December 2021).

Goodwill is considered an intangible asset with indefinite useful life and is therefore not amortised, but is subjected at least once a year to an impairment test in order to verify the recoverability of the value recognised in the financial statements. Since goodwill does not generate independent cash flows and cannot be sold separately, the impairment testing of recognised goodwill is carried out by referring to the cash-generating unit to which it may be allocated. The cash-generating units are identified with the individual Business Units and correspond to the business segments represented in the introduction to these notes and are based on the Group's management structure and internal reporting system.

This method allows the most effective verification of future goodwill and investment plans and provides a homogeneous analysis of the information disclosed to the market. The following table shows the allocation of the item Goodwill to the cash-generating units:

Amounts in Euro thousands	2022	2021
Hydroelectric	173,544	173,544
Other RES	44,125	44,125
Distribution	7,896	11,308
TOTAL GOODWILL	225,564	228,976

The impairment test consists of verifying that the book value of an asset recognised in the financial statements does not exceed the estimate of the recoverable value of the asset itself. The recoverable value of an asset is the higher of its fair value less costs to sell and its value in use.

The impairment test at 31/12/2022 used the Unlevered Discounted Cash Flow (UDCF) method to estimate value, whereby operating cash flows are discounted at a rate equal to the weighted average cost of capital (WACC) in order to obtain the value of the company's operating capital (Enterprise Value).

The UDCF method is based on the assumption that the value of the operating capital of a company at a certain date (the reference date) is equal to the current value of the cash flows produced by the company's operating management. The prevailing doctrine and professional practice suggest to break down the operating value of the company into two parts to be assessed independently:

- current value of cash flows produced by the company's operating management over a defined period of time (explicit projection period);
- current value of the company's operating activities at the end of the explicit projection period (Terminal Value).

Projections of cash flows for the explicit forecasting period, typically corresponding to the first five years are based on the most recent budget or multi-year plan approved by the Board of Directors, excluding any future cash inflows or outflows that are estimated to result from future restructuring or improvement or optimisation of business performance. The cash flow forecast also takes into account information from external sources (by way of indication, prices on futures markets or information from macroeconomic research). Expected operating costs are based on plans specifically formulated at the level of a single CGU. In the Hydroelectric CGU and in the Other RES CGU, the Terminal Value is divided into two stages. The former corresponds to the period between the end of the explicit projection period and a relevant deadline. This maturity corresponds, for the Hydro CGU, to the expiration of hydroelectric derivation concessions, while for the Other RES CGU the average maturity of the forms of incentives from which the plants included in the same CGU benefit was assumed. For the Hydroelectric and Other RES CGUs, the growth rate "g" used for the calculation of the first stage of the Terminal Value is equal to -1%. The second stage of Terminal Value represents an estimate of the value of the company's operating assets in the period following the relevant maturity date identified as the end of the first stage.

In the Distribution CGU, the Terminal Value is instead broken down into a single step, corresponding to the estimated value of the company's operating assets upon expiration of the distribution concession.

The WACC used in carrying out the impairment tests in the last two financial years for each CGU is shown below:

Percentage values	2022	2021
Hydroelectric	7.03%	4.36%
Other RES	7.03%	4.36%
Distribution	6.41%	3.98%

Hydroelectric CGU

The value of goodwill, equal to Euro 173,544 thousand at 31 December 2022, was generated mainly following the acquisition of ENEL plants in 2011. There were no changes in goodwill attributable to this CGU compared to the previous year.

Other RES CGU

At 31 December 2022, the goodwill attributable to this CGU amounted to Euro 44,125 thousand and consists of the goodwill generated following the acquisitions of the companies SAINT DENIS VENTO S.r.l. a s.u., C.V.A. SOLE S.r.l. a s.u. (formerly RAL S.r.l. and RVA S.r.l.), PIANSANO ENERGY S.r.l. a s.u., LATERZA ARIA WIND S.r.l. a s.u. and LATERZA WIND 2 S.r.l. a s.u., and TARIFA ENERGIA S.r.l. a s.u. (subsequently merged within CVA VENTO S.r.l. a s.u., later renamed CVA EOS) There were no changes in goodwill attributable to this CGU compared to the previous year.

Distribution CGU

At 31 December 2022, the goodwill attributable to this CGU amounted to Euro 7,896 thousand. This goodwill was recognised in 2001 upon the transfer of the electricity business division carried out by Enel Distribuzione S.p.A. in favour of DEVAL. During the year, an impairment of Euro 3,412 thousand was recorded as a result of its impairment determined through the impairment test.

With reference to goodwill, it should be noted that this was the subject, during the 2021 financial year, of an operation of realignment of the statutory/fiscal values pursuant to Article 110 of DL 104/2020 (so-called "August Decree"), converted into Law 126/2020.

15. Equity investments

At 31 December 2022, equity investments amounted to Euro 14,649 thousand (Euro 2,362 thousand at 31 December 2021).

The item includes:

- equity investments valued using the equity method, consisting of equity investments in companies in which the Group has joint control or exercises significant influence. In particular, there is only one shareholding in associated companies, that in TELCHA, a company active in the provision of district heating services in Valle d'Aosta. The value of the investment amounts to Euro 2,501 and represents 10.98% of the shareholders' equity. At 31 December 2022, TELCHA showed a profit of Euro 2,744 thousand; shareholders' equity, at the same date, amounted to Euro 22,781 thousand. During the financial year, the shareholding, measured using the equity method, was revalued by Euro 301 thousand, equivalent to the share of profit for the financial year pertaining to the Group;
- non-controlling interests measured at fair value, at 31 December 2022 consisting of the investment in:
 - LE BRASIER, a company active in the provision of district heating services in the municipality of Morgex. The value of the equity investment amounts to Euro 140 thousand and represents 13.70% of the shareholders' equity. At 31 August 2022 (end of the corporate year), LE BRASIER showed a loss of Euro 103 thousand; shareholders' equity, at the same date, amounted to Euro 1,024 thousand. During the year, the equity investment was written down by Euro 14 thousand. In the absence of better indicators, equity is considered the best estimate of fair value.

- o Bonifiche Ferraresi S.p.A. The value of the investment amounts to Euro 12,000 thousand and represents 3% of the share capital of the Società per la Bonifica dei Terreni Ferraresi e per Imprese Agricole S.p.A. Società Agricola, belonging to the BF Group and controlled by B.F. S.p.A. majority shareholder. The aforementioned transaction was carried out to share the BF Group development in the Agritech & Food sector. The equity investment was acquired on 23 December 2022.

- The value of the provision contributed to the I.T.S. Foundation in the amount of Euro 8 thousand.

16. Deferred tax assets and deferred tax liabilities

The changes relating to "deferred tax assets" and "deferred tax liabilities" by type of time differences are detailed below:

Deferred tax assets and liabilities	2022	2021
Deferred tax assets for:		
Differences in value on tangible and intangible assets	17,079	15,207
Write-down of trade and other receivables	12	1,288
Charges, bonuses and other employee benefits	938	1,054
Provisions for risks and charges	5,343	5,884
Non-deductible interest	-	-
Application of IFRS 15	4,354	4,613
Valuation of financial instruments	75,387	38,505
Other items	263	333
Total deferred tax assets	103,375	66,883
Deferred tax liabilities for:		
Differences in value on tangible and intangible assets	(8,064)	(7,045)
Charges, bonuses and other employee benefits	(178)	(129)
Default interest not collected	-	-
Valuation of financial instruments	(14,945)	(407)
Other items	(108)	(82)
Total deferred tax liabilities	(23,295)	(7,663)
Total net deferred tax assets/(liabilities)	80,080	59,220
Net change	20,860	88,846
of which:		
∅ Change in scope of consolidation	-	-
∅ In Income Statement	(1,534)	52,536
∅ In Shareholders' Equity	22,394	36,310

The "deferred tax assets" recognised in the financial statements, for IRES and IRAP purposes, as there is a reasonable certainty of their recoverability, amounted to Euro 103,375 thousand at 31 December 2022 (Euro 66,883 thousand at 31 December 2021).

The increase in the value of deferred tax assets recognised during 2022 is due to the combined impact of several effects, including an increase in differences in value on tangible and intangible assets and on the valuation of financial instruments, and an increase in differences on provisions for risks. With reference to differences on financial instruments, it should be noted that the differences recognised are attributable to the determination of the tax effect on changes in the fair value of hedging derivatives designated in hedge accounting.

Deferred taxes amounted to Euro 23,295 thousand at 31 December 2022 (Euro 7,663 thousand at 31 December 2021). The increase is mainly due to the differences in the value of financial instruments due to the change in the fair value of interest rate hedging derivatives on loans. Since these transactions are accounted for in accordance with the hedge accounting principles of IFRS 9, the impact of these increases was reflected in the appropriate equity reserves. While the increase in taxable differences on tangible and intangible assets, on the other hand, is mainly attributable to

differences accrued on goodwill with tax recognition.

For IRES purposes, deferred taxation was calculated using the ordinary rate of 24%, while for IRAP purposes it was calculated using a rate of 3.9%.

17. Non-current financial assets

At 31 December 2022, non-current financial assets amounted to Euro 30,215 thousand (Euro 93,731 thousand at 31 December 2021).

The item is detailed in the following table:

Amounts in Euro thousands	2022	2021
NON-CURRENT FINANCIAL ASSETS	30,215	93,731
Insurance policies	23,900	86,784
Loan to associate	6,315	6,947

Capitalisation insurance policies, which amounted to Euro 23,900 at 31 December 2022 (Euro 86,784 at 31 December 2021), refer to the fair value of cash investments related to the underwriting of long-term insurance policies, which increased during the year as a result of the returns accrued by single operations.

The item "loan to associate" represents the portion of the long-term loan, measured using the amortised cost criterion, granted to TELCHA and equal to Euro 6,315 thousand at 31 December 2022 (Euro 6,947 thousand at 31 December 2021).

For further details, the following table summarises the composition and size of the policies portfolio:

Amounts in Euro thousands	INSURED CAPITAL	CAPITAL REVALUED AT 31.12.2022	EXPIRY
INSURANCE POLICIES	22,960	23,900	
Cardif Vita S.p.A.	4,500	4,743	09/01/2025
Alleanza Assicurazioni S.p.A.	2,500	2,581	31/10/2029
Alleanza Assicurazioni S.p.A.	2,500	2,635	n.a.
Alleanza Assicurazioni S.p.A.	2,500	2,581	20/11/2029
Alleanza Assicurazioni S.p.A.	2,500	2,635	n.a.
AXA Assicurazioni S.p.A.	3,980	4,145	n.a.
AXA Assicurazioni S.p.A.	495	509	14/01/2029
AXA Assicurazioni S.p.A.	495	509	14/01/2029
AXA Assicurazioni S.p.A.	495	509	14/01/2029
AXA Assicurazioni S.p.A.	495	509	14/01/2029
Generali Italia S.p.A.	2,500	2,545	29/12/2025

18. Other non-current assets

This item, which amounted to Euro 5,132 thousand at 31 December 2022 (Euro 4,499 thousand at 31 December 2021), mainly included guarantee deposits with third parties in accordance with contractual obligations and medium/long-term receivables from employees, relating to loans granted to employees and interest bearing. In particular, the main components of guarantee deposits are the cash guarantees presented to Terna for participation in capacity market auctions and the guarantees given to energy distributors outside the Group.

The item is detailed in the following table:

Amounts in Euro thousands	2022	2021
OTHER NON-CURRENT ASSETS	5,132	4,499
Security deposits	3,765	3,130
Receivables from employees	1,367	1,369

19. Inventories

At 31 December 2022, inventories amounted to Euro 5,095 thousand (Euro 3,262 thousand at 31 December 2021). Inventories, mainly attributable to DEVAL (Euro 3,362 thousand at 31 December 2022), consist of materials and equipment for operation, maintenance and construction of the distribution plants. The remaining portion of inventories, on the other hand, is mainly to be attributed to materials and spare parts serving the hydroelectric plants. Any obsolete materials are constantly written down during the year.

20. Current and non-current trade receivables

At 31 December 2022, current and non-current trade receivables amounted to Euro 196,423 thousand (Euro 96,004 thousand at 31 December 2021). The detail is shown in the following table:

Amounts in Euro thousands	2022	2021
CURRENT TRADE RECEIVABLES	171,386	87,384
Receivables from customers	176,127	96,086
Receivables from suppliers	1,912	471
Bad debts provision	(6,653)	(9,173)
NON-CURRENT TRADE RECEIVABLES	25,037	8,619
Receivables from customers	25,037	8,619
TOTAL TRADE RECEIVABLES	196,423	96,004

Receivables from customers increased compared to last year as a result of the increase in energy prices, but also as a result of receivables accrued for invoices issued or to be issued on energy efficiency activities of buildings carried out by the Parent Company (totalling Euro 36,671 thousand). On these transactions CVA offered its customers the so-called "invoice discount", an arrangement through which the right to tax deduction for the customer is transformed into tax credit for the supplier, becoming payment currency. For this reason, these receivables will turn into credits to the Treasury recoverable in 5, 4 or 10 years (depending on the type of deduction that originated them), but only after obtaining the relevant tax compliance authorisation. The portion of receivables that will be settled by obtaining a tax credit, therefore, has a collection time of more than 12 months. For this reason, in compliance with the "Summary of the Main Accounting Principles Adopted in the Preparation of the Financial Statements" and the note on the use of "Significant Accounting Estimates", the relevant revenues have been deducted from the financial component (see Note 1) of the transaction by also going to make a parallel adjustment of receivables to represent them at their amortised cost. Starting from the current year, non-current receivables from customers no longer include the portion of receivables for supplied energy due beyond 12 months, due to the installment payment granted to some customers following the COVID-19 emergency for the three-year period 2020- 2022. At 31 December 2022, the portion due beyond 12 months was nil (it was Euro 592 thousand in the previous year), the year 2023 representing the third and final year of deferred payment. Having made these due remarks, it is noted that receivables from customers (for invoices issued or to be issued) collectively include receivables:

- for the sale of electricity to end customers both in the free market and in the Greater Protection market;
- for the sale of electric power on a wholesale basis to traders, GME, GSE and Terna;
- for energy transmission and grid connection service; provided to sellers that are not part of the Group.
- for the above bills for energy efficiency of buildings.

Receivables from suppliers consist of receivables for credit notes to be received or received for adjustments to the amounts invoiced by them.

The net balance takes into account the bad debts provision of Euro 6,653 thousand (Euro 9,173 thousand at 31 December 2021) determined using a model based on ECLs consistent with the relevant provisions of IFRS 9. Following this analysis, the bad debts provision was decreased, in order to adjust it to the probable risk of loss, by means of a net provision of Euro 1,294 thousand (a release of Euro 348 thousand had been made in 2021).

21. Receivables for income taxes

The breakdown of receivables for income taxes is shown in the following table:

Amounts in Euro thousands	2022	2021
RECEIVABLES FOR INCOME TAXES	5,521	4,850
IRES	4,235	4,850
IRAP	1,286	-

The item in question includes tax credits on direct taxes (IRES and IRAP) equal to Euro 5,521 thousand at 31 December 2022 (Euro 4,850 thousand at 31 December 2021). IRES credits mainly refer to amounts paid as advance payments on the IRES surcharge for energy companies before its abolition and requested for reimbursement (Euro 4,506 thousand). Repayment took place partially at the end of the financial year 2022 and in early 2023. The credit is increased by the interest accrued thereon.

22. Current and non-current tax receivables

The breakdown of other tax receivables is shown in the following table:

Amounts in Euro thousands	2022	2021
CURRENT TAX RECEIVABLES	26,588	13,350
Receivables from Tax Authorities for excise	6,291	12,980
Receivables from Tax Authorities for VAT	64	10
Other tax receivables	20,233	361
NON-CURRENT TAX RECEIVABLES	4,378	11
Other non-current receivables	4,378	11
TOTAL OTHER TAX RECEIVABLES	30,967	13,362

The item Other Tax Receivables is mainly composed of:

- Receivables for excess payment of Euro 19,135 thousand deriving from the extraordinary contribution pursuant to Art. 37 of DL 21/2022 established as an "extraordinary solidarity levy" for the year 2022, to be paid by entities operating in the territory of the State, for the subsequent sale of goods, in the production of electricity. The Company was subject to the contribution before the changes introduced by Law 197/22 and has therefore paid the contribution in full. In light of the regulatory changes introduced at the end of the financial year, CVA exited the scope of application of the contribution as it did not achieve 75% of its turnover from energy sector activities in 2021. For this reason, the contribution will be claimed back in the financial year 2023;
- Energy efficiency tax credits in the amount of Euro 5,426 thousand: These are credits assigned by condominiums for energy efficiency works. CVA operates as a General Contractor using the work of third-party companies to carry out energy efficiency works that entitle it to Superbonus or other building bonuses, such as bonus Façades and bonus renovation and those listed in Article 121 of Decree-Law No. 34/2020. These receivables, which can be used over 5 or 10 years, can be offset against tax payments using the F24 form. The portion due after 12 months amounts to Euro 4,367 and is recorded as a non-current asset.

Receivables from the tax authorities for excise duties on electricity mainly include receivables for tax on consumption ("IEC") of electricity and for the related additional taxes, for an amount of Euro 6,291 thousand, and net receivables relating to tax and additional taxes requested for excise duty reimbursement, for Euro 620 thousand. These credits are determined based on the processing produced for the returns to be filed with reference to FY 2022.

As in the previous year, the year 2022 also saw a decrease in consumption subject to excise compared to the previous year. In fact, the excise duties paid during 2022 amounts to Euro 16,038 thousand compared to Euro 18,271 at the end of 2021. Excise tax receivables decreased sharply, from Euro 11,984 thousand to Euro 3,954 in the year 2022, as Euro 11,293 thousand of receivables resulting from the 2021 declaration were offset during the year. In fact, it is noted that following the presentation of the declaration of electricity consumption, the higher payments made pursuant to Article 56 of the T.U.A. are considered credits to be deducted from subsequent payments on account.

The item "receivables from Tax Authorities for VAT" for Euro 64 thousand at 31 December 2022 (Euro 10 thousand at 31 December 2021) and shows the VAT receivable balance from the Tax Authorities for the companies presenting a credit position at 31 December. In all cases, these are receivables which, due to their origin, cannot be included in the Group VAT settlement, either because they arose in companies that are not members of the scheme or because they arose before they joined the scheme.

23. Current and non-current derivatives

Derivative instruments (assets and liabilities) refer to the measurement at fair value of commodity derivatives (electricity) and interest rates at the reporting date.

The following is a breakdown at the reporting date and the related comparative information:

Amounts in Euro thousands	2022	2021
DERIVATIVE ASSETS	256,457	100,894
Non-current derivative assets	1,309	4,659
Current derivative assets	255,148	96,235

Amounts in Euro thousands	2022	2021
DERIVATIVE LIABILITIES	316,605	168,290
Non-current derivative liabilities	117,887	49,736
Current derivative liabilities	198,718	118,554

It is noted that, at 31 December 2022 and 31 December 2021, there are no positions offset among assets and liabilities for derivative financial instruments.

Fair value derivatives by type of transactions and accounting methods

The following tables show the fair value of derivatives (assets and liabilities) at the reporting date, divided according to the type of accounting treatment applied (cash flow hedge or trading) and the derivative instrument used:

Derivative assets

Amounts in Euro thousands	At 31 December 2022	At 31 December 2021
	Fair value Assets	Fair value Assets
Cash flow hedge derivatives		
Energy derivatives		
Swaps/Forwards	-	-
Futures	31,402	14,575
Options	-	-
Interest derivatives		
Interest rate swaps	8,194	4,281
Asset Linked Inflation Swap	-	-
Total cash flow hedge derivatives	39,596	18,856
Hedging derivatives not in Hedge Accounts		
Energy derivatives		
Swaps/Forwards	154,347	49,310
Futures	1,504	-
Options	-	-
Interest derivatives		
Interest rate swaps	1,160	-
Asset Linked Inflation Swap	-	-
Total hedging derivatives not in Hedge Accounts	157,011	49,310
Trading derivatives		
Energy derivatives		
Swaps/Forwards	10,798	1,232
Futures	49,052	31,498
Options	-	-
Interest derivatives		
Interest rate swaps	-	-
Asset Linked Inflation Swap	-	-
Total trading derivatives	59,850	32,730
TOTAL DERIVATIVE ASSETS	256,457	100,895

Derivative liabilities

Amounts in Euro thousands	At 31 December 2022	At 31 December 2021
	Fair value Liabilities	Fair value Liabilities
Cash flow hedge derivatives		
Energy derivatives		
Swaps/Forwards	4,743	-
Futures	103,029	95,112
Options	-	-
Interest derivatives		
Interest rate swaps	-	3,945
Asset Linked Inflation Swap	-	-
Total cash flow hedge derivatives	107,772	99,057
Hedging derivatives not in Hedge Accounts		
Energy derivatives		
Amounts in Euro thousands	At 31 December 2022	At 31 December 2021
Swaps/Forwards	63,358	-
Futures	79,429	33,702
Options	-	-
Interest derivatives		
Interest rate swaps	3	734
Asset Linked Inflation Swap	-	-
Total hedging derivatives not in Hedge Accounts	142,790	34,436
Trading derivatives		
Energy derivatives		
Swaps/Forwards	18,571	6,117
Futures	47,472	28,681
Options	-	-
Interest derivatives		
Interest rate swaps	-	-
Asset Linked Inflation Swap	-	-
Total trading derivatives	66,043	34,798
TOTAL DERIVATIVE ASSETS	316,605	168,291

Hedge accounting

Derivative contracts are initially recognised at fair value, on the trading date of the contract, and subsequently measured at their fair value. The Group defined its model for the application of hedge accounting and provided the operating tools necessary for formal documentation of the hedging relationships, the verification of the effectiveness and the accounting measurement of the hedging effects, as specifically requested by IFRS 9. The hedge accounting model requires that derivatives traded by the Group be classified as cash flow hedges. Specifically, the hedging instruments used (commodity futures, interest rate swaps) are designated for accounting purposes as follows:

- to hedge expected future transactions involving the procurement of energy on the market or sales to its customer portfolio that are considered highly probable. The objective of the designated hedging relationships is, therefore, to fix, in whole or in part, through the commodity future positions traded, the economic value of the future flows of electricity purchased and/or sold by the Group;
- to hedge interest flows paid on underlying loans payable. The objective that the Group intends to pursue through the designated hedging transactions is therefore to mitigate its risk exposure deriving from the volatility of the market rates by fixing or limiting the onerousness of its variable rate loans or setting the rate of highly probable future loans;

As a result of the cash flow hedge accounting, the economic effects generated by the fair value measurement of hedging derivatives are recognised in specific equity reserves (and represented in the Statement of Comprehensive Income) and then transferred to the Income Statement in the following financial years, i.e. concurrently with the recognition of the underlying transactions. Specifically, for commodity derivatives, two separate equity reserves are replenished that respectively accommodate the spot effects of hedging separately from the forward transaction cost of hedging. Also with reference to commodity hedges, in consideration of the hedging strategies realised dynamically by the Group (aimed at the economic balancing of its energy purchases and sales portfolio) and the operating functioning of future markets, derivatives designated in hedge accounting are normally settled before the relevant contractual expiry date (i.e. the related hedged purchase/sale flows), with the consequent interruption of the hedging relationships designated for hedge accounting purposes; as specifically provided for by IFRS 9, changes in the fair value of hedging derivatives recognised at the date of termination of hedging relationships remain recognised in equity until the date of recognition of the economic effects of the underlying purchases/sales, when they are transferred to the Income Statement. This is valid unless said amount is a loss and the Company expects that all or part of said loss cannot be recovered in one or more future years. In such a case, the amount that is not expected to be recovered has been reclassified to the Income Statement as a reclassification adjustment. For all of the above, it therefore follows that, at the end of the financial year, the hedging effects recognised in the cash flow hedge reserve and cost of hedging reserve are generated both by transactions completed in the year and only by positions outstanding at the reporting date and recognised in the balance sheet at fair value.

Effects of derivatives accounted in cash flow hedge

The following table shows the impact on the shareholders' equity of the Group of the cash flow hedge reserve recognised with reference to hedging derivatives accounted for in hedge accounting at 31 December 2022, gross of the tax effect:

	Book value
Opening balances at 1.1.2021	(8,097)
Changes in fair value with impact in equity	(137,115)
Effects released to Income Statement	8,937
Closing balances at 31.12.2021	(136,275)
Changes in fair value with impact in equity	(378,304)
Effects released to Income Statement	306,535
Closing balances at 31.12.2022	(208,045)

With reference to commodity transactions, the effectiveness of hedging derivatives recognised at 31 December 2022 in the cash flow hedge reserve and the cost of hedging reserve (negative for Euro 270,184 thousand, gross of the tax effect) is partly related to derivatives settled early in the course of the year (negative for Euro 198,298 thousand) and partly to the derivatives existing at the reporting date (negative for Euro 71,886 thousand); this amount suspended in the accounts in equity refers to future purchase and/or sale flows of electricity that will be recognised (with the consequent release of the economic effects suspended in equity) and in 2023 (negative for Euro 199,699 thousand) and partly in 2024 (negative for Euro 49,470 thousand) and the difference in 2025 and 2026 (negative for Euro 21,015 thousand). The considerable value of the changes in the year is related to the market price development.

On the other hand, with reference to interest rate hedging transactions, the effectiveness of hedging derivatives recognised at 31 December 2022 within the Cash Flow Hedge reserve (positive for Euro 62,138 thousand, including the tax effect) relates to the value of the effective portion of derivatives settled in 2022 and used to hedge future financial liabilities (Euro 53,782) as well as the fair value of existing hedging derivative financial instruments, net of interest differentials accrued at the reporting date; with reference to the latter, it is an amount suspended for accounting purposes in equity and referred to future interest flows that will find financial manifestation (with consequent release of the suspended effects in equity) partly in 2023 (net collections estimated for approximately Euro 2,517 thousand) and partly in subsequent years (net collections estimated at approximately Euro 6,460 thousand).

Sensitivity analysis of commodity price and interest and inflation rate risk

As explained in the following paragraphs, the Group is exposed to the risk of fluctuations in Commodity prices - with exclusive reference to the price of electricity - and to the risk of fluctuating interest rates the volatility of which could have negative effects on the cash flows and on the income prospects of the Group.

The following is a sensitivity analysis to reasonably possible changes in electricity prices and interest and inflation rates at the reference date, keeping all the other variables underlying the valuation model constant. In particular, for the present analysis, the range of assumed variations on the electricity price curve is $\pm 10\%$, on the interest rate curve ± 50 bps (basis points).

Sensitivity analysis of commodity price risk and interest rate at 31 December 2022.

Euro thousands At 31 December 2022					
Description	Change in the rate	Impact on Income Statement (before taxes)		Impact on Shareholders' Equity (before taxes)	
		Increase	Decrease	Increase	Decrease
Changes in fair value of rate derivatives designated in Hedge Accounting	± 50 bps	190	111	1,807	(2,152)
Changes in fair value of rate derivatives not designated in hedge accounting	± 50 bps	189	(193)	-	-

Euro thousands At 31 December 2022					
Description	Commodity prices	Impact on Income Statement (before taxes)		Impact on Shareholders' Equity (before taxes)	
		Increase	Decrease	Increase	Decrease
Changes in fair value of Commodity derivatives designated in Hedge Accounting	$\pm 10\%$	-	-	(45,011)	45,011
Changes in fair value of Commodity derivatives not designated in Hedge Accounting	$\pm 10\%$	1,443	(1,443)	-	-
Changes in fair value of trading Commodity derivatives	$\pm 10\%$	(429)	429	-	-

Sensitivity analysis of inflation rate risk at 31 December 2022

At the end of the year, the Group no longer holds financial instruments exposed to inflation risk and has closed all hedging positions it had in place at 31 December 2022.

Market risks on commodity prices

For more information regarding market risks on commodity prices, reference is made to the Report on Operations.

Interest rate risk

For more information regarding market risks on interest rates, reference is made to the Report on Operations.

Inflation rate risk

For more information regarding market risks on inflation rates, reference is made to the Report on Operations.

24. Other current financial assets

The breakdown of other current financial assets is shown in the following table:

Amounts in Euro thousands	2022	2021
OTHER CURRENT FINANCIAL ASSETS	1,171	675
Loans to associates	691	675
Other financial assets	480	-

Financial receivables from associated companies amounted to Euro 691 thousand (Euro 675 thousand at 31 December 2021) and refer to the short-term portion relating to the loan receivable granted to TELCHA.

"Other financial assets" amounting to Euro 480 thousand at 31 December 2022 relate to a receivable from Banca Unicredit repaid in January 2023.

25. Other current assets

At 31 December 2022, the item "other current assets" amounted to Euro 282,181 thousand (Euro 173,530 thousand at 31 December 2021) and is detailed in the following table:

Amounts in Euro thousands	2022	2021
OTHER CURRENT ASSETS	282,181	173,431
Security deposits	247,101	151,380
Other current assets	19,215	5,906
Deferred assets	11,496	8,757
Receivables from the G.S.E. for incentives	2,677	4,954
Receivables from C.S.E.A.	1,692	2,433

Security deposits

The item "security deposits" mainly includes the nominal value of the security deposits receivable of CVA ENERGIE equal to Euro 247,069,311 thousand at 31 December 2022 (Euro 151,348,051 thousand at 31 December 2021), which comprise:

- receivables amounting to Euro 10,224 thousand at 31 December 2022 (Euro 2,525 thousand at 31 December 2021) referring to the opening of a security deposit of the "Business Account" opened at the Joint Allocation Office, a company that manages cross-border transmission capacity for Central Western Europe and the borders of Italy and Northern Switzerland. The rules for participation in auctions for transport capacity at the border, require the deposit of an amount to guarantee transactions carried out on a current account in the name of the Joint Allocation Office (the "Business Account"). The amounts for the transport capacity purchased are also debited on this account and, therefore, the guarantee is subject to interim changes for its constant adjustment. The amount of the guarantee is defined according to the type of auction being participated in and the purchase volumes;
- receivables of Euro 201,845 thousand at 31 December 2022 (Euro 148,823 thousand at 31 December 2021) for guarantee deposits with Banca BNP, which was selected from a list of qualified operators as Clearing Bank to operate on the EEX (European Energy Exchange), the main European financial organised market, as well as on the EPEX Spot (European Power Exchange), which underlies physical energy exchanges on the market;
- Receivables amounting to Euro 35,000 thousand at 31 December 2022 for non-interest-bearing security deposits paid to G.M.E. during the year

Deferred assets

This item mainly consists of deferred assets relating to water derivation supra-fees (Euro 5,488 thousand at 31 December 2022, Euro 5,158 thousand at 31 December 2021) due from CVA and VALDIGNE, as provided by the relevant legislation. The item also includes deferred assets relating to insurance premiums, long-term charges and other miscellaneous deferrals.

Receivables from the GSE for incentives

The item "receivables from the GSE for incentives" includes the receivables for grants related to incentives recognised by the GSE, but not yet disbursed equal to Euro 2,677 thousand at 31 December 2022 (Euro 4,954 thousand at 31 December 2021).

Receivables from C.S.E.A.

The main components of this item are:

- the distribution service continuity premium receivable, which includes the estimated service continuity premium related to the year 2022 totalling Euro 605 thousand;
- The receivable for physical and economic bonuses paid in December 2022 amounted to Euro 543 thousand;
- the receivable pertaining to DEVAL, relating to the equalisation mechanisms applied to electricity distributors. The balance at 31 December 2022 (Euro 295 thousand) mainly consists of receivables for equalisation for 2022;
- energy efficiency bond receivables, which refer to the value of bonds acquired during the year 2022 net of collections (Euro 244 thousand at 31 December 2022);

Other current assets

The residual items included in other current assets amounted to Euro 19,215 thousand at 31 December 2022 (Euro 5,905 thousand at 31 December 2021) and mainly refer to:

- receivables from customers for additional tax refunded: these are receivables that arose from refunds made in respect of the additional tax on the state excise tax by virtue of the negative rulings at first instance that saw CVA ENERGIE lose out against customers as part of the disputes opened following the declared incompatibility of this tax with the European legal system (as described in detail above). These receivables have a value of Euro 9,558 thousand and have been written down by Euro 1,219 thousand consistently with the risk coefficient estimated on all disputes. These amounts will become due in the event of a victory in the subsequent levels of court or will be claimed for reimbursement from the Customs Agency in the event of a final loss in civil court;
- advances to suppliers and third parties amounting to Euro 8,932 thousand at 31 December 2021 (Euro 2,437 thousand at 31 December 2021), consisting mainly of advances related to energy efficiency work on buildings;
- advances provided to the Municipalities on amounts due for environmental compensation for the presence of production plants of Euro 1,313 thousand at 31 December 2022, effectively unchanged compared to the previous year (Euro 1,361 thousand at 31 December 2021).

26. Cash and cash equivalents

The item mainly includes the balance receivable of current bank accounts at the reporting date, equal to Euro 226,663 thousand at 31 December 2022 (Euro 226,831 thousand at 31 December 2021); there are no short-term deposits at 31 December 2022. All balances are stated at nominal value and also include interest accrued but not yet credited at the end of the year.

They are not burdened by constraints of any kind that limit their availability.

Amounts in Euro thousands	2022	2021
CASH AND CASH EQUIVALENTS	226,663	226,831
Cash and cash equivalents	70	21
Bank accounts	226,593	176,761
Short-term deposits	-	50,049

27. Shareholders' equity

The breakdown of shareholders' equity is as follows:

Amounts in Euro thousands	2022	2021
SHAREHOLDERS' EQUITY	878,873	824,197
Share capital	395,000	395,000
Reserves and profits (losses) carried forward	311,010	286,262
Net result of the year	163,975	133,441
Minorities Shareholders' Equity	8,888	9,495

Share capital

The share capital amounted to Euro 395,000 thousand, divided into 395,000,000 shares with a nominal value of Euro 1 each.

During the 2022 and 2021 financial years, there were no changes in the amount.

Reserves and profits (losses) carried forward

The item "Reserves and profits (losses)" carried forward is as follows:

Amounts in Euro thousands	2022	2021
RESERVES AND PROFITS (LOSSES) CARRIED FORWARD	311,010	286,262
Legal reserve	60,616	55,000
Cash flow hedge reserve	(63,943)	(91,201)
Cost of Hedging reserve	(83,634)	(6,993)
IAS 19 reserves - Employee Benefits	(1,101)	(1,760)
Realignment reserve pursuant to Article 110 DL 104/2020	186,649	186,649
Other reserves and profits (losses) carried forward	212,423	144,566

Legal reserve

The legal reserve amounted to Euro 60,616 thousand at 31 December 2022 (Euro 55,000 thousand at 31 December 2021). The Increase recorded is equal to the allocation of one-twentieth of the 2021 profit of CVA, as required by Article 2430 of the Civil Code.

Cash flow hedge reserve (OCI)

This reserve, which is negative for Euro 63,943 thousand (Euro 91,201 thousand at 31 December 2021) includes the effective portion of the change in fair value of hedging derivatives on changes in energy prices and interest rates classified as cash flow hedges for accounting purposes. The reserve is determined net of the related tax effects and is reported in other comprehensive income as a component reclassifiable to profit or loss in subsequent periods.

Cost of Hedging reserve

This reserve includes the portion of the change in fair value attributable to the costs of hedging derivatives on the change in the price of energy designated of cash flow hedges. At 31 December 2022, it has a negative value of Euro 83,634 thousand (Euro 6,993 thousand at 31 December 2021). The reserve is expressed net of the tax effect. Its movement was also reported in Other Comprehensive Income components reclassifiable to the Income Statement in subsequent years.

Actuarial reserve IAS 19 (OCI)

The item includes actuarial losses relating to defined benefit plans for employees, negative for Euro 1,101 thousand (Euro 1,760 thousand at 31 December 2021). The reserve is determined net of the related tax effects and is reported in Other Comprehensive Income as a component not reclassifiable to the Income Statement in subsequent periods.

Reserve for realignment of tax value of goodwill pursuant to Article 110 DL 104/2020

Following the realignment of the statutory and tax values of goodwill in the course of 2021, carried out pursuant to Article 110 of Decree-Law 104/2020, a special reserve was set up, amounting to Euro 186,649 thousand, a value subject to realignment net of the substitute tax, with a specific tax suspension restriction for tax purposes (as governed by paragraph 8 of the aforementioned provision). The realignment operation was completed in CVA, CVA EOS and DEVAL.

Other reserves

The item mainly includes:

- Accumulated retained earnings of Euro 73,493 thousand (Euro 52,280 as at 31 December 2021). This consists of the Group's undistributed profits and consolidation differences allocated to equity. Their movement is justified by the 2021 profit carried forward of the subsidiaries.
- the extraordinary reserve amounts to Euro 128,620 thousand (Euro 81,912 thousand at 31 December 2021) and includes the allocation of the CVA profit made in the previous years, as approved by the Shareholders' Meeting. It should be noted that, as a result of the realignment of the statutory/tax values of goodwill described in the introduction, pursuant to paragraph 8, Article 110 of Decree-Law No. 104 of 14 August 2020, a portion of the reserve, amounting to Euro 163,697 thousand (equal to the value of the realignment in CVA), was reclassified into the special reserve described above;
- the First Time Adoption ("FTA") reserve of Euro 9,824 thousand (unchanged on last year), which represents the balancing entry in shareholders' equity deriving from the first application of the IAS/IFRS accounting standards on the transition date of 1 January 2014;
- the reserve relating to the effects of interest rate hedges (carried out with IRS) accrued under national accounting standards, the value of which (net of the tax effect) was recognised for the first time in the financial statements on the first-time adoption of IAS/IFRS, to be released to the income statement in subsequent years in accordance with the financial amortisation plan. The legal reserve amounted to Euro 10 thousand (Euro 74 thousand at 31 December 2021);
- the merger reserve for Euro 476 thousand the net merger capital resulting from the 2001 CVA merger operation.

Group net result

The Group net result was positive for Euro 163,975 thousand in 2021 (Euro 133,441 thousand at 31 December 2021). This item includes the profit pertaining to the Group recognised in the year under review.

Earnings per share

For the purposes of calculating earnings per share, it is noted that during the three-year period no changes occurred in the number of ordinary shares.

	2022	2021
Net result of the period (Euro thousands)	163,975	133,441
Number of shares at 31 December	395,000,000	395,000,000
Number of shares adjusted at 31 December	395,000,000	395,000,000
Earnings per share (Euro)	0.42	0.34
Diluted earnings per share (Euro)	0.42	0.34

28. Employee benefits

Employee benefits amounted to Euro 5,520 thousand at 31 December 2022 (Euro 6,755 thousand at 31 December 2021).

Amounts in Euro thousands	Employee severance indemnity (TFR)	Loyalty bonus	Energy discount	Employee bonuses	Other employee benefits	Total
Current value of the obligation at 31/12/2020	3,433	1,468	805	451	711	6,869
Current cost	7	81	2	510	(78)	522
Financial expenses	16	7	4	-	2	30
Increases/(decreases) for acquisitions and transfers	(80)	(7)	-	-	-	(87)
Benefits provided	(140)	(75)	(32)	(451)	(78)	(776)
Revaluations (*)	215	94	(72)	-	(39)	198
Other changes	-	-	-	-	-	-
Current value of the obligation at 31/12/2021	3,452	1,568	708	510	517	6,755
Current cost	9	89	2	515	14	628
Financial expenses	33	15	7	-	5	59
Increases/(decreases) for acquisitions and transfers	-	-	-	-	-	-
Benefits provided	(226)	(70)	(37)	(497)	(40)	(870)
Revaluations (*)	(414)	(387)	(160)	-	(79)	(1,039)
Other changes	-	-	-	(13)	-	(13)
Current value of the obligation at 31/12/2022	2,853	1,216	519	514	417	5,520
of which						
current portion	233	14	35	515	90	887
non-current portion	2,621	1,202	484	(1)	327	4,633

The following components mainly fall into the category of defined benefit plans:

- severance indemnity (TFR) recognised in compliance with the provisions of current legislation. The value of the liabilities in question amounted to Euro 2,853 thousand at 31 December 2022 (Euro 3,452 thousand at 31 December 2021);
- the company loyalty bonus to be paid to employees, determined on the basis of the achievement of a certain length of service, equal to Euro 1,216 thousand at 31 December 2022 (Euro 1,568 thousand at 31 December 2021);
- the energy discount fund allocated against the agreement entered into on 6 May 2019 to overcome electricity tariff concessions for former employees and which provides former employees who have so requested with a payment of an annual lump sum of Euro 360 fixed until the age of sixty-five. The liability accrued amounted to Euro 519 thousand (Euro 708 thousand at 31 December 2021).
- The provision for employee bonuses is equal to the amounts set aside for incentives to be paid to department heads and executives upon achievement of specific objectives (according to the corporate MBO plan) in the amount of Euro 514 thousand;
- other employee benefits totalled Euro 417 thousand at 31 December 2022 (Euro 517 thousand at 31 December 2021) and are represented by: (i) additional allowance for FOPEN contributions recognised to employees who have chosen this option as part of the agreement entered into in May 2019 to overcome the concessions on energy tariffs and who are entitled to the payment of a fixed amount to the supplementary pension fund or in coupons up to the age of 65 regardless of the age at which they will cease service; (ii) additional monthly payments due to eligible employees based on the requirements set forth in the CCNL (the "IMA") by the July 2001 agreement.

For the purpose of defining the amount of the current value of the obligations, an estimate was made of the future provisions which, on the basis of development assumptions related to both the numerical development of the community and the salary development, will be provided to each employee in the case of continuation of work, retirement, death, resignation or request for anticipation.

The only exception is the provision for employee bonuses, which, in view of its nature as a short-term benefit (bonuses are paid in the following year), has not been discounted. Since these premiums have a prevalent valuation component in their determination, they have been recorded under provisions and not under payables. The main economic and financial assumptions adopted for the calculations are as follows:

	2022	2021
Discount rate	3.77%	1.00%
Annual inflation rate	2.30%	1.75%
Rate of increase in labour costs		
- age 40 and under	2.50%	2.50%
- age over 40 but under 55	1.50%	1.50%
- age over 55	0.5%	0.5%

The increase in the real discount rate led to a general reduction in liabilities with actuarial gains being recognised.

In compliance with the provisions of IAS 19, a sensitivity analysis is provided for each significant actuarial assumption at the end of the year, showing the effects that there would be as a result of changes in actuarial assumptions reasonably possible at said date, in absolute terms.

Amounts in Euro thousands	Change in liabilities		One year cost	
	when the rate changes		when the rate changes	
	-0.50%		0.50%	
Employee severance indemnity (TFR)	125	6	(120)	6
Early retirement (isopensione)	-	-	-	-
Loyalty bonus	77	70	(66)	60
Other employee benefits	31	11	(37)	10

29. Provisions for risks and charges

At 31 December 2022, provisions for risks and charges amounted to Euro 30,616 thousand (Euro 34,652 thousand at 31 December 2021).

The breakdown of the provisions in the last two years is shown in the following table:

Euro thousands	Provision for disputes	Provisions for charges	Provision for excise duty dispute	Provision for additional excise duty dispute	Book value
Value at 31.12.2021	2,917	18,285	3,420	10,031	34,652
(Uses)	(111)	(273)	(73)	(43)	(500)
(Releases)	(1,518)	(2,053)	-	(1,050)	(4,621)
Allocations	-	561	-	-	561
Other changes	-	524	-	-	524
Value at 31.12.2022	1,288	17,043	3,346	8,938	30,616
of which					
current portion	127	-	-	-	127
non-current portion	1,161	17,043	3,346	8,938	30,488

- **Provision for excise dispute:** the provision amounts to Euro 3,346 thousand. This is the provision for risks allocated to the dispute between CVA ENERGIE and the Customs Agency (in its division of provincial offices) for the failure to recognise the qualification of self-producer and the consequent exemption from excise duty for the years from 2008 to 2013. The change in the year recorded uses for Euro 73 thousand to cover the costs of legal and tax consultancy services used to assist with disputes.
- **Provision for additional excise disputes:** The provision was allocated in 2018 for Euro 10,236 thousand, of which Euro 4,072 thousand as an estimate of the cost of litigation and Euro 6,164 thousand as an evaluation of the amount of additional amounts to be reimbursed. CVA ENERGIE, following the ruling of the Court of Cassation No. 15198 of 4 June 2019, which established the incompatibility of the provisions establishing the additional excise duties on electricity with Directive 2008/118/EEC, is faced with the probable risk of having to reimburse customers, following a dispute in the civil courts, the additional taxes collected for the years from 2010 to 2012 (the year in which they were abolished). In fact, the Supreme Court has indicated in the seller of energy the person to whom to address the request for refund, not addressable by customers rightly to the Customs Agency. Given the probable impossibility of appealing to the Customs Agency, by virtue of the two-year statute of limitations in force with the latter, the Company faces not only the risk of the cost of litigation with customers, but also the cost of reimbursing the surcharge;
 - Uses: The provision was used in the amount of Euro 43 thousand for legal expenses incurred during the year for litigation activities;
 - Releases: the provision was reversed for Euro 1,050 thousand. This reversal is balanced by the provisions made during the year to write-down customer receivables arising from the reimbursements made pursuant to first-degree court rulings.
- **Provisions for disputes:** provisions for disputes amounted to Euro 1,288 thousand (Euro 2,917 thousand at 31 December 2021). No new provisions were recognised. The number of existing ones and their changes are summarised in the following table:

	31/12/2021	Allocations	Uses	Releases	Other changes	31/12/2022
Leased cabins litigation	757	-	(19)	-	-	738
ARERA sanction proceedings provision	1,404	-	-	(1,404)	-	-
Sundry excise duty dispute	459	-	-	-	-	459
Distribution line interference provision	183	-	(92)	-	-	91
Provision for regulatory risks, disputes, customers and traders - distribution activities	100	-	-	(100)	-	-
Provision for civil case with subcontractor employee	14	-	-	(14)	-	-
TOTAL	2,917	-	(111)	(1,518)	-	1,288

- **Booths dispute:** the provision refers to future charges related to disputes concerning leased buildings used as distribution booths by DEVAL. The provision was used during 2022 for Euro 19 thousand (for regularisation of station lease contracts).
- **ARERA sanctioning proceeding provision:** the provision referring to the ARERA sanctioning measure for alleged non-diligent imbalances was partly released for Euro 1,404 thousand. The provision, amounting to Euro 1,404 thousand at the beginning of the year, had been set aside in 2020 for potential charges arising from the sanction proceedings initiated by Determination DSAI/92/2017/EEL "Initiation of sanction proceedings against a consumer unit holder for non-diligent scheduling strategies within the electricity dispatching service", estimating that the maximum amount of the conceivable sanction could be around 0.2% of the Company's turnover realised in 2016. On 5 August 2021, the Company was notified of the Resolution on "Imposition of an administrative fine for the implementation of non-diligent scheduling strategies within the electricity dispatching service" by which CVA ENERGIE was imposed an administrative fine, amounting to Euro 1,404 thousand. CVA ENERGIE filed an appeal against the resolution with the Lombardy Regional Administrative Court, requesting, in addition to the annulment of the penalty, the suspension of its collection, which was granted by the same Regional Administrative Court in an order dated 4 November 2021. On 26 August 2022, the Lombardy Regional Administrative Court annulled the measures applying the penalty; for this reason, the Company deemed it appropriate to fully release the provision set aside.
- **Excise Litigation:** the fund amounted to Euro 459 thousand and did not change during the year. The main litigation covered by the fund appears to be against the Piacenza Customs Office following the failure to recognise offsets made by CVA ENERGIE. The dispute, having a value of Euro 409 thousand, has not evolved in the last year and is still awaiting the ruling of the First Instance Tax Commission. In 2018, the latter had ordered a stay of judgment pending the Supreme Court's ruling with reference to the other litigation initiated by CVA ENERGIE on the same matter (and concluded in its favour with ruling 27290/19).
- **Distribution line interference provision:** provision set aside to cover the risk that the granting bodies, when renewing the agreements issued prior to 2002, may request past instalments. The provision has a value of Euro 91. During the year, the provision was used for Euro 92 thousand.
- **Provision for regulatory risks, litigation, customers and traders - distribution business:** the provision at 31 December 2022 was fully released. At the beginning of the year, there was a balance of Euro 100 thousand. The settlement of the disputes with a favourable outcome for the Group extinguished the risk.
- **Litigation for civil lawsuit:** the provision has been fully pro-rated as the litigation (outstanding with an employee of a subcontractor) has been definitively closed.
- **Provisions for charges:** provisions for charges amounted to Euro 17,043 thousand (Euro 18,285 thousand at 31 December 2021). No new provisions were recognised. The number of existing ones and their changes are summarised in the following table:

	31/12/2021	Allocations	Uses	Releases	Other changes	31/12/2022
Construction of drainage trench	65	-	-	-	-	65
Fees for exceeding nominal powers concessions	130	-	-	(105)	-	25
Plant dismantling	5,490	132	-	-	524	6,147
Maintenance staff bonuses	219	50	(204)	(15)	-	50
Data network fees	19	-	-	-	-	19
Imbalance charges	11,204	-	-	(1,934)	-	9,270
Aosta lighting plant remediation	105	-	-	-	-	105
Province of Foggia compensation indemnities	653	363	-	-	-	1,016
Securing of property and land	353	-	(54)	-	-	299
Insurance deductibles	48	15	(15)	-	-	48
TOTAL	18,285	561	(273)	(2,053)	524	17,044

The provision refers to various risks identified by the Group as probable. The following is a list of significant contingent liabilities recognised in the financial statements:

- **Unbalancing charges:** the provision was set aside in 2021 for Euro 11,204 thousand following the opening of a proceeding by ARERA (initiated on 31 May 2021 with Resolution 217/2021/e) aimed at verifying whether, following of the alleged non-diligent unbalances of CVA ENERGIE recorded in 2016, there has been an effective infringement of the rights of end users; this circumstance had not been proven by ARERA in the previous proceeding opened with Resolution 342/2016/E/EEL and then challenged by CVA ENERGIE in a dispute that ended positively, with the sentence of the Council of State filed on 26 October 2020. By virtue of this ruling, all prescriptive measures taken had been annulled. On 20 October 2022, ARERA notified CVA ENERGIE of Resolution 507/2022/E/eel in which it confirmed the prescriptions adopted with Resolution 489/2017/E/eel, revising the methods for the valuation of imbalances limiting them solely to those in the so-called counter-phase. The relative quantification, carried out by TERNA S.p.A., amounts to Euro 9,270 thousand. The aforementioned resolution was challenged on 16 November 2022 by the Company before the Council of State. With respect to 31 December 2021, the provision was released in the amount of Euro 1,934 thousand, adjusting its amount to the quantification made by Terna.
- **Plant dismantling provision:** represents the accumulated liabilities for the dismantling of wind and photovoltaic plants at the end of their useful life, equal to Euro 6,147 at the end of the year (5,490 at 31 December 2021). The revision of the assumptions generated a change in the provision of Euro 524 thousand that impacted the value of the relevant assets. The discounting of the year, on the other hand, generated financial expenses of Euro 132 thousand.
- **Provision for compensation indemnities potentially due to the Municipality of Foggia:** with reference to the Ponte Albanito plant, in the absence of an agreement regulating the economic relations with the Municipality of Foggia with reference to potential environmental compensation indemnities, an amount equal to 3% of the revenues for the sale of energy and related incentives (Euro 211 thousand) was set aside also in 2022. This percentage is a conservative estimate. The provision has a total balance of Euro 1,016 thousand.
- **Property and land safety fund:** in light of the increasingly frequent natural disasters, in 2020 it was decided to manage all risk situations arising from instability of land and property adjacent to regional roads. The Company's commitment to complete the activity had been measured at Euro 377 thousand, broken down as follows:
 - o professional assignment to carry out the activity of defining the potential risks of the properties along the entire route of Regional Road No. 44 of Valle d'Aosta for Euro 225 thousand;
 - o safety work related to potential risks in the amount of Euro 152 thousand. During the year, uses of Euro 54 thousand were recorded with reference to safety work. The remaining portion of the provision has not changed because the Company's commitment is still current;

- **Provision for bonus on the maintenance of wind and photovoltaic plants**, equal to Euro 50 thousand. This is an estimate of the variable fees due to maintainers and accrued until 31 December 2022. In the absence, at the end of the year, of a certain determination shared with the individual suppliers, their amount was estimated on the basis of historical values. The provision had an initial amount of Euro 219 thousand, was used and reversed for a total of Euro 219 thousand, and recorded new provisions of Euro 50 thousand, reaching a final amount of Euro 50 thousand.
- **Provision for expenses for exceeding of the quotas of withdrawal allowed for hydroelectric plants:** the provision covers the charges for the State fees and supra-fees due in case of exceeding the quantities of derived water for the hydroelectric plants with respect to what is established by the concessions. In 2022, Euro 105 thousand was earned in respect of the additional fees charged on exceedance by the BIM Valle d'Aosta Consortium. The risk of supra-fees can be considered to have ceased following the res judicata of the ruling of the Regional Court of Public Waters of Turin of 21 September 2021 that saw the BIM Consortium lose against the Parent Company. The provision at 31 December 2022 amounted to Euro 25 thousand and refers to state fees due for excesses recorded by the Avise (CVA) plant in 2018 and those recorded by the Torrent (VALDIGNE) plant in 2020.
- **Provision for the reclamation of public lighting plants Municipality of Aosta:** the provision of Euro 105 thousand corresponds to the commitment made by the Group regarding the reclamation of the lighting systems located in the Municipality of Aosta before their transfer to the Municipality itself; the provision has not changed and since the obligation still exists, it has been kept.
- **Provision for the construction of a draining trench:** provision set aside in 2011 in the amount of Euro 64 thousand and related to the risk arising from the need to construct a draining trench in the area upstream of the Faubourg hydroelectric power plant. Considering that the risk was judged to still exist and likely, the provision was preserved and its size was judged to be adequate.
- **Provision for data network fees:** provision recorded against the use of data networks in the name of another party pending settlement of the relationship. It amounts to Euro 19 thousand and did not change during the year.
- **Provision for insurance deductibles:** provision related to outstanding claims that are lower than the limit of the deductibles of the relevant years in which the events occurred and having a balance of Euro 48 thousand (Euro 48 thousand at 31 December 2021). During the year, against a utilisation of Euro 15 thousand relating to charges for insurance deductibles, a provision of Euro 15 thousand was made.

30. Current and non-current financial liabilities

Non-current financial liabilities amounted to Euro 491,350 thousand at 31 December 2022 (Euro 215,642 thousand at 31 December 2021), and consisted mainly of the long-term portion of bank loans held by the Group (valued at amortised cost); the long-term share of bonds; liabilities entered in respect of rights of use in accordance with IFRS 16 (as described in note 13) and of the financial liabilities still outstanding for the acquisition of area rights on the land where the Valenza photovoltaic plant is located and the Tarifa wind power plant.

Amounts in Euro thousands	2022	2021
NON-CURRENT FINANCIAL LIABILITIES	491,350	215,642
Bank loans	431,570	155,954
Bonds	49,618	49,557
Financial liabilities for leasing	7,998	7,903
Other financial payables	2,164	2,228

Bank loans increased sharply as short-term liabilities arising in 2021 were consolidated during the year to meet liquidity needs arising from the turbulence in the energy markets. Other current financial liabilities, amounting to Euro 80,720 thousand at 31 December 2022 (Euro 252,279 thousand at 31 December 2021), have a similar composition, including the short-term portion of the same items.

To these are added:

- Payables to the parent company were settled as the short-term loan obtained in the previous year was repaid during the year;
- under "other financial payables", the DEVAL payables for factoring operations carried out to obtain liquidity (at the end of the financial year the payables amounted to Euro 1,341 thousand) and the debt of Euro 1,597 thousand for the dividend deliberated but not paid by VALDIGNE to the shareholder Municipality of Pré-Saint-Didier.

In general, short-term financial liabilities decreased sharply as a result of the above-mentioned consolidation into long-term liabilities.

Amounts in Euro thousands	2022	2021
CURRENT FINANCIAL LIABILITIES	80,720	252,279
Bank loans	76,596	233,430
Financial liabilities for leasing	896	813
Bonds	60	60
Loan from parent company	-	15,001
Other financial payables	3,168	2,975

The changes in loans payable for the year are shown below, with a breakdown between monetary and non-monetary changes:

Group Companies	Counterparty	31/12/2021	Monetary net change	Non-monetary net change	31/12/2022
CVA S.p.A. a.s.u.	Intesa Sanpaolo	26,962	(17,971)	10	9,001
CVA S.p.A. a.s.u.	Intesa Sanpaolo	100,000	(100,000)	-	-
CVA S.p.A. a.s.u.	Intesa Sanpaolo	48,000	(48,000)	-	-
CVA S.p.A. a.s.u.	BNL	68,826	-	353	69,178
CVA S.p.A. a.s.u.	Mediobanca	30,000	-	3	30,003
CVA S.p.A. a.s.u.	Mediobanca	50,000	(50,000)	-	-
CVA S.p.A. a.s.u.	BEI	54,971	(11,000)	121	44,092
CVA S.p.A. a.s.u.	Bond 2021/2028	49,617	-	61	49,678
CVA S.p.A. a.s.u.	Intesa Sanpaolo 2022/25	-	75,000	584	75,584
CVA S.p.A. a.s.u.	Mediobanca 2022/25	-	100,000	129	100,129
CVA S.p.A. a.s.u.	Deutsche Bank 2022/25	-	25,000	195	25,195
CVA S.p.A. a.s.u.	BNL finanz. 2022/25	-	50,000	241	50,241
CVA S.p.A. a.s.u.	Unicredit finanz. 2022/25	-	50,000	412	50,412
CVA S.p.A. a.s.u.	Finaosta	15,001	(15,001)	-	-
CVA S.p.A. a.s.u.	Credit Agricole	-	50,000	141	50,141
CVA S.p.A. a.s.u.	Banca Sella	-	-	5	5
Valdigne Energie S.r.l. a.s.u.	Intesa Sanpaolo	6,814	(4,546)	6	2,274
Deval S.p.A a.s.u.	Cariparma	3,810	(1,903)	3	1,909
TOTAL		454,001	101,579	2,264	557,843

With reference to the maturity analysis required by the standard IFRS 7 for financial liabilities, the table below shows the analysis by expiry of expected cash flows (non-discounted values) from loans recognised in the financial statements (distinguishing between interest and capital flows).

Maturity analysis at 31 December 2022

Amounts in Euro thousands	2022					
		1 year	1-2 years	2-5 years	> 5 years	Total
Loans payable (bank, from parent company and bonds)	Capital flows	74,186	11,000	422,000	50,000	557,186
	Interest flows	13,319	12,186	12,127	560	38,192

31. Other non-current liabilities

The item "other non-current liabilities" amounted to Euro 23,771 thousand at 31 December 2022 (Euro 22,637 thousand at 31 December 2021) and mainly consists of the portion beyond 12 months of deferred income recorded against contributions received from customers, third parties and local authorities for distribution plant-related activities. The application of IFRS 15 involves the deferment of contributions received from customers on the basis of the nature of the obligation resulting from the contract with customers, with the recognition of the related deferred liability, released on the basis of the useful life of the asset to which the contribution refers.

The item "other non-current liabilities" also includes deferred income in respect of capital grants of Euro 2,008 thousand, the largest of which relates to the Lamacarvotta wind farm, for Euro 1,101 thousand at 31 December 2022.

32. Trade payables

The breakdown of trade payables is shown in the following table:

Amounts in Euro thousands	2022	2021
TRADE PAYABLES	86,093	73,107
Payables to suppliers	81,374	70,036
Trade payables	4,719	3,071

Payables to suppliers

These are trade payables to suppliers, related:

- for Euro 46,823 thousand to the sales company CVA ENERGIE for invoices received and to be received for the purchase of electricity and the related transmission and distribution costs. These include the net debt position with Terna at the reporting date;
- for Euro 6,619 thousand to payables for the purchase of raw materials and services by DEVAL;
- for the remaining part mainly to invoices received and to be received relating to ordinary and extraordinary maintenance work on production plants.

Trade payables

These are debt positions with customers (mainly customers of CVA ENERGIE for the supply of electricity) that cannot be offset against receivables and are therefore shown separately.

33. Income tax payables and other tax payables

"Income tax payables" amounting to Euro 44,351 thousand at 31 December 2022 (Euro 20,611 thousand at 31 December 2021), refer to:

- payables for current taxes accrued during the year (Euro 26,205 thousand for IRES and Euro 6,050 thousand for IRAP);
- payable for the extraordinary contribution in the amount of Euro 10,374 thousand under Law No. 197/2022 calculated on taxable income 2022 and classified under IAS 12 in income taxes;
- residual liability for the substitute tax of Euro 1,721 due for the realignment of the statutory and fiscal values of goodwill carried out in 2021.

Other tax payables amounting, on the other hand, to Euro 2,851 thousand (Euro 4,587 thousand at 31 December 2021) mainly include:

- withholding taxes to employees of Euro 777 thousand at 31 December 2022;
- VAT payables amounted to Euro 1,718 thousand.

34. Other current liabilities

At 31 December 2022, other current liabilities amounted to Euro 20,400 thousand (Euro 21,091 thousand at 31 December 2021) and are mainly related to the following categories:

Amounts in Euro thousands	2022	2021
OTHER CURRENT LIABILITIES	20,400	21,091
Payables to employees	3,409	3,311
Payables to C.S.E.A.	3,157	3,220
Payables to INPS and other social security institutions	2,968	2,710
Deferred liabilities	2,645	2,450
Advances from customers	2,463	5,375
Payables for security deposits	1,470	1,598
Other current liabilities	4,288	2,427

A description of the main components is given below:

- payables to employees, equal to Euro 3,409 thousand at 31 December 2022 (Euro 3,311 thousand at 31 December 2021), mainly relating to expenses for holidays and leave accrued by Group employees, and not taken at the reporting date;
- payables to the "Energy and Environmental Services Fund", relating to the payable deriving from the application of the equalisation mechanisms on sales to end customers in Greater Protection, by CVA ENERGIE, equal to Euro 2,603 thousand at 31 December 2022 (Euro 49 thousand at 31 December 2021), as well as the payables of DEVAL to CSEA for the payment of components A and UC charged to customers, and to be transferred to CSEA (Euro 554 thousand at 31 December 2022 and Euro 3,171 thousand at 31 December 2021);
- payables to INPS and other social security institutions, equal to Euro 2,968 thousand at 31 December 2022 (Euro 2,710 thousand at 31 December 2021), such as INPS, INAIL and other supplementary pension funds;
- deferred liabilities, mainly comprising deferrals on contributions received from customers, third parties and local authorities for plant-related activities are also recorded in accordance with IFRS 15 as described for non-current deferrals. This item also includes prepaid expenses for grants in the nature of capital contributions received by the Group;
- advances from customers, amounting to Euro 2,463 thousand (they were Euro 5,375 thousand at 31 December 2021) include:
 - advances invoiced to customers on energy efficiency interventions in buildings (the main component with a value of Euro 1,980 thousand);
 - advances received from third party customers for the sale of electricity;

- o advances received from producers for contributions on plant-related connection activities;
- payables for security deposits and guarantees collected, equal to Euro 1,470 thousand at 31 December 2022 (Euro 1,598 thousand at 31 December 2021), deriving from the security deposits paid by customers at the time of activation of the user to guarantee the correct fulfilment of the obligations assumed;
- other current liabilities, which mainly include payables for environmental compensation indemnities due on the production of wind farms (Euro 1,124 thousand); payables for the extraordinary contribution to the GSE pursuant to Article 1 paragraph 30 of Law 197/2022 (Euro 889 thousand); payables for the payment of the RAI license fee invoiced in the bill by CVA ENERGIE (Euro 377 thousand).

35. Categories of financial instruments

The following table shows the values of the financial statements at 31 December 2022 of financial assets and liabilities, broken down into the categories of financial instruments defined by IFRS 9:

Financial assets

Amounts in Euro thousands	2022	2021
Financial assets measured at fair value	256,457	100,895
Assets for financial derivatives in hedge accounting	39,596	18,856
Assets for financial derivatives not in hedge accounting	216,861	82,040
Loans and receivables	7,006	7,622
Loans receivables from associates	7,006	7,622
Financial assets held to maturity	-	-
Financial assets available for sale	23,900	86,784
Insurance policies	23,900	86,784

Financial liabilities

Amounts in Euro thousands	2022	2021
Financial liabilities measured at fair value	316,605	168,291
Liabilities for financial derivatives in hedge accounting	107,772	99,057
Liabilities for financial derivatives not in hedge accounting	208,833	69,234
Financial liabilities measured at amortised cost	557,844	454,001

36. Fair value of financial instruments

The following table illustrates, for financial instruments recorded in the balance sheet, the fair value valuation at the end of the reference period and the related level in the fair value hierarchy previously shown, comparing it with the value recorded in the financial statements:

Fair value hierarchy at 31 December 2022

Amounts in Euro thousands	Book value	2022			
		Total	Level 1	Level 2	Level 3
Financial assets	287,363	287,421	247,103	40,318	-
Loans receivables with associates and parent companies	7,006	7,064	-	7,064	-
Capitalised insurance policies	23,900	23,900	-	23,900	-
Assets for financial derivatives	256,457	256,457	247,103	9,354	-

Amounts in Euro thousands	Book value	2022			
		Total	Level 1	Level 2	Level 3
Financial liabilities	874,450	866,268	316,602	549,666	-
Bank loans and bonds	557,844	549,663	-	549,663	-
Liabilities for financial derivatives	316,605	316,605	316,602	3	-

Fair value hierarchy at 31 December 2021

Amounts in Euro thousands	Book value	2021			
		Total	Level 1	Level 2	Level 3
Financial assets	245,349	246,714	96,613	150,101	-
Loans receivables with associates and parent companies	7,622	8,987	-	8,987	-
Capitalised insurance policies	86,784	86,784	-	86,784	-
Assets for financial derivatives	100,894	100,894	96,613	4,281	-
Certificates of deposit and repurchase agreements	50,049	50,049	-	50,049	-

Amounts in Euro thousands	Book value	2021			
		Total	Level 1	Level 2	Level 3
Financial liabilities	622,291	632,121	163,611	468,510	-
Bank loans	454,001	463,831	-	463,831	-
Liabilities for financial derivatives	168,290	168,290	163,611	4,679	-

In general, the fair value of derivatives traded on regulated markets (such as future commodities) is determined using the official prices for financial instruments (Level 1). For financial instruments not listed on regulated markets, on the other hand, the relative fair value is determined using appropriate valuation models for each category, using the market data available at the reporting date and discounting expected cash flows based on the interest rate curves (Level 2 input data). With reference to cash and cash equivalents and other short-term financial assets or liabilities, the nominal value recognised in the financial statements represents a reasonable approximation of the relative fair value.

OTHER INFORMATION

Transactions with related parties

With regard to the identification of the economic-equity relations with related parties and for the definition of "related party", reference is made to the international accounting standard IAS 24, approved by EC Regulation No. 1725/2003. Transactions with the companies belonging to the CVA Group, as well as with the other related parties - mainly the Region and FINAOSTA, as well as the other subsidiaries and associates - are governed by specific contracts. The following tables summarise the economic and financial relations between the Group and the other related parties during the financial years 2022 and 2021 (the values are shown in Euro thousands):

Receivables from related parties

Amounts in Euro thousands					2022				2021			
Company	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)
Parent Company	-	11	-	-	-	11	-	-	-	11	-	-
Finaosta S.p.A.	-	11	-	-	-	11	-	-	-	11	-	-
Associated Companies	7,006	4	-	-	7,622	1	-	-	7,622	1	-	-
Téléchauffage Aoste S.r.l.	7,006	4	-	-	7,622	1	-	-	-	-	-	-
Other companies	-	26	-	-	-	53	-	-	-	53	-	-
Finaosta Group Companies	-	4,672	401	-	-	1,495	413	-	-	1,495	413	-
Monterosa S.p.A.	-	1,139	-	-	-	316	-	-	-	316	-	-
Pila S.p.A.	-	1,106	82	-	-	340	85	-	-	340	85	-
Cervino S.p.A.	-	989	149	-	-	258	154	-	-	258	154	-
Courmayeur Mont Blanc Funivie S.p.A.	-	607	79	-	-	167	81	-	-	167	81	-
Funivie Piccolo San Bernardo S.p.A.	-	520	-12	-	-	260	85	-	-	260	85	-
FUNIVIE MONTE BIANCO S.P.A.	-	128	103	-	-	38	8	-	-	38	8	-
CASINO DE LA VALLEE S.P.A.	-	77	-	-	-	-	-	-	-	-	-	-
AEROPORTO VALLE D'AOSTA S.P.A.	-	32	-	-	-	67	-	-	-	67	-	-
STRUTTURA VALLE D'AOSTA S.R.L.	-	24	-	-	-	20	-	-	-	20	-	-
AUTOPORTO VALLE D'AOSTA S.P.A.	-	17	-	-	-	10	-	-	-	10	-	-
IN.VA S.P.A.	-	12	-	-	-	-	-	-	-	-	-	-
Other Finaosta Group companies	-	11	-	-	-	-	-	-	-	-	-	-
ISECO S.P.A.	-	10	-	-	-	19	-	-	-	19	-	-
PROGETTO FORMAZIONE S.C.R.L.	-	-	-	-	-	-	-	-	-	-	-	-
Valle d'Aosta Region and its investees	-	388	571	1	-	511	575	3	-	511	575	3
Valle d'Aosta Region	-	362	571	1	-	328	575	3	-	328	575	3
Council of the Valle d'Aosta Region	-	25	-	-	-	-	-	-	-	-	-	-
Casinò de la Vallée	-	-	-	-	-	165	-	-	-	165	-	-

Amounts in Euro thousands					2022				2021			
Company	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)
SITRASB S.P.A.	-	-	-	-	-	10	-	-	-	10	-	-
IN.VA S.P.A.	-	-	-	-	-	8	-	-	-	8	-	-
VALECO S.P.A.	-	-	-	-	-	-	-	-	-	-	-	-
Other companies controlled by the Valle d'Aosta Region	-	-	-	-	-	-	-	-	-	-	-	-
Directors, Executives with strategic responsibilities and Statutory Auditors	-	6	-	-	-	-	3	-	-	-	3	-
Other related parties	-	1	45	-	-	1	-	-	-	1	-	-
TOTAL	7,006	5,108	1,017	1	7,622	2,072	991	3	7,622	2,072	991	3

Payables to related parties

Amounts in Euro thousands				2022			2021		
Company	Trade payables	Financial payables and IFRS 16	Other payables	Trade payables	Financial payables and IFRS 16	Other payables	Trade payables	Financial payables and IFRS 16	Other payables
Parent Company	-	-	-	-	15,001	-	-	-	-
Associated Companies	-	-	-	7	-	-	-	-	-
Other companies	93	2	32	-	-	2	-	-	2
Finaosta Group Companies	-	-	-	3	-	-	-	-	-
Progetto Formazione S.c.r.l.	-	-	-	2	-	-	-	-	-
Autoporto VALLE D'AOSTA S.P.A.	-	-	-	1	-	-	-	-	-
Valle d'Aosta Region and its investees	-	2	17	40	3	-	-	-	-
Valle d'Aosta Region	-	2	17	-	3	-	-	-	-
Council of the Valle d'Aosta Region	-	-	-	-	-	-	-	-	-
Courmayeur Mont Blanc Funivie S.p.A.	75	-	-	-	-	-	-	-	-
Valeco S.p.A.	-	-	-	40	-	-	-	-	-
Directors, Executives with strategic responsibilities and Statutory Auditors	-	-	57	-	-	96	-	-	-
Directors	-	-	14	-	-	31	-	-	-
Auditors	-	-	43	-	-	65	-	-	-
Executives	-	-	-	-	-	-	-	-	-
TOTAL	93	3	106	50	15,004	98	-	-	-

Revenues and other income with related parties

Amounts in Euro thousands				2022			2021		
Company	Revenues from sales and services	Other revenues and income	Financial income	Revenues from sales and services	Other revenues and income	Financial income	Revenues from sales and services	Other revenues and income	Financial income
Parent Company	69	-	-	86	-	-	-	-	-
Finaosta S.p.A.	69	-	-	86	-	-	-	-	-
Associated Companies	6	-	245	6	-	265	-	-	-
Téléchauffage Aoste S.r.l.	6	-	245	6	-	265	-	-	-
Other companies	253	-	-	175	-	-	-	-	-
Finaosta Group Companies	11,534	187	-	5,561	121	-	-	-	-
Cervino S.p.A.	2,977	107	-	1,159	54	-	-	-	-

Amounts in Euro thousands	2022			2021		
Monterosa S.p.A.	2,972	81	-	1,343	67	-
Funivie Piccolo San Bernardo S.p.A.	1,328	-	-	623	-	-
Pila S.p.A.	1,678	-	-	757	-	-
Courmayeur Mont Blanc Funivie S.p.A.	1,576	-	-	768	-	-
Funivie Monte Bianco S.p.A.	535	-	-	342	-	-
STRUTTURA VALLE D'AOSTA S.R.L.	262	-	-	211	-	-
ISECO S.p.A.	89	-	-	219	-	-
AUTOPORTO VALLE D'AOSTA S.p.A.	117	-	-	139	-	-
Valle d'Aosta Region and its investees	3,127	327	-	2,799	323	-
Valle d'Aosta Region	1,947	29	-	1,624	24	0
Council of the Valle d'Aosta Region	-	298	-	-	299	0
Casinò de la Vallée	963	-	-	922	-	-
SITRASB S.p.A.	64	-	-	147	-	-
IN.VA S.P.A.	137	-	-	106	-	-
Other companies controlled by the Valle d'Aosta Region	16	-	-	-	-	-
Other related parties	-	-	-	-	-	-
Directors, Executives with strategic responsibilities and Statutory Auditors	-	16	-	-	10	-
TOTAL	14,989	530	245	8,627	454	265

Costs and other expenses with related parties

Amounts in Euro thousands	2022		2021	
Company	Operating costs	Depreciation and interest IFRS16	Operating costs	Depreciation and interest IFRS16
Parent Company	-	-	-	-
Associated Companies	-	-	-	-
Other companies	72	-	-	-
Finaosta Group Companies	-	-	-	-
Valle d'Aosta Region and its investees	18,913	2	18,567	1
Valle d'Aosta Region	18,840	2	18,495	1
IN.VA S.P.A.	-	-	40	-
VALECO S.P.A.	-	-	32	-
Other companies controlled by the Valle d'Aosta Region	73	-	-	-
Directors, Executives with strategic responsibilities and Statutory Auditors	1,073	-	868	-
Directors	150	-	121	-
Executives	838	-	664	-
Auditors	84	-	84	-
TOTAL	20,058	2	19,436	1

Relations with the parent company

The main contract with FINAOSTA concerns the supply of electricity through CVA ENERGIE. It was settled during the year. The loan granted by FINAOSTA totalled Euro 15,000 thousand.

Relations with associates

The nature of relations with associated companies is related to the following aspects:

- financial transactions: interest-bearing loans granted by CVA to associated companies;
- commercial relations: supply of electricity through CVA ENERGIE, according to the normal market conditions applied to the majority of customers.

Relations with other related parties

Pursuant to IAS 24, related parties also include the subsidiaries and associated companies of FINAOSTA, the Region and its subsidiaries, as well as the directors, executives with strategic responsibilities and statutory auditors of CVA, as Parent Company, and of FINAOSTA. The relations with these parties are mainly of a commercial nature, related to the supply of electricity, as well as compensation for the services performed by the directors, by the executives with strategic responsibilities and auditors with respect to CVA. In the specific case of the Region, the main economic relationship arises from the economic relationship between the concessionaire and the granter with regard to hydroelectric concessions. The fees due to the Region for the exploitation of water for hydroelectric purposes are, in fact, of paramount importance with their value of Euro 18,009 thousand.

It should be noted that the accounting treatment as required by IFRS 16 has led to the emergence of fixed assets and financial liabilities attributable to lease contracts with related parties. Specifically, these are fees for crossings due to the Region.

Furthermore, as regards the members of the Board of Directors, there are no further relations in addition to the offices held in CVA and from which the related remuneration and economic benefits derive aside from the two following exceptions:

- in December 2022, the Company invoiced to the Chair of the CVA Board of Statutory Auditors, on the basis of a contract signed on 10 May 2022, services related to energy efficiency and building renovation works for a total amount, gross of discounts and net of VAT, of Euro 372,072. At the end of the financial year 2022, the invoices were fully paid;
- the remuneration received by the CEO of the Parent Company as Temporary Manager of CVA EOS and amounting to Euro 45 thousand for 2022.

Independent auditors' fees

In accordance with Art. 2427 paragraph 1 point 16-bis of the Civil Code, below is information concerning the fees paid to the independent auditors for the audit of these financial statements, the signing of the related tax returns and the certification of the Separate Annual Accounts for ARERA. These fees will flow into the 2023 financial statements:

amounts in Euro			
Type of services	Service provider	Parent Company	Other Group companies
Statutory audit	EY S.p.A.	34,943	88,663
Other services other than auditing	EY S.p.A.	16,969	34,430
Total fees paid to the independent auditors		51,912	123,093

Commitments, guarantees and contingent liabilities

Below is a breakdown of the sureties and credit lines obtained and released by the Group on the date the note was prepared:

- the Parent Company has issued personal sureties for the benefit of suppliers to guarantee the correct fulfilment of all the contractual obligations of the subsidiaries, for a total amount of Euro 249,619 thousand at 31 December 2022 (73,446 thousand at 31 December 2021). More specifically, at 31 December 2022, the main ones refer to personal guarantees issued for:
 - CVA ENERGIE for Euro 244,269 thousand;
 - DEVAL, as distributor of the Group, for Euro 3,057 thousand;
 - VALDIGNE for Euro 2,281 thousand;
 - CVA EOS for Euro 12 thousand;
- the Parent Company has issued personal sureties to guarantee the correct fulfilment of all the contractual obligations of the associated company TELCHA for Euro 944 thousand (Euro 2,112 thousand at 31 December 2021)
- there were Euro 66,792 thousand (Euro 56,147 at 31 December 2021) for sureties issued by leading banking and insurance institutions to guarantee the correct fulfilment of all contractual obligations to suppliers and all tax obligations of Group companies.

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

Law 124 of 4 August 2017, Article 1, paragraphs 125-129 (Annual Law on the Market and Competition), introduced new disclosure requirements regarding the transparency of public funding received and granted. This discipline has recently been modified by Art. 35 of Decree-Law No. 34/2019 ("Growth Decree"), which has limited the obligations of transparency, excluding from the perimeter the advantages received by the beneficiary on the basis of a general regime (tax facilitations, contributions that are given to all those who meet certain conditions). The transparency rules of Law No. 124/2017 are therefore focused on bilateral relations, in which a given entity in the public sphere attributes an advantage to a particular entity in the third sector or to a specific company. As a result of this new legislation, tax facilitations were not taken into account, as they were general and not individual measures. The reporting criterion to be followed is the "cash criterion". Contributions are expressed gross of any withholding and/or other compensation. In light of the above, the grants (contributions, paid tasks, economic benefits) received by public administrations are summarised below.

Beneficiary	Disbursing party	Amounts in Euro	Reason	Notes
CVA S.p.A.	GSE S.p.A.	972,057.69	GRIN incentive - Convention 000023	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	2,041,995.96	GRIN incentive - Convention 000889	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	173,956.80	GRIN incentive - Convention 000648	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	632,143.98	GRIN incentive - Convention 001579	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	551,984.46	GRIN incentive - Convention 000481	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	221,300.71	GRIN incentive - Convention 000624	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	4,994,544.78	GRIN incentive - Convention 001018	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	161,943.68	Feed-In Tariff - Convention S01L232266707	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	157,232.90	Feed-In Tariff - Convention H01L229497207	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	160,471.55	Feed-In Tariff - Convention S01L232264707	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	427,008.32	Feed-In Tariff - Convention H01F10829207	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	161,539.76	Feed-In Tariff - Convention S01L242645207	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	427,284.94	Feed-In Tariff - Convention H01F11146607	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	4,464.94	Feed-In Tariff - Convention S01B00319806	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	163,699.09	Feed-In Tariff - Convention S01L232264007	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	437,180.38	Feed-In Tariff - Convention H01F11430307	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	429,223.68	Feed-In Tariff - Convention H01F11146807	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	162,767.57	Feed-In Tariff - Convention S01L232259507	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	168,700.15	Feed-In Tariff - Convention S01L232261007	Incentive published on the website of GSE

Beneficiary	Disbursing party	Amounts in Euro	Reason	Notes
CVA S.p.A.	GSE S.p.A.	432,054.29	Feed-In Tariff - Convention H01F10827507	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	143,363.18	Feed-In Tariff - Convention S01L244972507	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	429,967.36	Feed-In Tariff - Convention H01F10828407	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	425,947.20	Feed-In Tariff - Convention H01F10828007	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	85,260.17	Feed-In Tariff - Convention S01F10764307	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	162,682.88	Feed-In Tariff - Convention S01L242987407	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	153,393.25	Feed-In Tariff - Convention S01L232277807	Incentive published on the website of GSE
CVA S.p.A.	GSE S.p.A.	36,595.17	Incentive tariff - Convention FER000672	Incentive published on the website of GSE
CVA S.p.A.	TAX AUTHORITIES	78,821.14	Tax credit pursuant to Decree-Law No. 21 of 21 March 2022, coordinated with Conversion Law No. 51 of 20 May 2022 and Decree-Law No. 50 of 17 May 2022, coordinated with Conversion Law No. 91 of 15 July 2022 (so-called DL Aiuti)	
CVA S.p.A.	TAX AUTHORITIES	113,587.78	Tax credit under Decree-Law No. 115 of 9 August 2022 coordinated with Conversion Law No. 142 of 21 September 2022	
CVA S.p.A.	TAX AUTHORITIES	129,453.44	Tax credit under Decree-Law No. 144 of 23 September 2022, coordinated with Conversion Law No. 175 of 17 November 2022 (so-called Aid ter DL)	
CVA S.p.A.	TAX AUTHORITIES	104,808.98	Tax credit for non-energy-intensive companies (December 2022) - Art. 1 of Decree-Law No. 176 of 18 November 2022 (Resolution No. 72 of 12.12.2022)	
CVA S.p.A.	INPS	18,892.05	Exemption from payment of social security contributions for employers for new hirings/conversions on an indefinite-term basis in the two-year period 2021 - 2022 (Art. 1 paragraphs 10 - 15 L. 178/2020)	
CVA ENERGIE S.r.l.	C.S.E.A.	61,205.53	Adjustment of credit items deriving from the application of MT components - PPE and PCV accounts - TIV - Notes 25 Jan. - 25 Mar. - 26 May - 26 July - 26 Sept. - 25 Nov.	
CVA ENERGIE S.r.l.	C.S.E.A.	34,824.51	Compensation mechanism for customers' exit Art. 20 of TIV - PCV account - (Res. 301/2012/R/eel) - note 29 Aug.	
CVA ENERGIE S.r.l.	C.S.E.A.	92,093.16	Mechanism for compensating delinquencies of end customers Art. 19 of TIV - PCV account - Res. 301/2012/R/eel - note 26 July	
CVA ENERGIE S.r.l.	C.S.E.A.	7,429.25	Compensation mechanism for arrears for fraudulent withdrawals Art. 18 of the TIV - PCV Account (Res. 301/2012/R/eel) - note 26 Oct.	
CVA ENERGIE S.r.l.	C.S.E.A.	20,528.75	OGdS recognition mechanism Resolution 32/2021/R/eel - CMOG account - Note 25 Nov.	
CVA ENERGIE S.r.l.	C.S.E.A.	1,542,609.30	TIV 2021 and prior years equalisation balances - UC3 and PEP accounts - Res. 491/2020/R/eel and subsequent amendments and integrations. - note 22 Dec.	
CVA ENERGIE S.r.l.	TERNA S.p.A.	11,451,000.00	Capacity availability procurement (MiSE Decree 28 June 2019) - fixed premium at auction outcome	Reg. (EU) 2015/1589 procedural aid notified pursuant to Art. 108 TFEU - Granted on 24/03/2021, but collected in 2022

Beneficiary	Disbursing party	Amounts in Euro	Reason	Notes
CVA EOS S.r.l.	GSE S.p.A.	1,230,184.16	GRIN incentive - Convention 001036	Incentive published on the website of GSE
CVA EOS S.r.l.	GSE S.p.A.	10,834.73	RES incentive tariffs pursuant to Ministerial Decree 06/07/2012 - Convention FER001115	Incentive published on the website of GSE
CVA EOS S.r.l.	GSE S.p.A.	22,025.43	RES incentive tariffs pursuant to Ministerial Decree 06/07/2012 - Convention FER002202	Incentive published on the website of GSE
CVA EOS S.r.l.	GSE S.p.A.	41,648.39	RES incentive tariffs pursuant to Ministerial Decree 06/07/2012 - Convention FER002027	Incentive published on the website of GSE
CVA EOS S.r.l.	TAX AUTHORITIES	8,244.74	Tax credit pursuant to Decree-Law No. 21 of 21 March 2022, coordinated with Conversion Law No. 51 of 20 May 2022 and Decree-Law No. 50 of 17 May 2022, coordinated with Conversion Law No. 91 of 15 July 2022 (so-called DL Aiuti)	
CVA EOS S.r.l.	TAX AUTHORITIES	16,398.03	Tax credit under Decree-Law No. 115 of 9 August 2022 coordinated with Conversion Law No. 142 of 21 September 2022	
CVA EOS S.r.l.	TAX AUTHORITIES	10,475.03	Tax credit under Decree-Law No. 144 of 23 September 2022, coordinated with Conversion Law No. 175 of 17 November 2022 (so-called Aid ter DL)	
CVA EOS S.r.l.	TAX AUTHORITIES	6,981.49	Tax credit for non-energy-intensive companies (December 2022) - Art. 1 of Decree-Law No. 176 of 18 November 2022 (Resolution No. 72 of 12.12.2022)	
VALDIGNE ENERGIE S.r.l.	G.S.E. S.p.A.	2,340,830.88	GRIN incentive pursuant to Ministerial Decree 6 July 2012 - Convention 000543	Incentive also published on the GSE website
VALDIGNE ENERGIE S.r.l.	G.S.E. S.p.A.	855,065.91	GRIN incentive pursuant to Ministerial Decree 6 July 2012 - Convention 001048	Incentive also published on the GSE website
DEVAL S.p.A.	TAX AUTHORITIES	317,000.00	Tax credit related to Investments or Assets eligible for relief under Article 1, paragraphs 1054-1058, Law 178 of 30.12.2020	
DEVAL S.p.A.	C.S.E.A.	830,000.00	Extraordinary contribution on account to distributors to the achievement of specific targets for primary energy savings	
DEVAL S.p.A.	C.S.E.A.	586,000.00	Service continuity awards	
DEVAL S.p.A.	C.S.E.A.	1,694,000.00	Adjustment of credit items charged to accounts relating to general system charges and other components	
DEVAL S.p.A.	C.S.E.A.	649,000.00	TIT 2021 and prior year equalisation balances	
DEVAL S.p.A.	C.S.E.A.	799,000.00	TIV 2021 and prior year equalisation balances	
DEVAL S.p.A.	C.S.E.A.	4,628,000.00	Equalisation advances TIT 2022 - UC3 account	



Compagnia Valdostana delle Acque - Compagnie Valdôtaine des Eaux Group

Consolidated Financial statements as at December 31, 2022

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Sole Shareholder of
Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux Group (the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2022, the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 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 Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. 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.

We identified the following key audit matters:

Key Audit Matter	Audit Response
<p>Impairment test of goodwill</p> <p>As of December 31, 2022, goodwill amounts to Euro 225.564 thousand and refers for Euro 173.544 thousand to the "Hydroelectric" cash generating unit ("CGU"), for Euro 44.125 thousand to the "Other Fer" CGU and for Euro 7.896 thousand to the "Distribution" CGU</p> <p>Based on the impairment test performed as of December 31, 2022, an impairment loss of Euro 3.412 thousand has been recorded for the "Distribution" CGU.</p> <p>The processes and methodologies used by the Group to evaluate and determine the recoverable amount of each CGU, are based on assumptions that are in some cases complex and that, due to their nature, imply the use of judgement by Management, in particular with reference to the forecast of future cash flows and to the estimate of the long-term growth and discount rates applied to the future cash flow forecasts.</p> <p>Considering the level of judgment required and the complexity of the assumptions applied in estimating the recoverable amount of goodwill, we considered this area a key audit matter.</p> <p>Disclosures related to the assessment of goodwill are reported in note 14 "Goodwill", and in note "Summary of the main accounting standards adopted in preparing the Consolidated Financial Statements at December 31, 2022" in the paragraphs «Goodwill» and «Significant accounting estimates».</p>	<p>Our audit procedures in response to the key audit matter included, among others:</p> <ul style="list-style-type: none"> ▶ the assessment of the processes implemented by the Company with reference to the criteria and methodology of the impairment test; ▶ the validation of the CGUs perimeter and test of the allocation of the carrying value of the Group's assets to each CGU; ▶ the assessment of the reasonableness of the future cash flow forecasts utilized in the fair value determination; ▶ the assessment of the consistency of the future cash flow forecasts of the CGU with the Group business plan; ▶ the assessment of forecasts in light of their historical accuracy; ▶ the assessment of the reasonableness of long-term growth rates and discount rates. <p>In performing our analysis, we involved our experts in valuation techniques, who performed an independent recalculation and carried out sensitivity analyses on the key assumptions in order to determine which changes in the assumptions could materially affect the recoverable amount.</p> <p>Lastly, we reviewed the adequacy of the disclosure provided in the notes to the separate financial statements with regards to the valuation of goodwill.</p>

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing 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 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 have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming 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;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated 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 have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A., in the general meeting held on March 15, 2022, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. are responsible for the preparation of the Report on Operations of Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations with the consolidated financial statements of Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux Group as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux Group as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

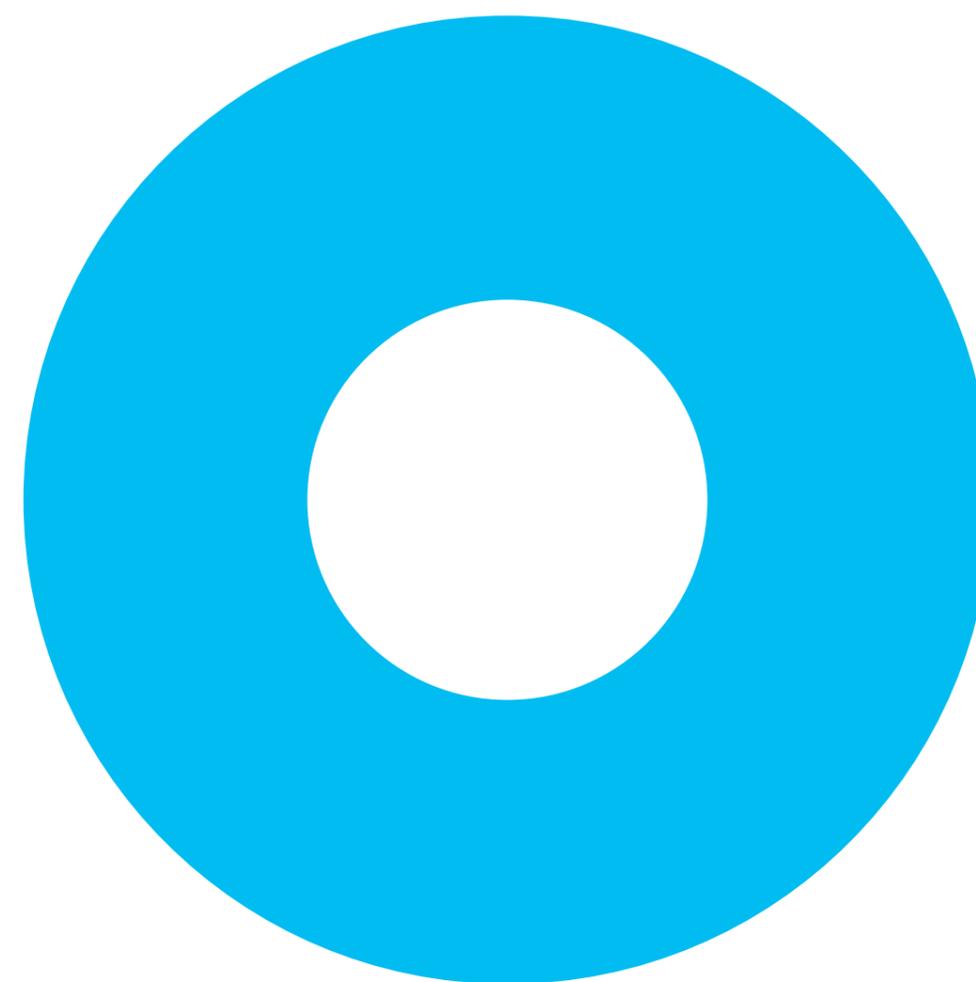
The Directors of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Turin, June 6, 2023

EY S.p.A.
Signed by: Luigi Conti, Auditor

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.



ANNUAL FINANCIAL REPORT OF C.V.A. S.p.A. a s.u. AT 31/12/2022

Income Statement

Amounts in Euro	Notes	2022		2021	
		Total	Of which related parties	Total	Of which related parties
REVENUES					
Revenues from sales and services	(1)	195,636,150	145,069,897	198,315,983	184,159,937
Other revenues and income	(2)	15,620,446	1,014,788	32,730,816	918,982
TOTAL REVENUES (A)		211,256,596		231,046,799	
of which: impact of non-recurring items		428,483		3,761,123	
OPERATING COSTS					
Costs for raw materials and services	(3)	54,009,418	3,766,195	24,528,909	2,220,964
Personnel costs	(4)	28,550,209	838,157	26,747,227	467,164
Other operating costs	(5)	42,899,422	18,317,744	39,755,325	18,023,425
Capitalised days of work	(6)	(1,627,483)	-	(1,500,209)	-
TOTAL OPERATING COSTS (B)		123,831,566		89,531,251	
of which: impact of non-recurring items		3,520,775		455,025	
GROSS OPERATING MARGIN (A-B)		87,425,029		141,515,548	
of which: impact of non-recurring items		(3,092,292)		3,306,098	
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS					
Amortisation/depreciation	(7)	33,992,307	1,468	32,892,983	1,449
Provisions and write-downs	(8)	(27,530)	-	(53,949)	-
TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)		33,964,777		32,839,034	
of which: impact of non-recurring items		-		-	
OPERATING RESULT (A-B+/-C)		53,460,252		108,676,513	
of which: impact of non-recurring items		(3,092,292)		3,306,098	
FINANCIAL MANAGEMENT					
Financial income	(9)	17,455,994	14,963,531	13,232,868	10,112,566
Financial expenses	(10)	(12,317,309)	92,873	17,249,238	6,918
TOTAL FINANCIAL BALANCE (D)		29,773,303		(4,016,370)	
of which: impact of non-recurring items		-		(15,237,485)	
PRE-TAX RESULT (A-B+/-C+/-D)		83,233,555		104,660,143	
of which: impact of non-recurring items		(3,092,292)		(11,931,387)	
Gains/(losses) for income taxes	(11)	23,456,783	-	(7,664,537)	-
Net result of continuing operations		59,776,772		112,324,680	
Net result of discontinued operations		-		-	-
PERIOD NET RESULT		59,776,772		112,324,680	

Statement of Other Comprehensive Income

Amounts in Euro	Notes	2022	2021
Result of the period (A)	(28)	59,776,772	112,324,680
Other components of the Comprehensive Income Statement that can be reclassified to the Income Statement in subsequent periods (net of the tax effect)			
- Effective portion of changes in fair value of cash flow hedges	(28)	46,036,826	11,955,395
Total other components of Comprehensive Income that can be reclassified to the Income Statement in subsequent periods (net of the tax effect) (B)		46,036,826	11,955,395
Other components of Comprehensive Income that cannot be reclassified to the Income Statement in subsequent periods (net of taxes)			
- Remeasurement of liabilities for defined benefit plans for employees		417,884	(46,216)
Total other components of Comprehensive Income that cannot be reclassified to the Income Statement in subsequent periods (net of taxes) (C)		417,884	(46,216)
Total profit/(loss) recognised directly in equity (B+C)		46,454,709	11,909,179
TOTAL PROFIT RECOGNISED IN THE YEAR (A+B+C)		106,231,481	124,233,859

Statement of Financial Position: Assets

Amounts in Euro	Notes	2022		2021	
		Total	Of which related parties	Total	Of which related parties
ASSETS					
Non-current assets					
Tangible assets	(12) - (14)	354,846,858	-	365,808,803	-
Intangible assets	(13) - (14)	6,309,571	1,468	6,923,778	2,898
Goodwill	(15)	188,216,585	-	188,216,585	-
Equity investments	(16)	133,203,650	-	120,916,434	-
Non-current tax receivables	(23)	4,367,231	-	-	-
Deferred tax assets	(17)	10,844,352	-	10,369,062	-
Non-current financial assets	(18)	110,862,692	86,962,929	186,669,784	99,886,273
Other non-current assets	(19)	2,003,267	553,498	1,886,040	553,498
Trade receivables	(21)	25,036,822	-	8,027,376	-
TOTAL NON-CURRENT ASSETS		835,691,029		888,817,864	
Current assets					
Inventories	(20)	1,669,936	-	1,322,334	-
Trade receivables	(21)	36,576,210	22,568,392	36,275,091	32,323,526
Receivables for income taxes	(22)	39,711,778	34,362,940	8,488,787	3,866,602
Other tax receivables	(23)	24,693,811	4,497,374	4,125,181	3,897,344
Derivatives	(24)	9,356,173	-	4,280,881	-
Other current financial assets	(25)	377,489,874	377,009,474	197,081,606	197,081,606
Other current assets	(26)	22,052,110	17,043	15,058,560	21,987
Cash and cash equivalents	(27)	220,283,591	-	222,812,711	-
TOTAL CURRENT ASSETS		731,833,483		489,445,153	
Assets classified as held for sale		-		-	
TOTAL ASSETS		1,567,524,512	-	1,378,263,016	-

Statement of Financial Position: Liabilities

Amounts in Euro	Notes	2022		2021	
		Total	Of which related parties	Total	Of which related parties
SHAREHOLDERS' EQUITY					
Share capital	(28)	395,000,000		395,000,000	
Other reserves	(28)	412,987,131		314,208,241	
Accumulated Profits/(Losses)	(28)	35,814,527		35,814,527	
Net result of the year	(28)	59,776,772		112,324,680	
TOTAL SHAREHOLDERS' EQUITY		903,578,429		857,347,448	
LIABILITIES					
Non-current liabilities					
Employee benefits	(29)	2,518,670	-	3,135,994	-
Provisions for risks and charges	(30)	4,913,394	-	4,406,359	-
Deferred tax liabilities	(17)	22,697,725	-	7,183,161	-
Non-current financial liabilities	(31)	484,803,672	-	204,757,008	1,485
Other non-current liabilities		907,614	-	425,037	-
TOTAL NON-CURRENT LIABILITIES		515,841,075		219,907,559	
Current liabilities					
Employee benefits	(29)	595,726	-	770,985	-
Trade payables	(34)	26,688,497	625,939	17,995,279	541,525
Payables for income taxes	(35)	32,118,294	2,159,844	19,933,918	241,866
Other tax payables	(36)	2,414,882	10,440	4,217,582	-
Derivatives	(24)	-	-	4,486,455	-
Other current financial liabilities	(31)	77,510,669	4,541,740	244,835,470	17,355,622
Other current liabilities	(37)	8,776,940	114,646	8,768,321	112,419
TOTAL CURRENT LIABILITIES		148,105,008		301,008,009	
Liabilities related to assets held for sale		-		-	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,567,524,512		1,378,263,016	

Statement of Changes in Shareholders' Equity

Euro

	Share capital	Legal reserve	Other reserves	Reserve from remeasurement for employee benefit plans	Cash flow hedge reserve	Accumulated Profits/(Losses)	Net result of the year	Total
At 01 January 2021	395,000,000	52,562,351	248,634,278	(310,255)	(10,766,998)	35,814,527	48,756,686	769,690,589
Allocation of 2019 profits/(losses)								
- profits carried forward	-	2,437,834	9,741,852	-	-	-	(12,179,686)	-
- distribution of dividends	-	-	-	-	-	-	(36,577,000)	(36,577,000)
Comprehensive profit/(loss) recognised in the year								
- profits and losses recognised directly in equity	-	-	-	(46,216)	11,955,395	-	-	11,909,179
- profit for the year	-	-	-	-	-	-	112,324,680	112,324,680
At 31 December 2021	395,000,000	55,000,185	258,376,131	(356,471)	1,188,397	35,814,527	112,324,680	857,347,448
At 01 January 2022	395,000,000	55,000,185	258,376,131	(356,471)	1,188,397	35,814,527	112,324,680	857,347,448
Allocation of 2020 profits/(losses)								
- profits carried forward	-	5,616,234	46,707,946	-	-	-	(52,324,180)	-
- distribution of dividends	-	-	-	-	-	-	(60,000,500)	(60,000,500)
Comprehensive profit/(loss) recognised in the year								
- profits and losses recognised directly in equity	-	-	-	417,884	46,036,826	-	-	46,454,709
- profit for the year	-	-	-	-	-	-	59,776,772	59,776,772
Other changes	-	-	-	-	-	-	-	-
AT 31 DECEMBER 2022	395,000,000	60,616,419	305,084,077	61,412	47,225,223	35,814,527	59,776,772	903,578,429

Cash Flow Statement

Amounts in Euro	2022	2021
A. Cash flows from operating activities (indirect method)		
Profit (loss) of the year	59,776,772	112,324,680
Income taxes	23,456,783	(7,664,537)
Net financial interest expenses	(29,486,087)	(4,662,618)
Allocations and income provisions for risks and charges	253,071	284,347
Allocations and income employee severance indemnity (TFR) and other benefits	235,765	472,695
Amortisation/Depreciation of fixed assets	33,992,307	32,892,983
Bad debts	(13,781)	(27,749)
Write-downs, revaluations and gains/losses	109,726	9,296,487
Result from shareholdings carried at equity	(301,301)	(320,275)
Other adjustments for non-monetary elements	-	-
CASH FLOW AFTER ADJUSTMENTS OF NON-MONETARY ITEMS	88,023,255	142,596,014
Changes in NWC		
Decrease/(increase) in trade receivables net of write-downs	(17,296,783)	(28,814,461)
Increase/(decrease) in payables to suppliers	8,693,218	(12,596)
Increase/(decrease) in other current assets/liabilities	(75,984,280)	(8,526,621)
of which: net taxes (paid)/reimbursed	(41,913,188)	(10,638,622)
Changes in NWC	(84,587,846)	(37,353,678)
CASH FLOW AFTER CHANGES IN NWC	3,435,410	105,242,336
Other changes not included in changes in NWC		
Net change in provisions for risks and charges	(142,836)	(3,220,142)
Net change in Employee severance indemnity (TFR) and other employee benefits	(723,985)	(528,270)
Change in other assets and liabilities not included in NWC	365,350	18,602
Other changes not included in changes in NWC	(501,471)	(3,729,810)
CASH FLOW FROM OPERATING ACTIVITIES (A)	2,933,939	101,512,527
B. Cash flows from investment activities		
(Investments)/divestments - Tangible assets	(21,578,621)	(18,966,790)
(Investments)/divestments - Intangible assets	(610,071)	(579,340)
(Investments)/divestments - Equity investments and goodwill	(12,000,000)	-
(Investments)/divestments or repayments - Financial assets (current and non-current)	64,964,075	39,069,049
CASH FLOWS FROM INVESTMENT ACTIVITIES (B)	30,775,383	19,522,920
C. Cash flows from financing activities		
Interest collected/(paid)	78,135,306	3,584,879
Borrowed capital		
Increase/(decrease) in financial assets/liabilities centralised treasury	(162,655,000)	(187,613,000)
New/(Repayment of) loans	108,281,753	133,859,463
Equity	(60,000,500)	(36,577,000)
Paid capital increase	-	-
(Capital redemption)	-	-
Other capital increases (decreases)	-	-
Change in receivables from shareholders	-	-
Sale (purchase) of treasury shares	-	-
Dividends (and interim dividends) paid	(60,000,500)	(36,577,000)
Cash flow from financing activities (C)	(36,238,441)	(86,745,658)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(2,529,120)	34,289,788
of which net cash and cash equivalents from extraordinary transactions	-	-
Cash and cash equivalents at 1 January	222,812,711	188,522,923
Cash and cash equivalents at 31 December	220,283,591	222,812,711

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Company Information

The publication of the CVA financial statements for the year ended on 31 December 2022 was authorised by the Board of Directors on 3 May 2023. The Company and the CVA Group, of which it is the Parent Company, operate in the electricity sector. The Company, which has the legal form of a Sole Shareholder Company, has its registered office in Via Stazione 31 in Châtillon (AO).

Since the prerequisites set forth in Article 2364 of the Civil Code and in compliance with the Articles of Association were met, the option of approving the financial statements within 180 days of the end of the financial year was exercised due to regulatory uncertainties concerning the application of the extraordinary contribution mechanisms provided for companies operating in the energy sector.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The Financial Statements of CVA for the year ended 31 December 2022 have been prepared on the basis of the business operating as a going concern and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the legislative and regulatory provisions in force in Italy. IFRS refers to all the revised international accounting standards (IAS/IFRS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously referred to as the Standing Interpretations Committee (SIC).

In this regard, it is noted that the accounting standards and criteria applied to these financial statements comply with those adopted in the previous year, except for the "Accounting standards, amendments and interpretations approved and applied from 1 January 2022", to which reference is made.

The Company's Annual Financial Report has been prepared on a general historical cost basis, with the exception of items that under IFRS must or can be measured at fair value.

The Annual Financial Statements for the year ended 31 December 2022 consist of the Statement of Financial Position, the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement and the related Notes to the Financial Statements.

In accordance with IAS 1 (Presentation of Financial Statements) comparative information included in the consolidated financial statements refers, unless otherwise indicated, to the previous year. Where a better representation has required a different reclassification of the items in the financial statements, the comparative information has been adapted accordingly.

The Statement of Financial Position, the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement are presented in euros (without cents) and the notes to these separate financial statements in thousands of euros, unless otherwise indicated.

It is specified that for the Statement of Financial Position the classification of assets and liabilities is carried out according to the "current/non-current" criterion with specific separation of assets and liabilities discontinued or destined to be sold.

An asset is considered current when:

- it is expected to be realised, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realised within twelve months of the closing date of the year;
- it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

All other assets are classified as non-current.

Similarly, a liability is considered current when:

- it is expected to be settled in its normal operating cycle;
- it is held mainly for the purpose of negotiating it;
- it must be settled within twelve months of the closing date of the year;
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified respectively as non-current assets and liabilities.

The Income Statement is classified according to the nature of costs, as this form of presentation is considered more appropriate for representing the Company's specific business, complies with internal reporting procedures and is in line with the practices of the reference industrial sector. In addition to the Operating Result, the Income Statement shows the Gross Operating Margin obtained by subtracting total operating costs from total revenues.

The Statement of Comprehensive Income includes the profit or loss for the year as shown in the separate Income Statement, and all other non-owner changes in equity.

The Cash Flow Statement has been prepared by presenting cash flows from operating activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows).

Furthermore, in the separate Income Statement, income and expenses relating to transactions, which by nature do not occur during normal operation (non-recurring transactions) have been specifically identified and their impact has been shown separately, when they are significant.

In the financial statements, the amounts relating to positions or transactions with related parties have been shown separately.

Summary of accounting standards adopted

The accounting principles and valuation criteria adopted in the preparation of the CVA annual financial statements are consistent with those adopted in the preparation of the CVA Group's Consolidated Annual Financial Report, to which reference should be made, except for the recognition and valuation of investments in subsidiaries and associates. The former are valued in the Separate Financial Statements according to the purchase cost method, possibly reduced in the event of capital distribution, or in the presence of impairment losses determined by impairment testing. Should the portion of losses of the investee attributable to the Company exceed the carrying value of the investment, the value of the investment is set to zero, and the excess share of the loss is recognised among liabilities as a provision in

the event the Company is responsible for said liability. The cost is restored in subsequent periods if the reasons for the impairment should cease to apply.

The companies in which CVA exercises control are controlled, as required by IFRS 10 - Consolidated Financial Statements, as it is exposed or entitled to variable returns deriving from its relation with the investee and at the same time has the ability to affect these returns by exercising its power over the entity itself.

Investments in associated companies are recognised according to the equity method. The carrying value is therefore equal to the purchase cost adjusted for subsequent changes in the share of the investee's equity and written down for impairment losses.

The companies in which CVA exercises significant influence are associated; significant influence means the power to participate in determining the financial and operating policies of the investee without having control or joint control.

Use of estimates

With reference to the use of accounting estimates in preparation of the annual financial statements of CVA, reference is made to as illustrated in the specific section of the notes to the Consolidated Annual Financial Report of the CVA Group.

Recently issued accounting standards

With reference to the recently applied accounting standards, reference is made to as illustrated in the specific section of the notes to the Consolidated Annual Financial Report of the CVA Group.

Information on the Income Statement of the Company

The breakdown of the main items of the Income Statement is provided below. The following tables, unless otherwise indicated, show the figures in thousands of Euro.

1. Revenues from services

The breakdown of the item Revenues from services is shown in the following table:

Euro thousands	2022					2021				
	Hydroelectric production	Production Other RES	Energy efficiency	Other	Total	Hydroelectric production	Production Other RES	Energy efficiency	Other	Total
REVENUES FROM SALES AND SERVICES	131,161	23,374	31,610	9,491	195,636	162,490	20,965	5,676	9,185	198,316
Sale of electricity	120,451	22,994	-	-	143,445	160,930	20,880	-	-	181,810
Fees for use of the system	4,816	-	-	-	4,816	-	-	-	-	-
Disposal of energy certificates/securities	5,621	256	-	-	5,876	1,267	64	-	-	1,332
Provisions of services	273	124	31,610	9,491	41,498	292	20	5,676	9,185	15,174

Revenues from sales and services totalled Euro 195,636 thousand in 2022 (Euro 198,316 thousand in 2021).

Revenues from the sale of electricity totalled Euro 143,445 thousand in the year 2022 (Euro 181,810 thousand in 2021) and are mainly composed of the sale of electricity to wholesalers, including CVA ENERGIE (Euro 124,555 thousand in 2022). Of this amount, Euro 120,451 thousand is the result of the sale of energy produced by hydroelectric plants (Euro 160,930 thousand in 2021) and Euro 22,994 thousand to that produced by photovoltaic and wind plants (Euro 20,880 thousand in 2021). The overall decrease in revenues (equal to Euro 2,680 thousand) is attributable, on the one hand, to the decrease in revenues for energy sales - conditioned by a reduction in the average sale price, but above all by the drop in production in the hydroelectric (-18%) and wind power (-10%) segments - and, on the other hand, to the increase in revenues for services, which amounted to Euro 41,498 thousand in 2022 (Euro 15,174 thousand in 2021) and are characterised by revenues for services rendered in Outsourcing to subsidiaries and by revenues generated by the new business unit in the energy efficiency field, which saw CVA act as General Contractor in the energy requalification of private buildings. The positive change between 2022 and 2021 (equal to Euro 26,324 thousand) is due mainly to the revenues relating to energy efficiency interventions that have taken on a value of Euro 31,610. It should be noted that, in accordance with the sections on "Summary of the Main Accounting Principles Adopted in the Preparation of the Financial Statements" and the use of "Significant Accounting Estimates", these revenues have been allocated between operating assets and the financial operation inherent in contracts with customers (related to deferred payment mechanisms). The revenue shown here corresponds exclusively to what can be attributed to operating assets. These revenues, accrued on the progress of an obligation to do, were valued using the "output" method by taking as a reference the Work Progress States for which the right to invoice the customer contractually accrued. To these was added a portion of revenues, which, in the absence of a certain right to invoicing by lacking customer approval on the Progress States, were recognised up to the amount of the external costs incurred (thus without recognition of margins).

The "sale of energy certificates/securities" (equal to Euro 5,876 thousand in 2022, Euro 1,332 thousand in 2021) includes the proceeds from the sale of guarantee of origin certificates ("GO" Certificates) to CVA ENERGIE. The positive change is attributable to the increase in average sales prices despite the decrease in the number of GO produced.

Revenues from the sale of "GO" Certificates are related to the production of hydroelectric plants for Euro 5,621 thousand compared to Euro 1,267 thousand in the previous year and to wind power and photovoltaic plants for Euro 255 thousand compared to Euro 64 thousand in 2021.

Revenues also include fees received from CVA ENERGIE and related to the latter's participation in the production capacity market. In fact, in 2019, the latter was the successful bidder in the Capacity Market auctions by offering the production capacity of CVA plants (being responsible for dispatching them). The agreements between the parties foresaw, in the event of the award, a payment to CVA of a consideration equal to 50% of the net consideration received from CVA ENERGIE. For 2022, these fees assumed the value of Euro 4,816 thousand.

2. Other operating revenues and income

The breakdown of the item "Other operating revenues and income" is shown in the following table:

Euro thousands	2022				2021			
	Hydroelectric BU	Other RES BU	Corporate BU	Total	Hydroelectric BU	Other RES BU	Corporate BU	Total
OTHER OPERATING REVENUES AND INCOME	4,161	9,442	2,018	15,620	9,900	21,354	1,477	32,731
Leases of properties	-	-	1,367	1,367	-	-	1,311	1,311
Operating contributions	3,524	9,043	433	13,000	9,625	17,376	20	27,021
Capital contributions	29	-	36	65	8	-	30	38
Others	608	399	182	1,189	267	3,977	117	4,361

The item "operating contributions" for the year amounted to Euro 13,000 thousand in 2022 (Euro 27,021 thousand in 2021), and mainly includes the contribution paid by the GSE such as the Energy Account, the Incentive Tariff and GRIN incentive. The change seen between 2022 and 2021 (equal to Euro 14,021 thousand) is mainly due:

- GRIN INCENTIVE: total incentives changed from Euro 20,734 thousand in 2021 to Euro 7,419 thousand in 2022 due to the combined effect of the decrease in the unit value of the GRIN incentive, which decreased from Euro 109.36/MWh in 2021 to Euro 42.85/MWh in 2022 (the value of the incentive is established annually by the GSE based on the provisions of Ministerial Decree 6 July 2012, as subsequently amended and supplemented), and for the lower production of the incentivised plants;
- INCENTIVE RATES: total incentive rates increased from Euro 1,372 thousand in the previous year to Euro 60 thousand in 2022. The incentive tariffs, guaranteeing a fixed value of the energy sold, move inversely proportional to the market prices of electricity. The decrease is mainly due to the sharp increase in energy sales prices recorded in 2022 compared to the previous year;
- ENERGY ACCOUNT: the increase in the value of incentives on photovoltaic production from Euro 4,896 thousand in 2021 to Euro 5,087 thousand in 2022.

Operating contributions amounted to Euro 9,043 thousand for wind and photovoltaic energy production and Euro 3,524 thousand for hydroelectric production. Contributions received on corporate activities mainly refer (Euro 427 thousand) to the contribution for non-energy companies granted in the form of a tax credit (the item is to be considered non-recurring).

The item leases of properties amounted to Euro 1,367 thousand in 2022 (Euro 1,311 thousand in 2021). This item mainly refers to the lease income from the real estate units owned by CVA site in various Municipalities of Valle d'Aosta. Euro 815 thousand in lease payments received from related parties of CVA, also including Group companies. Pursuant to IFRS 16, the contracts have all been classified as operating leases.

Capital contributions relate primarily to the accrued portion of tax benefits on investments.

The item "other revenues" amounted to Euro 1,189 thousand in 2022 (Euro 4,361 thousand in 2021), and consists of the following:

Amounts in Euro thousands	2022	2021
Other revenues and income	1,189	4,361
Insurance refunds, indemnities and penalties receivable	568	3,948
Refunds for water abstraction	187	121
Contingent assets	117	2
Fees for precarious concessions and third-party power plant maintenance	115	113
RAVA fibre optic maintenance fees	70	70
Awards recognised by suppliers	29	2
Others	102	105

Insurance reimbursements mainly refer to the insurance reimbursement obtained for lightning damage suffered by a wind turbine blade at the Piansano plant, penalties applied to suppliers, and other forms of compensation received. In the previous year, the item was significantly affected by an indemnity obtained in the context of litigation.

Reimbursements for drawing water are equal to the amounts owed by the ski lift operating companies for drawing the water needed for snowmaking.

The fees for precarious concessions and central maintenance of third parties correspond to fees for the precarious concession for the use works drainage Bard power plant and to the related charge-back of maintenance expenses in addition to the fees received for the maintenance of some power stations located in the municipalities of Pontey, Gressoney La Trinité, Antey S. André, Cogne and Issogne. Fibre optic maintenance fees are equal to the annual fee received from TIM S.p.A for the maintenance of the fibre optic network owned by the Region, the costs of which are borne by CVA together with the maintenance costs for the part of the network owned by it.

3. Costs for raw materials and services

Costs for raw materials and services totalled Euro 54,009 thousand in 2022 (Euro 24,529 thousand in 2021). The breakdown is as follows:

Amounts in Euro thousands	2022	2021
COSTS FOR RAW MATERIALS AND SERVICES	54,009	24,529
Costs for raw materials	3,996	2,626
Costs for services	49,678	21,686
Costs for rents and leases	336	217

Costs for raw materials

The breakdown of the item "costs for raw materials" is shown in the following table:

Amounts in Euro thousands	2022	2021
COSTS FOR RAW MATERIALS	3,996	2,626
Electricity for auxiliary services	2,668	1,576
Raw and ancillary materials and consumables	1,071	925
Others	257	125

Energy for ancillary services represents the expenditure for the purchase of energy for the operation of plants and increased due to increases in the raw material energy.

Expenses for purchases of raw materials, ancillary materials, consumables and goods amounted to Euro 1,071 thousand in 2022 (Euro 925 thousand at the end of the previous year) and do not show significant changes. This item includes expenses typically related to plant components.

Expenses for other raw materials are made up of the costs for the purchase of fuels used by the company's fleet of vehicles and by the generators of hydroelectric plants (necessary to supply the auxiliary services of the plant in the event of the lack of other sources of power) and the costs for the imbalances between the energy fed into the network and that declared in the programs communicated to Terna.

Costs for services

The breakdown of the item "costs for services" is shown in the following table:

Amounts in Euro thousands	2022	2021
Costs for services	49,678	21,686
Professional subcontracting contracts for energy efficiency	28,513	5,462
Maintenance	4,734	5,038
Commercial, legal, administrative consultancy	3,516	1,057
Insurance	2,739	1,921
Professional services	2,394	1,590
Costs for ICT services - IT services	1,948	1,806
Regarding personnel	1,151	953
Telephone and data transmission services	1,144	987
Representation	707	448
Utilities (water, gas, electricity)	571	379
Fees for Directors, Auditors, SB and Independent Auditors	334	278
Advertising	314	178
Car park management expenses	291	244
Services from Group Companies	222	40
Business trips and transfers	38	34
Costs for bank and postal services	27	55
Other costs for services	1,036	1,216

The breakdown of the individual items mainly consists of:

- professional subcontracting and technical consulting contracts for energy efficiency in the amount of Euro 28,513 thousand (Euro 5,462 thousand in 2021). Correspond to charges for services subcontracted as part of civil building rehabilitation activities on a contract basis;
- maintenance costs: amounted to Euro 4,734 thousand (previously Euro 5,038 thousand). They include the costs of maintaining machinery, plant and property. There are no significant changes, the greatest decrease is in the hydroelectric plants and is attributable to the presence, in the previous year, of extraordinary interventions aimed at conserving the useful life of some water intake works;
- commercial, legal and administrative consultancy: these amounted to Euro 3,516 thousand (Euro 1,057 thousand in the previous year) and include all costs related to external legal, tax and administrative consultancy; the increase recorded is attributable to the valuation of new investments that accelerated during the year 2022;
- costs for insurance services: these amount to Euro 2,739 thousand (Euro 1,921 thousand in 2021), deriving mainly from the charges for civil liability and "All Risk" insurance coverage of the plants, for a total of Euro 1,808 thousand (an increase of Euro 515 thousand). The premiums due to cover civil liability on behalf of third parties also increased from Euro 413 thousand in 2021 to Euro 615 thousand in the current year. Also worth noting is the greater weight assumed by the insurance policies taken out as part of the General Contractor's activity for the requalification and energy efficiency upgrading of private buildings, which increased from Euro 49 thousand in 2021 to Euro 166 thousand in the current year;

- professional services for a total of Euro 2,394 thousand (Euro 1,590 thousand in 2021), attributable, inter alia, to:
 - professional activities capitalised in previous years in fixed assets under construction due to their multi-year usefulness (as they are linked to investments) and which, during the year, due to a revision of investment strategies, lost their usefulness and were therefore transferred to the Income Statement. In particular, these are studies and activities related to the Hône 2 and Chavonne hydroelectric plants, worth Euro 1,043;
 - professional services and technical consultancy for Euro 789 thousand;
 - costs for laboratory research and analysis activities for Euro 223 thousand;
 - costs for studies-research and technical consultancy for Euro 276 thousand;
 - costs for miscellaneous technical services for Euro 28 thousand;
 - expenses for environment study services for Euro 18 thousand;
- costs for Information & Communication Technology services: amounted to Euro 1,948 thousand (Euro 1,806 thousand in 2021). They refer to the assistance services of IT systems, hardware and software maintenance;
- personnel-related costs: these include charges relating to personnel management and all costs for services provided to all employees. They amounted to Euro 1,151 thousand (Euro 953 thousand in the past year) referable for Euro 586 thousand to catering services, for Euro 25 thousand to administrative consultancy regarding personnel, for Euro 337 thousand to expenses related to the participation and organisation of training activities for employees, for Euro 67 thousand to medical expenses and for Euro 151 thousand to services recognised to temporary employment agencies;
- telephone expenses and data transmission services: amounted to Euro 1,144 thousand (Euro 987 thousand in 2021). These refer to fees and maintenance of fixed and mobile telephone networks;
- entertainment expenses: these amount to Euro 707 thousand, an increase compared to Euro 448 thousand in the previous year. These are costs incurred mainly for initiatives to improve corporate image in the target territory;
- utility expenses: these amounted to Euro 571 thousand (compared to Euro 379 thousand in 2021) and include the costs of all active utilities, such as electricity, water and gas, serving capital and non capital buildings;
- costs for fees paid to directors, statutory auditors, supervisory body and Independent Auditors: totalled Euro 334 thousand (Euro 278 thousand in the previous year) and refer to:
 - for Euro 150 thousand to the expense for the fees due to the members of the Board of Directors, of which Euro 113 thousand for fees and related contributions and Euro 37 thousand for expenses reimbursements;
 - for Euro 84 thousand to the expense for the fees due to the members of the Board of Statutory Auditors;
 - for Euro 11 thousand to the expense for emoluments due to the members of the Supervisory Body;
 - for Euro 88 thousand to costs for the work performed by the independent auditors.
- expenses for Advertising: amounted to Euro 314 thousand (Euro 178 thousand in 2021). They refer to advertisements in major industry and local newspapers, as well as social campaigns on major social networks;
- expenses for car park management: totalled Euro 291 thousand (Euro 244 thousand in 2021) and refer to repairs, maintenance, motorway tolls of company cars as well as the fleet management service included in the rental of the company fleet;
- travel expenses of employees and temporary workers for Euro 38 thousand;
- expenses for banking and postal services for Euro 27 thousand;
- costs for other services: amounted to Euro 1,036 thousand (Euro 1,216 thousand in the previous year) and refer to all other services used by the Company, including:
 - costs for services on internal and external areas related to snow removal, greening and other activities for Euro 183 thousand;
 - the fee to cover the management fees for the incentives due to GSE S.p.A., according to Art. 21, paragraph 5 of Ministerial Decree 06/07/2012, for Euro 199 thousand;
 - expenses for waste disposal of Euro 164 thousand;

- the costs incurred for the transport service of persons and/or materials by means of the use of qualified helicopters in places not reached by the road network for Euro 87 thousand.
- costs for the analysis activity aimed at the attribution of a financial reliability rating for Euro 104 thousand;
- fees for access to portals and databases of various kinds amounting to Euro 106 thousand;
- supervisory expenses amounting to Euro 103 thousand.

Costs for rents and leases

At 31 December 2022, costs for rents and leases amounted to Euro 336 thousand (Euro 217 thousand in 2021) and are detailed as follows:

Amounts in Euro thousands	2022	2021
COSTS FOR RENTS AND LEASES	336	217
Software licence fees	275	189
Car park rental fees	30	6
Others	31	22

The costs recorded in this item correspond to rentals on contracts excluded from the scope of application of IFRS 16 because they do not meet the requirements to be defined as leases or because, although classified as such, they have been excluded due to their duration of less than 12 months or their low unit value. Non-lease components (mainly non-deductible VAT) of lease contracts subject to IFRS 16 are also recorded in this item.

4. Personnel costs

The breakdown of personnel costs is shown in the following table:

Amounts in Euro thousands	2022	2021
PERSONNEL COSTS	28,550	26,747
Wages and salaries	20,379	18,938
Social security contributions	6,420	5,906
Employee severance indemnity and other employee benefits	1,038	1,200
Other personnel costs	713	703

The item "personnel costs" totalled Euro 28,550 thousand in 2022 (Euro 26,747 thousand in 2021). The changes in the year are mainly attributable to the following aspects:

- wages and salaries:
 - increase in the average amount of managers and remuneration;
 - renewal of the National Collective Labour Agreement for Electrical Workers (18/07/2022) and consequent increase of the minimum integrated contractual minimums with effect from October 2022 and one-off payment to cover the period 01/01/2022-30/09/2022;
 - increase in the amount of the performance bonus
 - increase in the average number of staff;
 - reduction of contract staff.
- social security charges: INPS contribution rates remained unchanged between 2021 and 2022. The increase is attributable to the one-off payment and renewal of the CCNL as described above.
- severance pay and other employee benefits: there was an increase related to the increase in contractual minimums that was more than offset by actuarial gains generated by the increase in the real discount rate used to value employee benefit liabilities.

Other personnel costs mainly include costs for supplementary health funds and insurance coverage offered to employees.

The table below shows the average number of employees during the years under review, broken down by category:

<i>Euro thousands</i>	2022	2021
Executives	3	2
Managers	45	45
White collars	238	216
Blue collars	130	126
TOTAL	416	390

5. Other operating costs

At 31 December 2022, other operating costs amounted to Euro 42,923 thousand (Euro 39,755 thousand in 2021) and are detailed as follows:

<i>Amounts in Euro thousands</i>	2022	2021
OTHER OPERATING COSTS	42,899	39,755
Fees for the derivation of water for hydroelectric use	36,125	35,427
Other contributions	3,854	3,854
Stamp duties, levies and various taxes	1,119	1,164
Other sundry expenses	1,802	2,707

The item "fees for the derivation of water for hydroelectric use", equal to Euro 36,125 thousand in 2022 (Euro 35,427 thousand in 2021), includes the fees for hydroelectric use of water (state, waterways and mountain catchment basins) due, based on the relevant legislation, to the Region and other public bodies such as the Municipalities of Val d'Aosta and the Province of Turin for the derivation of water. The increase recorded is the result of the general increase in tariffs decided by the competent authorities.

The item other contributions mainly includes contributions due to the GSE pursuant to Art. 1, paragraph 30 Law 197/22 and Art. 15-bis of DL 4/22. These regulations set a cap on revenues from the production of electricity from renewable sources, through a compensation mechanism, applicable to the energy fed into the grid by the Pontedera, Ponte Albanito, Alessandria, Lillaz and La Tour plants of Euro 3,521 (both of these items are to be considered non-recurring).

The item also includes various contributions due to the regulatory authorities Registro Italiano Dighe, AGCM, ARERA and contributions to other minor bodies.

The item "stamp duties, levies and various taxes" amounted to Euro 1,119 thousand in 2022 (Euro 1,164 thousand in 2021) and includes municipal taxes and fees, primarily the IMU and COSAP, as well as registration tax and stamp duty.

The item "other sundry expenses" mainly includes environmental compensation indemnities in the amount of Euro 653 thousand and membership fees to interest-bearing institutions in the amount of Euro 377 thousand, as well as the annual contribution due to the Regional Fisheries Protection Consortium in the amount of Euro 348 thousand.

6. Capitalised days of work

At 31 December 2022, capitalised days of work amounted to Euro 1,627 thousand (Euro 1,500 thousand in 2021). Capitalised costs refer to the materials used and hours of employees involved in the realisation of works and interventions of extraordinary maintenance on the plants.

7. Amortisation/depreciation

Depreciation of tangible assets amounted to Euro 32,768 thousand in 2022 (Euro 31,804 thousand in 2021) and mainly refers to the depreciation of both instrumental and non-instrumental buildings for Euro 3,240 thousand, industrial and commercial equipment for Euro 177 thousand, plant and machinery for Euro 28,064 thousand, other assets for Euro 1,140 thousand. Amortisation of intangible assets amounted to Euro 1,224 thousand in 2022 (Euro 1,089 thousand in 2021), and refers to patent rights and use of intellectual property (software licenses) for Euro 821 thousand, licensing of trademarks and similar rights for Euro 64 thousand and other intangible assets for Euro 340 thousand.

It should be noted that depreciation and amortisation also includes, by their nature, the amortisation of rights of use recognised in accordance with IFRS 16.

A summary table of movements in user rights is available in Note 14.

8. Provisions and write-downs

Provisions and write-downs have the sign of the reversion of Euro 28 thousand. The total is the sum of the reversion of the Provision for Risks for Euro 14 thousand (excess of provision on outstanding disputes) and the Provision for bad debts for Euro 14 thousand.

9. Financial income

The breakdown of financial income is shown in the following table:

<i>Amounts in Euro thousands</i>	2022	2021
FINANCIAL INCOME	17,456	13,233
Financial income from Group companies and/or related parties	9,383	3,393
Dividends	5,581	6,719
Income from equity investments	301	320
Other financial income	2,191	2,800

Financial income from Group companies and related parties amounted to Euro 9,383 thousand in 2022 (Euro 3,393 thousand in 2021). This income includes the interest income received for long and short-term loans (multi-year loans and credit openings on the centralised treasury current account) granted to Group companies (subsidiaries and associates).

With reference to dividends, on the other hand, details are provided:

<i>Amounts in Euro thousands</i>	2022	2021
Dividends	5,581	6,719
Deval	-	1,719
Valdigne	3,140	-
Cva Energie	2,441	5,000

Income from equity investments amounts to Euro 301 thousand and corresponds to the revaluation of the investments in associated companies valued under the net equity method (specifically TELCHA).

Other financial income amounted to Euro 2,191 thousand in 2022 (Euro 2,800 thousand in 2021) and include:

- interest income earned on financial investments including the effects of any hedges where the main components are:
 - the returns accrued on capitalisation policies of Euro 1,320 thousand (Euro 1,367 thousand in 2021);
 - the returns on the securities portfolio of Euro 8 thousand;
 - interest income on bank accounts in the amount of Euro 56 thousand;
 - income on amortised cost related to energy efficiency credits amounting to Euro 618 thousand.
- Other interest and income including interest on loans to employees and income from the measurement at amortised cost of trade receivables from energy efficiency activities. These residual items in the financial year amounted to Euro 189 thousand (Euro 20 thousand in the previous year); the significant increase is due to the accrual of interest income on tax credits requested for reimbursement.

10. Financial expenses

The breakdown of financial expenses is shown in the following table:

Amounts in Euro thousands	2022	2021
FINANCIAL EXPENSES	(12,317)	17,249
Interest expense on bank loans	(13,713)	8,059
Financial expenses on bonds	471	50
Financial expenses to Group companies and related parties	93	7
Interest expense on leases	76	73
Gains on investments	14	8,999
Other financial expenses	742	61

Expenses on equity investments of Euro 14 thousand correspond to the write-down of the investee company LE BRASIER for Euro 14 thousand.

Interest expense on bank loans accrued in 2022 amounted to Euro 13,713 thousand having an antithetical sign (Euro 8,059 thousand in 2021). This item also includes charges related to the application of the amortised cost method to bank loans and the effects of the related IRS hedges. It was precisely the latter that generated an antithetical change for a total of Euro 19,617 thousand equal to the ineffective portion of the change in fair value. In particular, the main component was the ineffectiveness recorded on pre-hedging taken out to hedge interest flows on loans payable the conditions of which were different from those assumed when the hedge was taken out. This situation implies that, for the financial year, the expenses arising from financial liabilities are actually in the nature of income.

Interest expense on leases equal to Euro 76 thousand corresponds to the portion of interest recognised in accordance with IFRS 16 on lease payments and related financial liabilities recognised in the balance sheet. Financial expense paid to Group companies and related parties amounted to Euro 93 thousand and consisted of interest paid to subsidiaries on balances deposited in their centralised treasury accounts.

Other financial expenses mainly include charges deriving from the actuarial valuation of provisions for risks and charges (including those relating to employee benefits and severance indemnities), amounting to Euro 106 thousand.

11. Income taxes

Income taxes amounted to Euro 23,457 thousand in 2022 (they increased the result for the year by Euro 7,665 thousand in 2021) and the breakdown is as follows:

- current taxes for Euro 22,906 thousand in 2022 (Euro 33,686 thousand in 2021). Current taxes, in addition to IRES and IRAP, include the extraordinary solidarity tax for the year 2023 (Euro 2,269 thousand) provided for by Law No. 197/2022 calculated on taxable income 2022. The extraordinary contribution was classified as income tax, given its purpose and in application of IAS 12;

- deferred tax assets and liabilities for Euro 582 thousand in 2022 (Euro 41,300 thousand in 2021);
- previous years' taxes for Euro 32 thousand, reducing the 2022 cost (Euro 51 thousand reducing the cost in 2021). These taxes mainly correspond to the changes recorded between the taxes estimated in the 2021 budget and those actually determined on the return.

The following statement shows the reconciliation between the IRES ordinary rate and effective rate. The reconciliation between the IRAP ordinary rate and the effective rate is not significant. Only current and not deferred taxes are included in the scheme. Therefore, the changes made to the theoretical tax concern both temporary and definitive changes.

Information on the Company's Statement of Financial Position

Below is a breakdown of the composition of the main items of the Company's equity and financial position. The following tables, unless otherwise indicated, show the figures in thousands of Euro.

12. Proprietary tangible assets

Tangible assets totalled Euro 354,847 thousand at 31 December 2022 (Euro 365,809 thousand at 31 December 2021).

Tangible assets are all the proprietary tangible assets and the rights of use on tangible assets. Their breakdown and changes are shown in the table below:

Euro thousands	Proprietary tangible assets	Rights of use on tangible assets	Total
Historical cost	807,160	3,478	810,638
Provisions for amortisation	(443,969)	(860)	(444,829)
Net value at 31.12.2021	363,191	2,618	365,809
Increases	22,121	399	22,520
Amortisation/depreciation	(32,400)	(368)	(32,768)
Reclassifications	87	-	87
Disposals	(1,410)	(2)	(1,412)
Other changes	323	289	612
Changes in Accumulated amortisation for concluded contracts	-	16	16
Changes in Right of use for concluded contracts	-	(16)	(16)
Total net changes in 2022	(11,279)	317	(10,962)
Historical cost	827,880	4,147	832,027
Provisions for amortisation	(475,968)	(1,212)	(477,180)
Net value at 31.12.2022	351,912	2,935	354,847

The breakdown and change in proprietary tangible assets is shown in the following table:

Euro thousands	Land	Buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Tangible assets in progress and advances	Total
Historical cost	7,091	93,036	677,660	3,313	10,801	114	15,145	807,160
Provisions for amortisation	(29)	(41,857)	(391,099)	(2,562)	(8,369)	(53)	-	(443,969)
Net value at 31.12.2021	7,062	51,178	286,591	751	2,432	61	15,145	363,191
Increases	-	-	-	-	-	-	22,121	22,121
Amortisation/depreciation	-	(3,240)	(28,064)	(148)	(925)	(23)	-	(32,400)
Reclassifications	-	3,425	13,602	129	392	118	(17,579)	87
Disposals	(1)	-	(118)	-	(3)	-	(1,288)	(1,410)
Other changes	-	323	-	-	-	-	-	323
Total net changes in 2022	(1)	508	(14,581)	(19)	(536)	95	3,254	(11,279)
Historical cost	7,090	96,775	690,792	3,420	11,171	232	18,400	827,880
Provisions for amortisation	(29)	(45,089)	(418,812)	(2,688)	(9,275)	(76)	-	(475,968)
Net value at 31.12.2022	7,061	51,686	271,980	732	1,897	156	18,400	351,912

The following table summarises the main investments made during the year:

Euro thousands	Assets under construction at the beginning of the year	Net new investments	Assets commissioned	Recovery of advances	Assets under construction at year end
Monjovet plant - extraordinary maintenance (main object: rebuilding of turbine and alternator unit)	740	2,416	(3,156)	-	-
Hone 1 plant - plant modernisation (main object: Revis generator Revis turbine overhaul and purchase hub+blades transformer)	4,968	1,640	(44)	-	6,564
Pont Saint Martin plant - extraordinary maintenance (main object: shunt channel and sluice gates)	396	1,541	(1,933)	-	4
Chavonne Plant - Channel waterproofing renovation	268	1,040	(923)	-	384
Saint Clair plant - extraordinary maintenance (main object: automation - turbine regeneration - channel restoration)	172	809	-	-	980
Hône Plant 2 - Plant renovation and extraordinary maintenance (shunt channel)	1,353	775	(802)	-	1,325
Signayes plant - extraordinary maintenance (main object: new impellers and overhaul alternator 1)	341	760	(993)	-	107
Trigeneration plant	345	692	-	-	1,037
Hydroelectric plants - main object: seismic retrofitting of dam guardhouses	21	575	-	-	596
Aymaville plant - extraordinary maintenance (main object: revision turbine and generators)	230	518	(747)	-	-
CVA - Renovation of network equipment and telephone exchanges	20	517	(8)	-	529
Chatillon plant - extraordinary maintenance (main object: extraordinary maintenance shunt channel)	3	441	(265)	-	179
Verrès plant - plant renovation (main object: generator overhaul and purchase and replacement of impellers)	400	428	(510)	-	318
Maen hydroelectric plant - extraordinary maintenance (main object: Perreres dam intervention)	23	417	(386)	-	53
Pont Saint Martin plant - plant refurbishment (main object: new impellers and turbine shafts)	270	401	(443)	-	228
Covalou Plant - Plant refurbishment (main object: installation of channel monitoring instruments)	50	376	(357)	-	70
Perreres Buildings - building redevelopment	-	357	(167)	-	191

Euro thousands	Assets under construction at the beginning of the year	Net new investments	Assets commissioned	Recovery of advances	Assets under construction at year end
Gabiet hydroelectric plant - Extraordinary maintenance bottom outlet	22	355	(377)	-	-
Chavonne plant - plant renovation	1,274	341	-	-	1,615
Champagne 1 plant - extraordinary maintenance (main object: new impellers and shunt channel)	183	306	(143)	-	346
New hydroelectric plant in Morgex (studies and preliminary project)	-	301	-	-	301
Gressoney plant - extraordinary maintenance of forced ducts	-	290	(290)	-	-
Nus hydroelectric plant - new channel bridge	11	284	(295)	-	-
Headquarters building - Chatillon - extraordinary maintenance - main activity Revamping of air conditioning system	462	269	(624)	-	107
Valpelline plant - SOD unit no. 2 modernisation	3	224	(227)	-	-
Gressoney plant - extraordinary maintenance (main object generator overhaul)	4	221	(225)	-	-
Chatillon plant - extraordinary maintenance (main object: new impellers)	349	198	(533)	-	14
IT services - hardware implementation (main object: Technological refresh of server rooms)	-	197	(197)	-	-
Instrumental building - Aosta (via Clavalité) - extraordinary maintenance	107	168	(125)	-	149
Other RES plants - extraordinary incremental maintenance	67	149	(186)	-	29
Avisse plant - extraordinary maintenance (main object: new impellers)	237	123	(349)	-	11
Other hydroelectric power plants - extraordinary incremental maintenance	1,583	2,085	(2,212)	-	1,456
Other investments	473	1,251	(1,062)	-	663
Advances on investments	771	1,140	-	(771)	1,140
General total	15,145	21,604	(17,579)	(771)	18,400

The main investments of the year 2022 concerned:

- The refurbishment of the Montjovet plant in the amount of Euro 2,416 thousand, with reference to which the modernisation of the entire plant was completed with the entry into service of the last unit, number 1, in the amount of Euro 3,156 thousand;
- The modernisation of the Hône 1 plant, the main activity of which is the overhaul of the generator and turbine, as well as the purchase of hub and blades for a total amount of Euro 1,640 thousand;
- extraordinary maintenance of the shunt channel and automation of the sluice gates of the Pont-Saint-Martin hydroelectric plant for Euro 1,541 thousand. The work completed at the end of the year amounted to a total value of Euro 1,933 thousand;
- the rehabilitation and waterproofing of the Chavonne plant's shunt channel together with the restoration of the retaining walls for Euro 1,040 thousand. Work completed in 2022 and entering into service amounts to Euro 923 thousand, while Euro 384 thousand remains recognised as work in progress for work that will be completed at the end of the 2023 financial year;
- the refurbishment of the Saint Clair plant in the amount of Euro 809 thousand, which includes the regeneration of the unit 1 impellers, the renewal of the voltage regulators, and the restoration of the shunt channel;
- the refurbishment of the Signayes plant for an amount equal to Euro 760 thousand with reference to which assets for a value of Euro 993 thousand were commissioned mainly referring to the alternator and the new impellers of unit 1;
- the new activity undertaken by the Open Innovation and Energy Efficiency function for the construction of a three-generation plant scheduled to be commissioned in 2023, the work performed at 31/12/2022 amounted to Euro 692 thousand for a total of Euro 1,400 thousand;
- anti-seismic upgrading activities planned for the buildings on the dams; in particular, during the year, works were carried out on the guard building of the Cignana dam - Maen plant - amounting to Euro 575 thousand, the completion of which is scheduled for the following year;

- the overhaul of the turbines and generators of the Aymavilles plant for Euro 518 thousand. It should be noted that, at year-end, the activities were concluded with the commissioning of assets for Euro 747 thousand, which concerned unit 1, referring in particular to the regeneration of the turbine, the new Francis impeller and the overhaul of the alternator.

In 2022, in addition to the works mentioned above, a number of interventions were completed, as a result of which the relevant assets were commissioned. In particular, the following investments were also completed:

- the waterproofing of the Hône 2 shunt channel up to the loading basin (0-12000 metre section) for a total amount of Euro 802 thousand;
- refurbishment works at the CVA headquarters in Chatillon consisting mainly of the revamping of the air-conditioning system and the installation of new lighting fixtures with LED lamps for a total amount of Euro 624 thousand;
- the commissioning of unit no. 3 of the Verres plant following the replacement of new impellers, the regeneration of the alternator and the renewal of the excitation system, for a total value of Euro 510 thousand;
- The new impeller and new turbine shaft of unit no. 1 of the Pont Saint Martin plant for a total of Euro 414 thousand;
- the work required to secure certain sections of the wet works - loading tanks and intake works - of the Saint Clair and Grand Eyvia hydroelectric plants for Euro 265 thousand.

13. Proprietary intangible assets

Intangible assets totalled Euro 6,310 thousand at 31 December 2022 (Euro 6,924 thousand at 31 December 2021). Intangible assets consist of all the proprietary intangible assets and the rights of use on intangible assets. Their breakdown and changes are shown in the table below:

Euro thousands	Proprietary intangible assets	Rights of use for intangible assets	Total
Historical cost	23,752	437	24,189
Provisions for amortisation	(17,183)	(82)	(17,265)
Net value at 31.12.2021	6,569	355	6,924
Increases	678	-	-
Amortisation/depreciation	(1,196)	(28)	(1,224)
Reclassifications	(87)	-	-
Disposals	-	-	-
Other changes	-	19	19
Changes in Accumulated amortisation for concluded contracts	-	17	17
Changes in Right of use for concluded contracts	-	(17)	(17)
Total net changes in 2022	(605)	2	(603)
Historical cost	24,343	439	24,782
Provisions for amortisation	(18,379)	(93)	(18,472)
Net value at 31.12.2022	5,964	346	6,310

During the year 2022, there was a decrease in intangible assets of Euro 605 thousand mainly attributable to two opposite effects:

- the decrease originating from the ordinary amortisation process, amounting to Euro 1,196 thousand (Euro 1,061 thousand at 31/12/2021);
- new investments for the period totalling Euro 678 thousand, mainly related to the construction of lithium battery storage systems for stationary storage and in storage systems with second life batteries.

The item "other intangible assets" mainly includes the value of long-term expenses incurred for the acquisition of easement rights and the land area of the electrical, photovoltaic, wind and hydroelectric plants.

Euro thousands	Software	Concessions, licences, trademarks and similar rights	Intangible assets in progress and advances	Other intangible assets	Total
Historical cost	15,714	1,218	106	6,713	23,752
Provisions for amortisation	(13,320)	(528)	-	(3,335)	(17,183)
Net value at 31.12.2021	2,394	690	106	3,378	6,569
Increases	-	-	678	-	678
Amortisation/depreciation	(821)	(64)	-	(312)	(1,196)
Reclassifications	409	-	(498)	2	(87)
Disposals	-	-	-	-	-
Other changes	-	-	-	-	-
Total net changes in 2022	(412)	(64)	180	(310)	(605)
Historical cost	16,123	1,218	286	6,715	24,343
Provisions for amortisation	(14,141)	(592)	-	(3,646)	(18,379)
Net value at 31.12.2022	1,982	627	286	3,069	5,964

14. Rights of use of tangible and intangible assets and related financial liabilities

At 31 December 2022, rights of use on tangible and intangible assets amounted to Euro 3,281 thousand. The following table summarises the breakdown and movements during the year, as well as the movements of the related financial liabilities recorded in the balance sheet liabilities:

Euro thousands	Intangible rights of use	Tangible rights of use			Total
	Building rights and easement fees	Rights of use on real estate	Rights of use on industrial and commercial equipment	Rights of use on other assets	
Net value at 31.12.2021	355	2,289	87	242	2,973
Increases for new contracts	-	-	74	325	399
Decreases due to contract termination	-	-	-	(2)	(3)
Amortisation/depreciation	(28)	(123)	(29)	(216)	(396)
Change in Accumulated amortisation for concluded contracts	17	-	-	16	33
Change in Right of use for concluded contracts	(17)	-	-	(16)	(33)
Reclassifications	-	-	-	-	-
Other changes	19	151	-	138	308
Total net changes in 2022	(9)	28	44	245	308
Closing value of right of use	439	2,794	167	1,186	4,586
Provisions for amortisation	(93)	(477)	(36)	(699)	(1,305)
Net value at 31.12.2022	346	2,317	131	487	3,281
Financial liability instalments at 31.12.2021	354	2,334	87	238	3,013
Accrued interest	5	38	-	-	43
Closing financial liability at 31/12/2021	359	2,372	87	238	3,057
Increases for new contracts	-	-	74	325	399
Decreases due to contract termination	-	-	-	(2)	(3)
Changes in fees	19	151	-	136	307
Instalments paid	(34)	(162)	(43)	(229)	(468)
of which:					
principal share	(25)	(102)	(42)	(221)	(390)
interest	(9)	(60)	(1)	(8)	(78)
Financial liability instalments at 31.12.2022	348	2,383	119	477	3,327
accrued interest	5	36	-	-	41
Closing financial liability at 31/12/2022	353	2,419	119	477	3,368
Residual instalments					
To be paid within 12 months	30	162	62	192	445
To be paid beyond 12 months	392	2,814	60	306	3,573
Accrued interest	(9)	(58)	(1)	(8)	(76)
Non lease component	-	-	-	(9)	(9)
Total costs on the Income Statement 2022	(37)	(181)	(30)	(233)	(481)

Rights of use for building rights and easement fees correspond to the value of contracts for the granting of such rights for which a periodic fee is paid. A portion of the fees is due to the related party Region.

Rights of use of real estate assets primarily reflect the value of contracts concerning the lease of land on which wind farms are located.

Rights of use of other assets mainly represent the value of rental contracts for the fleet of company vehicles.

With reference to financial liabilities, the table below shows their maturity by bracket and the related expected financial outlay:

	Within 1 year	more than 1 year, but within 5 years	More than 5 years
Expected instalments	(445)	(1,127)	(2,446)
Financial liabilities	(367)	(886)	(2,074)

15. Goodwill

The following is the detail of changes of the item "goodwill":

Value at 31 December 2020	188,217
Changes in 2021	-
Value at 31 December 2021	188,217
Changes in 2022	-
Value at 31 December 2022	188,217

At 31 December 2022, goodwill totalled Euro 188,217 thousand. For Euro 172,876 thousand, it emerged as a result of extraordinary transactions with third parties at the time of the acquisition of hydroelectric plants in 2001. Instead, for Euro 15,061 thousand it originated in 2015 due to the merger operations of the following companies: C.V.A. SOLE S.r.l. a s.u. (Euro 1,050 thousand); PIANSANO ENERGY S.r.l. a s.u. (Euro 8,104 thousand); PONTE ALBANITO S.r.l. a s.u. (Euro 5,881 thousand); PONTE ALBANITO S.r.l. a s.u. (Euro 26 thousand). Finally, Euro 280 thousand were recorded in 2018 as a result of the acquisition of a business unit involving an 8 MW wind farm located in Pontedera, Italy. There were no changes in the current year. With reference to the item "goodwill", it is noted that, as an intangible asset with indefinite useful life, IAS 36 provides that it is not amortised, but be subject to an impairment test to be carried out at least annually. Considering that goodwill neither generates independent cash flow nor can it be sold separately, IAS 36 calls for a secondary audit of its recoverable amount, determining cash flows generated by a set of assets (Cash Generating Unit - CGU) that identify the groups to which it belongs. The verification of the recoverable value has been carried out within the broader Impairment Test activities of the various CGU carried out in terms of the Consolidated Financial Statements of the CVA Group, which includes the goodwill in question. With reference to the Company, based on the impairment test carried out, the recoverable value of the CGU revealed no need for write-downs. For a more detailed description of the parameters used for the purposes of the impairment test, reference is made to the Consolidated Annual Financial Report.

With reference to goodwill, it should be noted that this was the subject, during the 2021 financial year, of an operation of realignment of the statutory/fiscal values pursuant to Article 110 of DL 104/2020 (so-called "August Decree"), converted into Law 126/2020.

16. Equity investments

Below are the changes of investments:

Euro thousands	Subsidiaries						Associated Companies	Other companies			Total
	CVA Energie S.r.l.	Valdigne Energie S.r.l.	Deval S.p.A.	C.V.A EOS S.r.l.	CVA Smart Energy S.r.l.	Wind Farm Monteverde S.r.l.		Téléchauffage Aoste S.r.l.	Le Brasier S.r.l.	Bonifiche Ferraresi S.p.A.	
Net value at 31.12.2020	8,023	12,978	72,523	34,001	23	-	1,880	160	-	8	129,595
Capital increase	-	-	-	-	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Write-downs/write-backs	-	-	(8,993)	-	-	-	320	(6)	-	-	(8,679)
Others	-	-	-	23	(23)	-	-	-	-	-	-
Total net changes in 2021	-	-	(8,993)	23	(23)	-	320	(6)	-	-	(8,679)
Net value at 31.12.2021	8,023	12,978	63,529	34,024	-	-	2,200	154	-	8	120,916
Capital increase	-	-	-	-	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	12,000	-	12,000
Write-downs/write-backs	-	-	-	-	-	-	301	(14)	-	-	287
Others	-	-	-	-	-	-	-	-	-	-	-
Total net changes in 2022	-	-	-	-	-	-	301	(14)	12,000	-	12,287
Net value at 31.12.2022	8,023	12,978	63,529	34,024	-	-	2,501	140	12,000	8	133,204

The item investments in subsidiaries totalled Euro 118,555 thousand at 31 December 2022 (Euro 118,555 thousand at 31 December 2021).

List of investments in subsidiaries

The following are the figures relating to investments in subsidiaries, pursuant to Article 2427, point 5 of the Civil Code.

CVA Energie S.r.l. a s.u.

The value of the investment amounts to Euro 8,023 thousand and represents 100.00% of the share capital. At 31 December 2022, CVA ENERGIE showed a profit of Euro 106,383 thousand; shareholders' equity, at the same date, was negative for Euro 60,169 thousand. It should be noted that shareholders' equity is negative as a result of the reserves recorded for derivative hedging transactions. To this end, it should be noted that pursuant to Article 2426, paragraph 1, No. 11-bis, these reserves are not considered in the calculation of equity for the purposes of Articles 2412, 2433, 2442, 2446 and 2447 of the Civil Code and, if positive, are not available and cannot be used to cover losses. Excluding these reserves, shareholders' equity would amount to Euro 134,673 thousand.

VALDIGNE ENERGIE S.r.l.

The investment amounts to Euro 12,978 thousand and represents 75% of the share capital. At 31 December 2022, VALDIGNE showed a profit of Euro 1,499 thousand; shareholders' equity, at the same date, amounted to Euro 34,572 thousand.

DEVAL S.p.A. a s.u.

The investment amounts to Euro 63,529 thousand and represents 100% of the share capital. At 31 December 2022, DEVAL showed a profit of Euro 879 thousand; shareholders' equity, at the same date, amounted to Euro 67,049 thousand.

CVA EOS S.r.l. a s.u.

The investment amounts to Euro 34,024 thousand and represents 100% of the share capital. At 31 December 2022, CVA EOS showed a profit of Euro 1,222 thousand; shareholders' equity, at the same date, amounted to Euro 31,648 thousand.

Where the value of the equity investment was higher than the respective portion of shareholders' equity, the impairment test did not reveal any impairment to be made.

List of investments in associated and other companies

The following are the figures relating to investments in associates and other companies, pursuant to Article 2427, point 5 of the Civil Code. The item investments in associates and other companies amounted to Euro 14,649 thousand at 31 December 2022, Euro 2,362 thousand at 31 December 2021.

Téléchauffage Aoste S.r.l.

The value of the investment amounts to Euro 2,501 and represents 10.98% of the share capital. At 31 December 2022, TELCHA showed a profit of Euro 2,744 thousand; shareholders' equity, at the same date, amounted to Euro 22,781 thousand. At 31.12.2022, the value of the investment in TELCHA was increased by Euro 301 thousand.

Le Brasier S.r.l.

The value of the investment amounts to Euro 140 thousand and represents 13.70% of the share capital. At 31 August 2022 (end of the last corporate year), LE BRASIER showed a loss of Euro 103 thousand; shareholders' equity, at the same date, amounted to Euro 1,024 thousand. During the year, the equity investment was written down by Euro 14 thousand.

Bonifiche Ferraresi S.p.A.

The value of the investment amounts to Euro 12,000 thousand and represents 3% of the share capital of the Società per la Bonifica dei Terreni Ferraresi e per Imprese Agricole S.p.A. Società Agricola, belonging to the BF Group and controlled by B.F. S.p.A. majority shareholder.

The aforementioned transaction was carried out to share the BF Group development in the Agritech & Food sector.

The equity investment was acquired on 23 December 2022.

Fondazione I.T.S.

The value of the investment amounted to Euro 8 thousand.

17. Deferred tax assets and deferred tax liabilities

The changes relating to "deferred tax assets" and "deferred tax liabilities" by type of time differences are detailed below:

Deferred tax assets and liabilities	31.12.2022	31.12.2021
Deferred tax assets for:		
Differences in value on tangible and intangible assets	9,505	9,060
Charges, bonuses and other employee benefits	528	542
Provisions for risks and charges	647	596
Non-deductible interest	-	-
Valuation of financial instruments	5	6
Write-down of trade and other receivables	12	12
Other items	147	153
Total deferred tax assets	10,844	10,369
Deferred tax liabilities for:		
Differences in value on tangible and intangible assets	(7,672)	(6,726)
Valuation of financial instruments	(14,945)	(407)
Other items	(81)	(50)
Total deferred tax liabilities	(22,698)	(7,183)
Total net deferred tax assets/(liabilities)	(11,853)	3,186
Net change	(15,039)	37,539
<i>of which:</i>		
Ø In Income Statement	(582)	41,300
Ø In Shareholders' Equity	(14,457)	(3,761)

The "deferred tax assets" recognised in the financial statements, as there is a reasonable certainty of their recoverability, amounted to Euro 10,844 thousand at 31 December 2022 (Euro 10,369 at 31 December 2021), of which Euro 10,604 thousand (Euro 10,112 in December 2021) for IRES.

The increase in the value of deferred tax assets, recognised in 2022, is mainly due to the increase in value differences on tangible assets due to the difference between statutory and tax depreciation.

At 31 December 2022, deferred tax liabilities amounted to Euro 22,698 thousand (Euro 7,183 thousand at 31 December 2021), of which Euro 21,455 thousand (Euro 6,073 thousand at December 2021) for IRES. The increase is due to the differences in the value of financial instruments due to the change in the fair value of interest rate hedging derivatives on loans. Since these transactions are accounted for in accordance with the hedge accounting principles of IFRS 9, the impact of these increases was reflected in the appropriate equity reserves.

The increase in taxable differences on tangible and intangible assets, on the other hand, is mainly attributable to differences accrued on goodwill with tax recognition.

For IRES purposes, deferred taxation was calculated using the ordinary rate of 24%, while for IRAP purposes it was calculated using a rate of 3.9%.

18. Non-current financial assets

The breakdown of non-current financial assets is as follows:

Euro thousands	2022	2021
OTHER NON-CURRENT FINANCIAL ASSETS	110,863	186,670
Financial receivables from subsidiaries	80,647	92,939
Capitalised insurance policies	23,900	86,784
Financial receivables from associated companies	6,315	6,947

Non-current financial receivables from subsidiaries include the long-term portion (due beyond 12 months) of the loans, valued at amortised cost, granted to these companies. In particular, there are receivables for loans to VALDIGNE (for Euro 3,783 thousand), to DEVAL (for Euro 16,784 thousand) and to CVA EOS (for Euro 60,081 thousand).

Financial receivables from associated companies in 2022 amounted to Euro 6,315 thousand and refer to the long-term portion relating to the loan receivable granted to the associated company TELCHA.

The capitalisation insurance policies, equal to Euro 23,900 thousand at 31 December 2022 (Euro 86,784 thousand at 31 December 2021), refer to the fair value of liquidity investments through the underwriting of insurance policies.

For further details, the following tables summarise the composition and size of the policies portfolio.

Amounts in Euro thousands	INSURED CAPITAL	CAPITAL REVALUED AT 31.12.2022
INSURANCE POLICIES	22,960	23,900
Alleanza Assicurazioni S.p.A.	10,000	10,430
AXA Assicurazioni S.p.A.	5,960	6,181
Cardif Vita S.p.A.	4,500	4,743
Generali Italia S.p.A.	2,500	2,545

19. Other non-current assets

The item in question, equal to Euro 2,003 thousand at 31 December 2022 (Euro 1,886 thousand at 31 December 2021), mainly includes medium/long-term receivables from employees, relating to interest-bearing loans granted to employees (Euro 1,097 thousand at 31 December 2022) and long-term various security deposits paid to third parties (Euro 353 thousand at 31 December 2022) and related parties (Euro 553 thousand at 31 December 2022).

20. Inventories

The value of inventories recognised in the financial statements amounted to Euro 1,670 thousand at 31 December 2022 (Euro 1,322 thousand at 31 December 2021).

Inventories of ancillary and consumable materials derive from the accounting of the stocks of these materials mainly at the Bard warehouse. Their value amounted to Euro 1,273 thousand.

Inventories of fuels for heating and the functioning of generators have been valued for a total of Euro 350 thousand.

Remaining inventories for a value of Euro 47 thousand consist mostly of advertising material, gadgets and stationery.

21. Current and non-current trade receivables

The breakdown of current and non-current trade receivables is shown in the following table:

Euro thousands	2022	2021
CURRENT TRADE RECEIVABLES	36,576	36,275
Customers	13,888	3,718
Subsidiaries	22,509	32,279
Associated companies	4	1
Related parties	55	43
Suppliers (Credit notes)	220	347
(Bad debts provision)	(100)	(114)
NON-CURRENT TRADE RECEIVABLES	25,037	8,027
Customers	25,037	8,027
TOTAL TRADE RECEIVABLES	61,613	44,302

Receivables from customers

Receivables from customers totalled Euro 38,925 thousand at 31 December 2022 (Euro 11,745 thousand at 31 December 2021), of which Euro 25,037 thousand due beyond 12 months. Receivables are recorded net of the corresponding provision for bad debts (amounting to Euro 100 thousand at 31 December 2022 and Euro 114 thousand at 31 December 2021). They mainly refer to invoices issued and to be issued relating to energy efficiency work on buildings carried out during the year (total Euro 36,671 thousand). On these transactions CVA offered its customers the so-called "invoice discount", an arrangement through which the right to tax deduction for the customer is transformed into tax credit for the supplier, becoming payment currency. For this reason, these receivables will turn into credits to the Treasury recoverable in multi-year instalments (depending on the type of deduction that originated them), but only after obtaining the relevant tax compliance authorisation. The portion of receivables that will be settled by obtaining a tax credit, therefore, has a collection time of more than 12 months. For this reason, in compliance with the "Summary of the Main Accounting Principles Adopted in the Preparation of the Financial Statements" and the note on the use of "Significant Accounting Estimates", the relevant revenues have been deducted from the financial component (see Note 1) of the transaction by also going to make a parallel adjustment of receivables to represent them at their amortised cost.

The share of non-current receivables corresponds to the share of receivables that, for the reasons mentioned above, will be collected beyond 12 months.

Receivables from subsidiaries

Below is a brief summary of their composition and of the parties from which they are due:

- CVA ENERGIE: receivables amounted to Euro 21,170 thousand, of which Euro 279 thousand refer to receivables for invoices issued and Euro 20,892 thousand for invoices to be issued. These receivables derive from the services rendered to the subsidiary during the year, as well as the sale to the same of energy produced by the plants in 2022;
- CVA EOS: receivables amount to Euro 337 thousand and mainly relate to outsourced services;
- VALDIGNE: receivables totalled Euro 397 thousand and refer to trade receivables for services offered and/or charged to the subsidiary during the year;
- DEVAL: receivables totalled Euro 605 thousand and refer to trade receivables for services offered and/or charged to the subsidiary during the year.

Receivables from associated companies

These are receivables from the company TELCHA and refer to services provided in Outsourcing and credit notes received concerning the gas adjustment.

Receivables due from other related parties

These are mainly receivables from the Region for business dealings of various kinds, the main ones of which regarding real estate leases.

Trade receivables

These are receivables for credit notes received or to be received for which compensation with debit items is not possible.

22. Receivables for income taxes

The breakdown of receivables for income taxes is shown in the following table:

Euro thousands	2022	2021
RECEIVABLES FOR INCOME TAXES	39,712	8,489
IRES	4,112	4,622
IRAP	1,237	-
Receivables for adhesion to the Group tax consolidation	34,363	3,867

The item in question includes tax receivables relating to direct tax (IRES and IRAP) at year-end (Euro 5,349 thousand at 31 December 2022, Euro 4,622 thousand at 31 December 2021), as well as receivables due from Group companies as a result of adhering to the IRES tax consolidation regime (Euro 34,363 thousand at 31 December 2022, Euro 3,867 thousands at 31 December 2021).

IRES credits mainly refer to amounts paid as advance payments on the IRES surcharge for energy companies before its abolition and requested for reimbursement (Euro 4,506 thousand). Repayment took place partially at the end of the financial year 2022 and in early 2023. The credit is increased by the interest accrued thereon.

23. Current and non-current tax receivables

The breakdown of other tax receivables is shown in the following table:

Euro thousands	2022	2021
OTHER TAX RECEIVABLES	24,694	4,125
Tax receivables	20,196	228
Receivables deriving from Group VAT regime	4,497	3,897
NON-CURRENT TAX RECEIVABLES	4,367	-
Other receivables	4,367	-
TOTAL TAX RECEIVABLES	29,061	4,125

The item amounted to Euro 24,694 thousand at 31 December 2022 (Euro 4,125 thousand at 31 December 2021).

The item Tax Receivables is mainly composed of:

- Receivables for excess payment of Euro 19,135 thousand deriving from the extraordinary contribution pursuant to Art. 37 of DL 21/2022 established as an "extraordinary solidarity levy" for the year 2022, to be paid by entities operating in the territory of the State, for the subsequent sale of goods, in the production of electricity. The Company was subject to the contribution before the changes introduced by Law 197/22 and has therefore paid the contribution in full. In light of the regulatory changes introduced at the end of the financial year, CVA exited the scope of application of the contribution as it did not achieve 75% of its turnover from energy sector activities in 2021. For this reason, the contribution will be claimed back in the financial year 2023;
- Energy efficiency tax credits in the amount of Euro 4,877 thousand: These are credits assigned by condominiums for energy efficiency works. CVA operates as a General Contractor using the work of third-party Companies to carry out energy efficiency works that entitle it to Superbonus or other building bonuses, such as bonus Façades

and bonus renovation and those listed in Article 121 of Decree-Law No. 34/2020. These receivables, which can be used over 5 or 10 years, can be offset via F24 form for the payment of taxes. The portion due beyond 12 months amounts to Euro 4,367 and is recorded as a non-current asset.

Group VAT receivables amounting to Euro 4,497 thousand at 31 December 2022 (Euro 3,897 at 31 December 2021), derive from receivables accrued in the December VAT liquidation, due from Group companies as a result of adhering to the Group VAT regime.

24. Derivatives

Current derivative instruments (assets and liabilities) refer to the measurement at fair value of derivatives on interest rates at the reporting date.

The following is a breakdown of the carrying amounts at the reporting date and the related comparative information:

Euro thousands	2022	2021
Non-current derivative assets	-	-
Current derivative assets	9,356	4,281
TOTAL DERIVATIVE ASSETS	9,356	4,281
Non-current derivative liabilities	-	-
Current derivative liabilities	-	4,486
TOTAL DERIVATIVE LIABILITIES	-	4,486

It is noted that at 31 December 2022 and for the comparative period, there are no positions offset among assets and liabilities for derivative financial instruments.

Hedge Accounting

Derivative contracts are initially recognised at fair value, on the trading date of the contract, and subsequently measured at their fair value. During 2016, the Company defined its model for the application of Hedge Accounting and provided the operating tools necessary for formal documentation of the hedging relationships, the verification of the effectiveness and the accounting measurement of the hedging effects. In the absence of such instruments, the Company was not previously able to satisfy the formal and substantive requirements required by the principle for the application of Hedge Accounting and consequently, starting from the date of first application of the IFRS standards and up to the year 2015, the derivative instruments stipulated by the Company, even if they were traded for hedging purposes, were reported in the financial statements as trading instruments (i.e. valued at fair value with a balancing entry entirely in the Income Statement). The model of application of Hedge Accounting envisages the classification of derivatives traded by the Company as Cash Flow Hedges; specifically, the hedging instruments used (Interest Rate Swaps and Asset Inflation Linked Swaps) are designated to cover the interest flows paid on underlying loans payable or inflation linked flows of investments in bonds. The objective that the Company intends to pursue through the designated hedging transactions is therefore:

- to mitigate its risk exposure deriving from the volatility of the market rates by fixing or limiting the onerousness of its variable rate loans;
- to mitigate its exposure to the inflation risk deriving from the indexing of interest and capital invested in bonds indexed to inflation.

As a result of the Cash Flow Hedge accounting, the economic effects generated by the fair value measurement of hedging derivatives are recognised in a specific equity reserve (and represented in the Statement of Comprehensive Income) and then transferred to the Income Statement in the following financial years, i.e. concurrently with the recognition of the underlying interest flows. It therefore follows that at the end of the financial year, the hedging effects recognised in the Cash Flow Hedge reserve are entirely generated by positions stipulated from 2016 onwards and in place at the reporting date and recognised in the balance sheet at fair value.

Effects of derivatives accounted in Cash Flow Hedge

The following table shows the impact on the shareholders' equity of the Company of the Cash Flow Hedge reserve recognised with reference to derivatives to hedge the risk of interest and inflation rate accounted for in Hedge Accounting at 31 December 2022, gross of the tax effect:

Euro thousands	Book value
Closing balances at 31.12.2021	1,564
Changes in fair value with impact in equity	58,771
Effects released to Income Statement	1,804
Closing balances at 31.12.2022	62,138

The effectiveness of hedging derivatives recognised at 31 December 2022 within the Cash Flow Hedge reserve (positive for Euro 62,138 thousand, including the tax effect) relates to the value of the effective portion of derivatives settled in 2022 and used to hedge future financial liabilities (Euro 53,782) as well as the fair value of existing hedging derivative financial instruments, net of interest differentials accrued at the reporting date; with reference to the latter, it is an amount suspended for accounting purposes in equity and referred to future interest flows that will find financial manifestation (with consequent release of the suspended effects in equity) partly in 2023 (net collections estimated for approximately Euro 2,517 thousand) and partly in subsequent years (net collections estimated at approximately Euro 6,460 thousand).

Sensitivity analysis of interest rate risk

As stated in the specific "risk management" section included in the Report on Operations which accompanies these financial statements, the Company is exposed to the risk of fluctuating interest rates, the volatility of which could have negative effects on the Company's cash flows.

The following is a sensitivity analysis to reasonably possible changes in interest rates at the reference date, keeping all the other variables underlying the valuation model constant. In particular, the range of changes assumed on the interest rate curve for the purposes of this analysis is ± 50 bps (basis points).

Sensitivity analysis of interest rate risk at 31 December 2022

Description	Change in the rate	At 31 December 2022			
		Impact on Income Statement (before taxes)		Impact on Shareholders' Equity (before taxes)	
		Increase	Decrease	Increase	Decrease
Changes in fair value of rate derivatives designated in hedge accounting	± 50 bps	190	111	1,807	(2,152)
Changes in fair value of rate derivatives not designated in hedge accounting	± 50 bps	189	(193)	-	-

On the basis of the sensitivity analysis described above, it is noted that changes in the fair value of the derivatives portfolio deriving from the assumed rate changes would impact the Income Statement in all the financial years, as:

- some hedging instruments have not been accounted for in Hedge Accounting;
- the hedging instruments have a share of ineffectiveness, therefore a part of the changes in their fair value is recognised in the Income Statement and not suspended in equity according to the provisions of IFRS 9 for Cash Flow Hedges.

25. Other current financial assets

The breakdown of other current financial assets is as follows:

Euro thousands	2022	2021
OTHER FINANCIAL ASSETS	377,490	197,082
Receivables from Group companies for centralised treasury	345,561	180,763
Financial receivables from subsidiaries	30,758	15,643
Financial receivables from associated companies	691	675
Others	480	-

Receivables from Group companies for centralised treasury, equal to Euro 345,561 thousand at 31 December 2022 (Euro 180,763 thousand at 31 December 2021) refer to the credit balances of the intercompany current accounts held with the various subsidiaries. In particular, in 2022, there are receivables from DEVAL, VALDIGNE and CVA ENERGIE. Receivables from the latter are responsible for the recorded increase. This increase can be explained by CVA ENERGIE strong cash requirements and its operations in the energy futures markets that use daily margining mechanisms: soaring prices have also led to the need to guarantee increasingly large margins. Financial receivables from subsidiaries almost exclusively include the receivables relating to the short-term portion (due within 12 months) of loans granted to subsidiaries. In particular, we highlight the receivables:

- from VALDIGNE for Euro 3,775 thousand at 31 December 2022 (Euro 430 thousand at 31 December 2021);
- from DEVAL, for Euro 18,020 thousand at 31 December 2022 (Euro 9,520 thousand at 31 December 2021);
- from CVA ENERGIE, for Euro 323,766 thousand at 31 December 2022 (Euro 171,243 thousand at 31 December 2021);

Financial receivables from associated companies amounted to Euro 691 thousand (Euro 675 thousand at 31 December 2021) refer to the short-term portion relating to the loan receivable granted to the related company TELCHA.

26. Other current assets

The breakdown of the item Other current assets is as follows:

Euro thousands	2022	2021
OTHER CURRENT ASSETS	22,052	15,059
Deferred assets	9,917	7,584
Advances to suppliers	8,666	2,723
Receivables from the G.S.E. for incentives	2,256	4,127
Receivables from employees	103	99
Receivables from social security institutions	54	64
Security deposits	22	22
Other assets - related parties	17	22
Other assets	1,018	417

The item "Other current assets" amounted to Euro 22,052 thousand at 31 December 2022 (Euro 15,059 thousand at 31 December 2021) and mainly includes the following items:

- accrued and deferred assets, for Euro 9,917 thousand at 31 December 2022 (Euro 7,584 thousand at 31 December 2021), deriving from the deferred asset of water diversion supra-fees for Euro 5,292 thousand at 31 December 2022, as well as from deferred assets of various kinds including: insurance premiums, rents payable and long-term expenses;
- receivables from the GSE, for Euro 2,256 thousand at 31 December 2022 (Euro 4,127 thousand at 31 December 2021), deriving from contributions accrued during the year but not yet collected;

d. advances to suppliers, amounting to Euro 8,666 thousand at 31 December 2022 (Euro 2,723 thousand at 31 December 2021), consisting mainly of advances to suppliers related to energy efficiency work on buildings.

27. Cash and cash equivalents

The item mainly includes the balance receivable of current bank accounts and short-term deposits at the reporting date, equal to Euro 220,284 thousand (Euro 222,813 thousand at 31 December 2021). Cash and cash equivalents amounted to Euro 3 thousand at 31 December 2022 (Euro 3 thousand at 31 December 2021). Bank deposits amounted to Euro 220,251 thousand at 31 December 2022 (Euro 172,755 thousand at 31 December 2021). All balances are stated at nominal value and also include interest accrued but not yet credited at the end of the year. They are not burdened by constraints of any kind that limit their availability. 28. Shareholders' equity

The breakdown of the shareholders' equity of the Company is as follows:

Euro thousands	2022	2021
SHAREHOLDERS' EQUITY	903,578	857,347
Share capital	395,000	395,000
Other reserves	412,987	314,208
Accumulated Profits/(Losses)	35,815	35,815
Net result of the year	59,777	112,325

Share capital

The share capital amounted to Euro 395,000 thousand, divided into 395,000 thousand ordinary shares with a nominal value of Euro 1.00 each. During the 2022 and 2021 financial years, there were no changes in the amount of share capital.

Other reserves

The breakdown of other reserves is shown in the following table:

Euro thousands	2022	2021
OTHER RESERVES	412,987	314,208
Realignment Reserve pursuant to Article 100 DL 104/2020	163,697	163,697
Extraordinary reserve	128,620	81,912
Legal reserve	60,616	55,000
IAS transition FTA reserve	12,289	12,289
Cash Flow Hedge reserve	47,225	1,188
Merger reserves	476	476
Hedging reserves	2	2
IAS 19 Employee benefits reserves	61	(356)

Reserve for realignment of tax value of goodwill pursuant to Article 110 DL 104/2020

Following the operation of realignment of the statutory and fiscal values of goodwill described in Note 14 and carried out pursuant to Article 110 of Decree-Law 104/2020, a portion of the extraordinary reserve amounting to Euro 163,697, the value subject to realignment net of the substitute tax, was allocated to a special reserve with a specific tax suspension restriction for tax purposes (as governed by paragraph 8 of the aforementioned provision).

Extraordinary reserve

This reserve amounts to Euro 128,620 thousand (Euro 81,912 thousand at 31 December 2021) and includes the allocation made in the previous years, as approved by the shareholders' meeting.

Legal reserve

The legal reserve amounted to Euro 60,616 thousand (Euro 55,000 thousand at 31 December 2021). The increase recognised in the year is due to the allocation to this reserve of the twentieth part of the profit for the year 2021, as required by Article 2430 of the Civil Code.

First Time Adoption (FTA) Reserve

This reserve represents the balancing entry in shareholders' equity of the adjustments of equity balances deriving from the first application of the IAS/IFRS accounting standards at the transition date of 1 January 2014 and amounts to Euro 12,289 thousand.

Cash Flow Hedge reserve (OCI)

This reserve includes the effective portion of the change in the fair value of derivative financial instruments classified as Cash Flow Hedges and designated as hedges of the interest flows generated by the loans payable. The change in fair value is expressed net of accrued interest and the tax effect. The reserve amounted to Euro 47,225 thousand at 31 December 2022. Its movement is also reported in other comprehensive income in the components reclassifiable to profit or loss in subsequent periods.

Merger reserves

The item includes for Euro 476 thousand the net merger capital resulting from the 2001 merger operation.

Actuarial reserve IAS 19 (OCI)

The item includes actuarial profits relating to defined benefit plans for employees, for Euro 61 thousand at 31 December 2022 (losses for Euro 356 thousand at 31 December 2021). It is reported, for its change in the year, in other comprehensive income among the components that cannot be reclassified to profit or loss in subsequent periods.

Accumulated profits/(losses)

The item was positive for Euro 35,815 thousand at 31 December 2022 (unchanged on 31 December 2021). This item includes differences arising from the restatement of prior-year results due to changes in accounting standards or corrections of accounting errors. In particular, the main component consists of the differences on the 2014 and 2015 results for the first-time adoption of IAS/IFRS.

Net result of the year

The net result was positive for Euro 59,777 thousand in 2022 (Euro 112,325 thousand at 31 December 2021). It is also noted, pursuant to Article 109, paragraph 4 of Presidential Decree 917/1986, in the version in force until 31/12/2007, that the share of unavailable profit is Euro 509,817. (This amount corresponds to the charges deducted for tax purposes only - bad debts within the limits of Article 106 of Presidential Decree 917/1986 totalling Euro 670,812, net of related deferred taxation of Euro 160,995).

Statement of Equity with additional information

The details of the individual shareholders' equity items are shown below, with a breakdown by their origin and possibility of use:

Euro thousands	Origin	Possibility of use	2022	2021
Share capital			395,000	395,000
Legal reserve	Profit reserve	B	60,616	55,000
Extraordinary reserve	Profit reserve	A,B,C	128,620	81,912
Merger reserves	Other reserves	A,B	476	476
IAS transition FTA reserve	Other reserves	B	12,289	12,289
Loss coverage reserve	Other reserves	B	2	2
Cash Flow Hedge reserve	Other reserves	-	47,225	1,188
IAS 19 reserves - Employee Benefits	Other reserves	-	61	(356)
Realignment Reserve pursuant to Article 100 DL 104/2020	Other reserves	A,B,C	163,697	163,697
Profits/(accumulated losses)	Profit reserve	A,B,C	35,815	35,815
Total			843,802	745,023
<i>Of which:</i>				
<i>Non-distributable portion:</i>			515,670	463,599
<i>Residual distributable portion:</i>			328,131	281,424

Key: A) for capital increase; B) for loss coverage; C) for distribution to shareholders.

29. Current and non-current employee benefits

Employee benefits amounted to Euro 3,114 thousand in the year (Euro 3,907 thousand in 2021). The table below shows the changes in the years:

Amounts in Euro thousands	Employee severance indemnity (TFR)	Loyalty bonus	Employee bonuses	Other employee benefits	Total
Current value of the obligation at 31/12/2021	1,937	868	401	702	3,907
Current cost	-	54	405	8	467
Financial expenses	18	8	-	6	33
Increases/(decreases) for acquisitions and transfers	(22)	(8)	-	(3)	(34)
Benefits provided	(194)	(39)	(396)	(61)	(690)
Actuarial Income (Expenses) (*)	(205)	(226)	-	(132)	(563)
Other changes	-	-	(5)	-	(5)
Current value of the obligation at 31/12/2022	1,534	657	405	518	3,114
of which					
current portion	120	-	405	71	596
non-current portion	1,414	657	-	448	2,519

(*) The item "revaluations" includes the following components:

1. actuarial (gains)/losses resulting from changes in demographic assumptions; 2. actuarial (gains)/losses resulting from changes in financial assumptions; 3. (gains)/losses resulting from the effect of past experience

Liabilities for employee benefits are mainly represented by the following components:

- severance indemnity (TFR) recognised in compliance with the provisions of current legislation. The value of the liabilities in question amounted to Euro 1,534 thousand at 31 December 2022 (Euro 1,937 thousand at 31 December 2021);
- the company loyalty bonus to be paid to employees upon reaching a specified length of service. Liabilities accrued amounted to Euro 657 thousand at 31 December 2022 (Euro 868 thousand at 31 December 2021);
- employee bonuses, equal to the amounts allocated for the Management By Objectives plan for Heads of Function, Area Managers and Executives in the amount of Euro 405 thousand;
- other employee benefits totalled Euro 518 thousand at 31 December 2022 (Euro 702 thousand at 31 December 2021) and are represented by: (i) additional allowance for FOPEN/FONDEMAIN contributions recognised to employees who have opted, as part of the agreement entered into in May 2019 to overcome the concessions on energy tariffs for the disbursement of a fixed amount to the supplementary pension fund or in coupons up to the age of 65 regardless of the age at which they will cease service; (ii) additional monthly payments (so-called "IMA") due to employees in force as of 24/07/2001 and in accordance with Article 43 of the C.C.L. 21/02/1989; (iii) the energy discount fund allocated against the agreement entered into on 6 May 2019 to overcome electricity tariff concessions for former employees and which provides former employees who have opted for the recognition of a lump sum, the payment of a fixed annual amount of Euro 360.

For the purpose of defining the amount of the current value of the obligations, an estimate was made of the future provisions which, on the basis of development assumptions related to both the numerical development of the community and the salary development, will be provided to each employee in the case of continuation of work, retirement, death, resignation or request for anticipation. The only exception is the provision for employee bonuses, which, in view of its nature as a short-term benefit (bonuses are paid in the following year), has not been discounted. Since these premiums have a prevalent valuation component in their determination, they have been recorded under provisions and not under payables.

The main economic and financial assumptions adopted for the calculations are as follows:

Euro thousands	2022	2021
Discount rate	3.77%	1.00%
Annual inflation rate	2.30%	1.75%
Rate of increase in labour costs		
- age 40 and under	2.50%	2.50%
- age over 40 but under 55	1.50%	1.50%
- age over 55	0.5%	0.5%

In compliance with the provisions of IAS 19, a sensitivity analysis is provided for each significant actuarial assumption at the end of the year, showing the effects that there would be as a result of changes in actuarial assumptions reasonably possible at said date, in absolute terms.

Euro thousands	Change in liabilities	One year cost	Change in liabilities	One year cost
	when the rate changes -0.50%		when the rate changes +0.50%	
Employee severance indemnity (TFR)	65		(62)	
Loyalty bonus	45	43	(41)	36
Other employee benefits	20	6	(18)	5

30. Provisions for risks and charges

The breakdown of provisions for risks and charges is as follows:

Euro thousands	Provision for disputes	Provisions for charges	Total
Closing balance - 31 December 2021	14	4,393	4,407
Allocations in costs	-	377	377
Allocation in financial expenses	-	-	-
Adjustment of dismantling provisions	-	397	397
Uses		(143)	(143)
Earnings	(14)	(110)	(123)
Closing balance - 31 December 2022	-	4,914	4,914

The provision for disputes has been fully reversed as there are no longer any disputes for which there are probable liabilities for the Company. The provision for expenses refers to probable or certain liabilities of various nature, but of an estimated amount.

It mainly consists of:

- bonuses on wind and photovoltaic plant maintenance to be awarded to maintainers upon meeting certain service quality targets. The provision had an initial amount of Euro 101 thousand, was used and reversed for a total of Euro 101 thousand, and recorded new provisions of Euro 14 thousand, reaching a final amount of Euro 14 thousand;
- reclamation of public lighting systems Municipality of Aosta: the provision of Euro 104 thousand made corresponds to the commitment assumed by CVA regarding the reclamation of the lighting systems located in the Municipality of Aosta prior to their sale to the Municipality itself. The obligation still exists and has not been further moved;
- exceeding of the quotas of withdrawal allowed to CVA: the provision covers the charges for the State fees and supra-fees due in case of exceeding the quantities of derived water for the hydroelectric plants with respect to what is established by the concessions. The provision at 31 December 2022 amounted to Euro 14 thousand and refers to the excesses recorded by the Avise plant in 2018. In 2022, Euro 98 thousand was earned in respect of the additional fees requested from the BIM Valle d'Aosta Consortium on the exceedance of the Maen-Cignana plant. The risk of supra-fees can be considered to have ceased following the res judicata of the ruling of the Regional Court of Public Waters of Turin of 21 September 2021 that saw the BIM Consortium lose;

- plant restoration provision: this is the provision set up to cover the current obligations arising from the plant decommissioning obligations contained in the single authorisations issued for the Valenza and Alessandria photovoltaic plants and the Ponte Albanito, Piansano, Saint Denis and Pontedera wind plants. Their quantification was based on the value of the sureties issued in favour of the relevant municipalities. This base has been increased for the effects of inflation up to 31 December 2022 for expected inflation up to the assumed decommissioning date. This amount was then discounted to determine the value of the contractual obligation. The assumptions adopted are as follows:

	2022	2021
Discount rate	3.77%	1.00%
Annual inflation rate	2.30%	1.75%

The revision of the assumptions generated a change in the provision of Euro 323 thousand that impacted the value of the relevant assets. The discounting of the year, on the other hand, generated financial expenses of Euro 74 thousand;

- provision for compensation indemnities potentially due to the Municipality of Foggia: with reference to the Ponte Albanito plant, in the absence of an agreement regulating the economic relations with the Municipality of Foggia with reference to potential environmental compensation indemnities, an amount equal to 3% of the revenues for the sale of energy and related incentives (Euro 363 thousand) was set aside also in 2022. This percentage is a conservative estimate. The provision has a total balance of Euro 1,016 thousand;
- Property and land safety fund: in light of the increasingly frequent natural disasters, in 2020 it was decided to manage all risk situations arising from instability of land and property adjacent to regional roads. The Company's commitment to complete the activity had been measured at Euro 377 thousand, broken down as follows:
 - professional assignment to carry out the activity of defining the potential risks of the properties along the entire route of Regional Road No. 44 of Valle d'Aosta for Euro 225 thousand;
 - safety work related to potential risks in the amount of Euro 152 thousand.
- During the year, uses of Euro 54 thousand were recorded with reference to safety work and land and risk analysis carried out by professionals. The remaining portion of the provision has not changed because the Company's commitment is still current.

31. Current and non-current financial liabilities

Non-current financial liabilities amounted to Euro 484,804 thousand at 31 December 2022 (Euro 204,757 thousand at 31 December 2021), and consisted mainly of the long-term portion of bank loans and bonds held by the Company (valued with the amortised cost method), liabilities entered in respect of rights of use in accordance with IFRS 16 (as described in note 14) and to a lesser extent of the financial liabilities still outstanding for the acquisition of area rights on the land where the Valenza photovoltaic plant is located.

Euro thousands	2022	2021
NON-CURRENT FINANCIAL LIABILITIES	484,804	204,757
Bank loans	431,570	151,782
Bonds	49,618	-
Financial liabilities for leasing	2,960	2,702
Other financial payables	656	715
Financial payables to subsidiaries	-	1

Other current financial liabilities amounted to Euro 77,511 thousand at 31 December 2022 (Euro 244,835 thousand at 31 December 2021) and the breakdown is as follows:

Euro thousands	2022	2021
OTHER CURRENT FINANCIAL LIABILITIES	77,511	244,835
Bank loans	72,412	226,977
Payables to Group companies for centralised treasury	4,496	2,353
Financial liabilities for leasing	407	352
Bonds	60	60
Financial payables to subsidiaries	44	-
Financial payables to related parties	2	2
Financial payables to parent companies	-	15,001
Other financial payables	91	91

Bank loans, amounting to Euro 72,412 thousand at 31 December 2022 (Euro 226,977 thousand at 31 December 2021), represent the short-term portion of bank loans held by the Company valued with the amortised cost method and short-term loans. Payables to the Parent Company were settled as the short-term loan obtained in the previous year was repaid during the year. Payables to Group companies for centralised treasury, equal to Euro 4,496 thousand at 31 December 2022 (Euro 2,353 thousand at 31 December 2021), refer to the debit balances of centralised treasury current account transactions held with CVA EOS. The financial liabilities for leases have been described in note 14 on Rights of Use. We note liabilities for Euro 407 thousand and towards related parties for Euro 2 thousand.

The bond liability arose in November 2021 against the issue of a bond in the amount of Euro 50 million with a maturity of 7 years (22 November 2028). Payables to the Parent Company were settled as the short-term loan obtained in the previous year was repaid during the year.

Payables to subsidiaries are recorded for interest accrued in the fourth quarter on the centralised treasury account.

Other financial payables amounted to Euro 91 thousand and consist mainly of the short-term portion of financial payables for the acquisition of area rights on which the photovoltaic system of Valenza is built.

The changes in bank loans payable for the year are shown below, with a breakdown between monetary and non-monetary changes:

Counterparty	31/12/2021	Monetary net change	Non-monetary net change	31/12/2022
Intesa Sanpaolo	26,962	(17,971)	10	9,001
Intesa Sanpaolo	100,000	(100,000)	-	-
Intesa Sanpaolo	48,000	(48,000)	-	-
BNL	68,826	-	353	69,178
Mediobanca	30,000	-	3	30,003
Mediobanca	50,000	(50,000)	-	-
BEI	54,971	(11,000)	121	44,092
Bond 2021/2028	49,617	-	61	49,678
Intesa Sanpaolo 2022/25	-	75,000	579	75,579
Mediobanca 2022/25	-	100,000	129	100,129
Deutsche Bank 2022/25	-	25,000	193	25,193
BNL finanz. 2022/25	-	50,000	239	50,239
Unicredit finanz. 2022/25	-	50,000	404	50,404
Finaosta	15,001	(15,001)	-	-
Credit Agricole	-	50,000	141	50,141
TOTAL	443,377	108,028	2,235	553,640

With reference to the maturity analysis required by the standard IFRS 7 for financial liabilities, the table below shows the analysis by expiry of expected cash flows (non-discounted values) from bank loans and bonds payable recognised in the financial statements (distinguishing between interest and capital flows).

Maturity analysis at 31 December 2022

		2022				
		1 year	1-2 years	2-5 years	> 5 years	Total
Bank loans and bonds	Capital flows	70,002	11,000	422,000	50,000	553,002
	Interest flows	13,264	12,186	12,127	560	38,137
Loans from parent company	Capital flows	-	-	-	-	-
	Interest flows	-	-	-	-	-

32. Categories of financial instruments

The following table shows the values of the financial statements at 31 December 2022 and for comparative periods of financial assets and liabilities, broken down into the categories of financial instruments defined by IFRS 9.

Financial assets

Euro thousands	2022	2021
FINANCIAL ASSETS	133,207	253,642
Loans and receivables	99,951	162,578
Certificates of deposit and repurchase agreements	-	50,049
Loans receivables with associates, subsidiaries and parent companies	99,951	112,529
Financial assets available for sale	23,900	86,784
Insurance policies	23,900	86,784
Bonds	-	-
Financial assets measured at fair value	9,356	4,281
Assets for financial derivatives in hedge accounting	9,356	4,281
Assets for financial derivatives not in hedge accounting	-	-

Financial liabilities

Euro thousands	2022	2021
FINANCIAL LIABILITIES	553,640	448,055
Financial liabilities measured at amortised cost	553,640	443,377
Bank loans and bonds	-	443,377
Financial liabilities measured at fair value	-	4,678
Liabilities for financial derivatives in Hedge Accounting	-	4,136
Liabilities for financial derivatives not in Hedge Accounting	-	542

33. Fair value of financial instruments

The following table illustrates, for financial instruments recorded in the balance sheet, the fair value valuation at the end of the reference period and the related level in the fair value hierarchy previously shown, comparing it with the value recorded in the financial statements:

Fair value hierarchy at 31 December 2022

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets	133,207	-	-	193,677	-
Certificates of deposit and repurchase agreements	-	-	-	-	-
Loans receivables with associates, subsidiaries and parent companies	99,951	-	-	98,605	-
Capitalised insurance policies	23,900	-	-	86,784	-
Bonds	-	-	-	-	-
Assets for financial derivatives	9,356	-	-	8,288	-

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial liabilities	-503,499	-	-	438,069	-
Bank loans and bonds	-503,499	-	-	438,069	-
Liabilities for financial derivatives	-	-	-	-	-

Fair value hierarchy at 31 December 2021

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets	253,642	-	-	267,307	-
Certificates of deposit and repurchase agreements	50,049	-	-	50,095	-
Loans receivables with associates, subsidiaries and parent companies	112,529	-	-	2,810	-
Capitalised insurance policies	86,784	-	-	86,784	-
Assets for financial derivatives	4,281	-	-	4,281	-

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial liabilities	447,863	-	-	457,634	-
Bank loans and bonds	443,377	-	-	453,147	-
Liabilities for financial derivatives	4,486	-	-	4,486	-

In general, the fair value of financial instruments traded on regulated markets is determined using the official prices (Level 1). For financial instruments not listed on regulated markets (derivative instruments and loans), the relative fair value is instead determined using appropriate valuation models for each category, using the market data available at the reporting date and discounting expected cash flows based on the interest rate curves (Level 2 input data). With reference to cash and cash equivalents and other short-term financial assets or liabilities, the nominal value recognised in the financial statements represents a reasonable approximation of the relative fair value.

34. Trade payables

The breakdown of trade payables is shown in the following table:

Euro thousands	2022	2021
TRADE PAYABLES	26,888	17,995
Suppliers	26,063	17,454
Subsidiaries	544	502
Associated companies	-	7
Related parties	82	33

Payables to suppliers

Payables to suppliers, equal to Euro 26,063 thousand at 31 December 2022 (Euro 17,454 thousand at 31 December 2021) refer to invoices received and to be received mainly relating to routine and non-routine maintenance of production plants and energy efficiency.

Other liabilities to subsidiaries

Liabilities to subsidiaries amounted to Euro 544 thousand (Euro 502 thousand at 31 December 2021). They refer mainly to invoices to be received from the subsidiary CVA ENERGIE for energy supplied by it.

Other liabilities to related parties

Other liabilities refer to payables for invoices relating to suppliers classified as related parties for Euro 82 thousand (Euro 33 thousand at 31 December 2021). Refer to the specific section for details.

35. Payables for income taxes

Income tax payables, amounting to Euro 32,118 thousand at 31 December 2022 (Euro 19,934 thousand at 31 December 2021), mainly refer to direct taxes (IRES and IRAP) accrued during the year, tax payables for substitute tax due to the realignment of statutory tax values for Euro 1,688 thousand that was reclassified in income taxes (these payables, in the year 2021, were reclassified in "other tax payables") and the payable for the extraordinary contribution (Euro 2,269 thousand) provided for by Law No. 197/2022 calculated on the 2022 taxable income and classified pursuant to IAS 12 in income taxes.

36. Other tax payables

The breakdown of the item "other tax payables" is shown in the following table:

Euro thousands	2022	2021
TOTAL OTHER TAX PAYABLES	2,415	4,218
Payables to the tax authorities for VAT	1,718	406
Withholding tax for employees	516	438
Payables deriving from Group VAT regime	10	-
Other tax payables	171	3,373

Other tax payables mainly correspond to the VAT payable position at the end of the year. In 2022, there was a payable of Euro 1,718 for the December VAT liquidation (Euro 406 at 31 December 2021). As explained in Note 35, the item, in 2021, also included the liability for the substitute tax due for the operation to realign the statutory and fiscal values of goodwill and mentioned in Note 15 (amounting in 2021 to Euro 3,183 thousand)

37. Other current liabilities

Other current liabilities amounted to Euro 8,801 thousand at 31 December 2022 (Euro 8,768 thousand at 31 December 2021) and the breakdown is as follows:

Euro thousands	2022	2021
OTHER CURRENT LIABILITIES	8,777	8,768
Payables to employees	2,347	2,254
Payables to social security institutions	2,017	1,790
Advances from customers	1,983	3,222
Deferred liabilities	137	125
Other liabilities other related parties	61	43
Other liabilities to subsidiaries	40	39
Payables to Directors	14	31
Payables for deposits and guarantees received	5	5
Other payables	2,173	1,260

Payables to employees, amounting to Euro 2,347 thousand at 31 December 2022 (Euro 2,254 thousand at 31 December 2021) mainly refer to accrued vacation and ROL that were not paid to employees.

The item also includes payables to social security institutions, equal to Euro 2,017 thousand (Euro 1,790 thousand in 2021), such as INPS and other supplementary pension funds.

Advances from customers amounting to Euro 1,983 thousand mainly refer to advances invoiced for Energy Efficiency Interventions.

Deferred liabilities amounted to Euro 137 thousand (Euro 125 thousand at 31 December 2021) and refer mainly to capital contributions deferred over the useful life of the assets to which the facilitation refers.

Other liabilities to related parties for Euro 61 thousand consist mainly of amounts owed to the Board of Statutory Auditors for fees paid during the year, while those to subsidiaries refer to deferred income on various types of consideration.

Payables to members of the Board of Directors amounted to Euro 14 thousand.

Other payables mainly include the environmental compensation indemnities due to the Municipality of Piansano, the Province of Viterbo and the Municipality of Gello di Pontedera and to the relative Province for Euro 818 thousand, the payable for the COSAP fee of the Municipality of Piansano for Euro 80 thousand, the payable for the building rights of the wind power plant of Ponte Albanito for Euro 36 thousand, contributions to the GSE Art.1 paragraph 30 of Law 197/22 and Art. 15-bis of DL 04/22, which establish a ceiling on revenues from the production of electricity, through a compensation mechanism, applicable to the energy fed into the grid by the Pontedera, Ponte Albanito, Alessandria, Lillaz and La Tour plants for Euro 1,320 thousand.

Commitments, guarantees and contingent liabilities

Below is a breakdown of the sureties and credit lines obtained and released by the Company on the date the note was prepared:

- the Company has issued personal sureties for the benefit of suppliers to guarantee the correct fulfilment of all the contractual obligations of the subsidiaries, for a total amount of Euro 249,619 thousand at 31 December 2022 (Euro 73,446 thousand at 31 December 2021). More specifically, at 31 December 2022, the main ones refer to personal guarantees issued for:
 - CVA ENERGIE for Euro 244,269 thousand;
 - DEVAL, as distributor of the Group, for Euro 3,057 thousand;
 - VALDIGNE for Euro 2,281 thousand;
 - CVA EOS for Euro 11 thousand;
- the Company has issued personal sureties to guarantee the correct fulfilment of all the contractual obligations of the associated company TELCHA for Euro 944 thousand;
- guarantees issued by third parties in favour of third parties on behalf of the Company for Euro 3,828 thousand (unchanged compared to 31 December 2021).

Guarantees received

The Company received guarantees from customers and suppliers for the correct fulfilment of contractual obligations for a total of Euro 8,436 thousand (Euro 7,173 thousand in the previous year).

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

Law 124 of 4 August 2017, Article 1, paragraphs 125-129 (Annual Law on the Market and Competition), introduced new disclosure requirements regarding the transparency of public funding received and granted. This discipline has recently been modified by Art. 35 of Decree Law No. 34/2019 ("Growth Decree"), which has limited the obligations of transparency, excluding from the perimeter the advantages received by the beneficiary on the basis of a general regime (tax facilitations, contributions that are given to all those who meet certain conditions). The transparency rules of Law No. 124/2017 are therefore focused on bilateral relations, in which a given entity in the public sphere attributes an advantage to a particular entity in the third sector or to a specific company. As a result of this new legislation, tax facilitations were not taken into account, as they were general and not individual measures. The reporting criterion to be followed is the "cash criterion". Contributions are expressed gross of any withholding and/or other compensation. In light of the above, the grants (contributions, paid tasks, economic benefits) received by public administrations are summarised below.

Disbursing party	Amounts in Euro	Reason	Notes
GSE S.p.A.	972,057.69	GRIN incentive - Convention 000023	Incentive published on the website of GSE
GSE S.p.A.	2,041,995.96	GRIN incentive - Convention 000889	Incentive published on the website of GSE
GSE S.p.A.	173,956.80	GRIN incentive - Convention 000648	Incentive published on the website of GSE
GSE S.p.A.	632,143.98	GRIN incentive - Convention 001579	Incentive published on the website of GSE
GSE S.p.A.	551,984.46	GRIN incentive - Convention 000481	Incentive published on the website of GSE
GSE S.p.A.	221,300.71	GRIN incentive - Convention 000624	Incentive published on the website of GSE
GSE S.p.A.	4,994,544.78	GRIN incentive - Convention 001018	Incentive published on the website of GSE
GSE S.p.A.	161,943.68	Feed-In Tariff - Convention S01L232266707	Incentive published on the website of GSE
GSE S.p.A.	157,232.90	Feed-In Tariff - Convention H01L229497207	Incentive published on the website of GSE
GSE S.p.A.	160,471.55	Feed-In Tariff - Convention S01L232264707	Incentive published on the website of GSE
GSE S.p.A.	427,008.32	Feed-In Tariff - Convention H01F10829207	Incentive published on the website of GSE
GSE S.p.A.	161,539.76	Feed-In Tariff - Convention S01L242645207	Incentive published on the website of GSE
GSE S.p.A.	427,284.94	Feed-In Tariff - Convention H01F11146607	Incentive published on the website of GSE
GSE S.p.A.	4,464.94	Feed-In Tariff - Convention S01B00319806	Incentive published on the website of GSE
GSE S.p.A.	163,699.09	Feed-In Tariff - Convention S01L232264007	Incentive published on the website of GSE
GSE S.p.A.	437,180.38	Feed-In Tariff - Convention H01F11430307	Incentive published on the website of GSE
GSE S.p.A.	429,223.68	Feed-In Tariff - Convention H01F11146807	Incentive published on the website of GSE

Disbursing party	Amounts in Euro	Reason	Notes
GSE S.p.A.	162,767.57	Feed-In Tariff - Convention S01L232259507	Incentive published on the website of GSE
GSE S.p.A.	168,700.15	Feed-In Tariff - Convention S01L232261007	Incentive published on the website of GSE
GSE S.p.A.	432,054.29	Feed-In Tariff - Convention H01F10827507	Incentive published on the website of GSE
GSE S.p.A.	143,363.18	Feed-In Tariff - Convention S01L244972507	Incentive published on the website of GSE
GSE S.p.A.	429,967.36	Feed-In Tariff - Convention H01F10828407	Incentive published on the website of GSE
GSE S.p.A.	425,947.20	Feed-In Tariff - Convention H01F10828007	Incentive published on the website of GSE
GSE S.p.A.	85,260.17	Feed-In Tariff - Convention S01F10764307	Incentive published on the website of GSE
GSE S.p.A.	162,682.88	Feed-In Tariff - Convention S01L242987407	Incentive published on the website of GSE
GSE S.p.A.	153,393.25	Feed-In Tariff - Convention S01L232277807	Incentive published on the website of GSE
GSE S.p.A.	36,595.17	Incentive tariff - Convention FER000672	Incentive published on the website of GSE
TAX AUTHORITIES	78,821.14	Tax credit pursuant to Decree-Law No. 21 of 21 March 2022, coordinated with Conversion Law No. 51 of 20 May 2022 and Decree-Law No. 50 of 17 May 2022, coordinated with Conversion Law No. 91 of 15 July 2022 (so-called DL Aiuti)	
TAX AUTHORITIES	113,587.78	Tax credit under Decree-Law No. 115 of 9 August 2022, coordinated with Conversion Law No. 142 of 21 September 2022	
TAX AUTHORITIES	129,453.44	Tax credit under Decree-Law No. 144 of 23 September 2022, coordinated with Conversion Law No. 175 of 17 November 2022 (so-called Aid ter DL)	
TAX AUTHORITIES	104,808.98	Tax credit for non-energy-intensive companies (December 2022) - Art. 1 of Decree-Law No. 176 of 18 November 2022 (Resolution No. 72 of 12.12.2022)	
INPS	18,892.05	Exemption from payment of social security contributions for employers for new hirings/conversions on an indefinite-term basis in the two-year period 2021 - 2022 (Art. 1 paragraphs 10 - 15 L. 178/2020)	

Management and coordination activities

For as required pursuant to Art. 2497 and following of the Civil Code, reference is made to the Report on Operations.

Related Parties

With regard to the identification of the economic-equity relations with related parties and for the definition of "related party", reference is made to the international accounting standard IAS 24, approved by EC Regulation No. 1725/2003. Transactions with the companies belonging to CVA, as well as with the other related parties - mainly the Region and FINAOSTA, as well as the other subsidiaries and associates - are governed by specific contracts. The following tables summarise the economic and financial relations between the Company and the other related parties in 2022:

Receivables from related parties

Euro thousands	2022					2021				
	Rights of Use (IFRS 16)	Financial receivables	Trade receivables	Tax receivables	Other receivables	Rights of Use (IFRS 16)	Financial receivables	Trade receivables	Tax receivables	Other receivables
Parent Company	-	-	-	-	-	-	-	-	-	-
<i>Finaosta S.p.A.</i>	-	-	-	-	-	-	-	-	-	-
Subsidiaries	-	454,525	22,509	38,860	2,441	-	289,346	32,279	7,764	-
<i>CVA Energie S.r.l. a.s.u.</i>	-	336,516	21,170	38,675	2,441	-	173,235	31,052	5,012	-
<i>Deval S.p.A. a.s.u.</i>	-	37,388	605	186	-	-	31,224	543	-	-
<i>CVA EOS S.r.l.</i>	-	69,171	337	-	-	-	78,017	275	2,158	-
<i>Valdigne Energie S.r.l.</i>	-	11,450	397	-	-	-	6,869	409	594	-
Associated Companies	-	7,006	4	-	-	-	7,622	1	-	-
<i>Téléchauffage Aoste S.r.l.</i>	-	7,006	4	-	-	-	7,622	1	-	-
<i>Le Brasier S.r.l.</i>	-	-	-	-	-	-	-	-	-	-
Other Finaosta Group companies	-	-	-	-	-	-	-	-	-	-
Other related parties	1	-	55	-	571	3	-	43	-	575
TOTAL	1	461,532	22,568	38,860	3,011	3	296,968	32,324	7,764	575

Payables to related parties

Euro thousands	2022					2021				
	Rights of Use (IFRS 16)	Financial payables	Trade payables	Tax payables	Other payables	Rights of Use (IFRS 16)	Financial payables	Trade payables	Tax payables	Other payables
Parent Company	-	-	-	-	-	-	15,001	-	-	-
<i>Finaosta S.p.A.</i>	-	-	-	-	-	-	15,001	-	-	-
Subsidiaries	-	4,540	544	2,170	40	-	2,353	502	242	39
<i>CVA Energie S.r.l. a.s.u.</i>	-	-	484	-	-	-	-	411	-	-
<i>Deval S.p.A. a.s.u.</i>	-	-	7	-	40	-	-	24	242	39
<i>CVA EOS S.r.l.</i>	-	4,540	54	764	-	-	1,923	67	-	-
<i>Valdigne Energie S.r.l.</i>	-	-	-	1,406	-	-	430	-	-	-
Associated Companies	-	2	-	-	-	-	2	7	-	-
<i>Téléchauffage Aoste S.r.l.</i>	-	-	-	-	-	-	-	7	-	-
<i>Le Brasier S.r.l.</i>	-	2	-	-	-	-	2	-	-	-
Other Finaosta Group companies	-	-	-	-	-	-	-	-	-	-
Other related parties	2	-	82	-	75	3	2	33	-	74
TOTAL	2	4,542	626	2,170	115	3	17,357	542	242	112

Revenues and other income with related parties

Euro thousands	2022			2021		
	Revenues from sales and services	Other revenues and income	Financial income	Revenues from sales and services	Other revenues and income	Financial income
Company						
Parent Company	-	-	-	-	-	-
<i>Finaosta S.p.A.</i>	-	-	-	-	-	-
Subsidiaries	140,244	5,305	14,718	184,154	465	9,847
<i>CVA Energie S.r.l. a s.u.</i>	136,549	4,877	8,581	180,586	58	5,122
<i>Deval S.p.A. a s.u.</i>	1,929	424	663	1,786	407	2,135
<i>CVA EOS S.r.l.</i>	1,078	-	2,084	1,097	-	2,325
<i>Valdigne Energie S.r.l.</i>	688	4	3,390	685	-	265
Associated Companies	6	-	245	6	-	265
<i>Téléchauffage Aoste S.r.l.</i>	6	-	245	6	-	265
<i>Le Brasier S.r.l.</i>	-	-	-	-	-	-
Other Finaosta Group companies	-	187	-	-	121	-
Other related parties	-	344	-	-	333	-
TOTAL	140,250	5,835	14,964	184,160	919	10,113

Costs and expenses with related parties

Euro thousands	2022			2021		
	Operating costs	Amortisation/depreciation	Financial expenses	Operating costs	Amortisation/depreciation	Financial expenses
Company						
Parent Company	-	-	37	-	-	-
<i>Finaosta S.p.A.</i>	-	-	37	-	-	-
Subsidiaries	3,416	-	56	1,943	-	6
<i>CVA Energie S.r.l. a s.u.</i>	3,193	-	-	1,904	-	6
<i>Deval S.p.A. a s.u.</i>	7	-	-	6	-	-
<i>CVA EOS S.r.l.</i>	216	-	56	34	-	-
<i>Valdigne Energie S.r.l.</i>	-	-	-	-	-	-
Associated Companies	-	-	-	-	-	-
<i>Téléchauffage Aoste S.r.l.</i>	-	-	-	-	-	-
<i>Le Brasier S.r.l.</i>	-	-	-	-	-	-
Other Finaosta Group companies	-	-	-	-	-	-
Other related parties	19,507	1	-	18,965	1	-
TOTAL	22,922	1	93	20,908	1	6

Relations with the parent company Finaosta S.p.A.

On 27 December 2021, the parent company granted a loan of Euro 15,000 thousand in the form of a trade credit policy maturing on 27 December 2022 at an interest rate of 0.50%, settled during the year.

Relations with subsidiaries and other CVA Group companies

The main relations with related parties involve subsidiaries and other CVA Group companies. More specifically, the nature of these Intra-group relations is related to the following aspects:

- tax consolidation: the company, as regards the IRES tax, opted for the taxation regime pursuant to Art. 117 of the TUIR Tax Code, Presidential Decree 917/86 the "National Tax Consolidation" with its subsidiaries. In particular, the agreement provides for the determination of a taxable income for the purposes of unitary IRES for the consolidating company CVA, resulting from the algebraic sum of the positive and negative taxable income of the companies adhering to the agreement. With respect to the transfer to the parent company of tax losses, exceeding of Gross Operating Income or non-deductible interest rates, the Subsidiaries is paid a fee that takes into account their concrete possibility of fully exploiting the resulting tax advantage;
- Group VAT settlement: the Company has adhered to the Group VAT settlement regime, including CVA TRADING, VALDIGNE ENERGIE, CVA EOS within the scope;
- Centralised treasury: current account contracts are in place between the parent company and its subsidiaries, in order to guarantee centralised treasury to better manage the availability and provision of infra-group liquid resources;
- loans: the Company has granted long-term interest-bearing loans to its subsidiaries at market rates (at the time of signing);
- Outsourcing services: these are accounting and tax services (accounting, tax consultancy, cash management, UTF management, accounting unbundling for ARERA and other administrative services of various kinds), financial and treasury management services, technical services (services regarding the environment and safety at work and services related to real estate), auditing and supervisory services pursuant to Legislative Decree 231/2001, budgeting and management control services, fixed asset management services, legal services, communication and information technology services, personnel and human resources management services, purchasing and procurement management services, staff services;
- business relations: the parent company and the companies belonging to the Group have commercial relations of various kinds, regulated at market conditions. The main relations are held with CVA ENERGIE and have concerned the following aspects:
 - supply of electricity by CVA ENERGIE;
 - CVA has benefited from the service offered by the subsidiary regarding the management and determination of tariff concessions due to some employees as users of the Greater Protection service;
 - the Company sold to its subsidiary the energy generated with the plants it owns;
 - the Company sold to the subsidiary the Guarantees of Origin on the production of energy from a renewable source;
- dividends: the Company has acquired the right to obtain dividends approved by its subsidiaries;
- other services: in addition to the above, the parent company and the companies belonging to the Group hold further relations, of which the main ones include support services for the management of plants, the leasing of instrumental properties and the recharging of services purchased from third parties.

Relations with other related parties

The subsidiaries of FINAOSTA, the Region and its direct subsidiaries have been qualified as related parties; relations with these parties are mainly of a commercial nature and pertain to services provided to all customers or, in the specific case of the Region, deriving from economic relations between the concession-holder and the concessionaire with reference to hydroelectric concessions. The fees due to the Region for the exploitation of water for hydroelectric purposes are, in fact, of paramount importance with their value of Euro 18,009 thousand.

It should be noted that the accounting treatment as required by IFRS 16 has led to the emergence of fixed assets and financial liabilities attributable to lease contracts with related parties. Specifically, these are fees for crossings due to the Region.

Instead, as regards the members of the Board of Directors and the Board of Statutory Auditors, there are no further relations in addition to the offices held at the Company and from which the related remuneration and economic benefits derive.

It should be noted that in December 2022, to the Chair of the Board of Statutory Auditors of CVA, the Company invoiced, on the basis of a contract signed on 10 May 2022, services related to energy efficiency and building renovation works for a total amount, gross of discounts and net of VAT, of Euro 372,072. At the end of the financial year 2022, the invoices were fully paid.

Managers of the company with the power to direct its strategies are also considered related parties. For this reason, the costs to related parties include the remuneration paid to them.

Fees of the Corporate Bodies

Below is the information concerning the fees paid to directors and statutory auditors, as well as to members of the Supervisory Body pursuant to Art. 2427, point 16 of the Civil Code:

Type of services	2022 fees	2021 fees
Directors' fees	113,175	110,520
Auditors' fees	84,422	84,240
Supervisory Body fees	11,486	13,808

Independent auditors' fees

For the information required pursuant to Article 2427 point 16-bis of the Civil Code, reference is made to the relative note of the Consolidated Financial Statements.

Significant events after year-end

Pursuant to Article 2427, paragraph 1, number 22-quater of the Civil Code, with reference to significant events occurring after the end of the year, please refer to the information in the appropriate section of the Report on Operations.

Proposal for the allocation of the profit of the year

To the Sole Shareholder

We submit for your approval the financial statements of the Company at 31 December 2022, which show a profit of Euro 59,776,772 which we propose to allocate for Euro 2,988,839 - equal to 5% of the profit - to "Legal Reserve". With regard to the remainder of Euro 56,787,933, we propose that you distribute 56.9% of the net profit in the amount of Euro 34,009,500, and carry forward the remaining Euro 22,778,433.18.

Châtillon, 3 May 2023

CEO
Giuseppe Argirò



The Chair
Marco Cantamessa





**Compagnia Valdostana delle Acque S.p.A. -
Compagnie Valdôtaine des Eaux S.p.A.**
Financial statements as at December 31, 2022

Independent auditor's report pursuant to article 14 of Legislative
Decree n. 39, dated 27 January 2010, and article 10 of EU
Regulation n. 537/2014

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Sole Shareholder of
Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. (the Company), which comprise the Statement of Financial Position as at December 31, 2022, the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 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 Financial Statements section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
<p>Impairment test of goodwill</p> <p>As of December 31, 2022, goodwill amounts to Euro 188.217 thousand and refers for Euro 172.876 thousand to the "Hydroelectric" cash generating unit ("CGU") and for Euro 15.341 thousand to the "Other Fer" CGU. Based on the impairment test performed as of December 31, 2022, the recoverable value of the CGUs did not highlight any impairment loss. The processes and methodologies used to evaluate and determine the recoverable amount of each CGU, are based on assumptions that are in some cases complex and that, due to their nature, imply the use of judgement by Management, in particular with reference to the forecast of future cash flows and to the estimate of the long-term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgment required and the complexity of the assumptions applied in estimating the recoverable amount of goodwill, we considered this area a key audit matter. Disclosures related to the assessment of goodwill are reported in note 15 "Goodwill".</p>	<p>Our audit procedures in response to the key audit matter included, among others:</p> <ul style="list-style-type: none"> ▶ the assessment of the processes implemented by the Company with reference to the criteria and methodology of the impairment test; ▶ the validation of the CGUs perimeter and test of the allocation of the carrying value of the Company's assets to each CGU; ▶ the assessment of the reasonableness of the future cash flow forecasts utilized in the fair value determination; ▶ the assessment of the consistency of the future cash flow forecasts of the CGU with the business plan; ▶ the assessment of forecasts in light of their historical accuracy; ▶ the assessment of the reasonableness of long-term growth rates and discount rates. <p>In performing our analysis, we involved our experts in valuation techniques, who performed an independent recalculation and carried out sensitivity analyses on the key assumptions in order to determine which changes in the assumptions could materially affect the recoverable amount. Lastly, we reviewed the adequacy of the disclosure provided in the notes to the separate financial statements with regards to the valuation of goodwill.</p>

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, 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 have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A., in the general meeting held on March 15, 2022, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. are responsible for the preparation of the Report on Operations of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the applicable laws and regulations. We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations with the financial statements of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

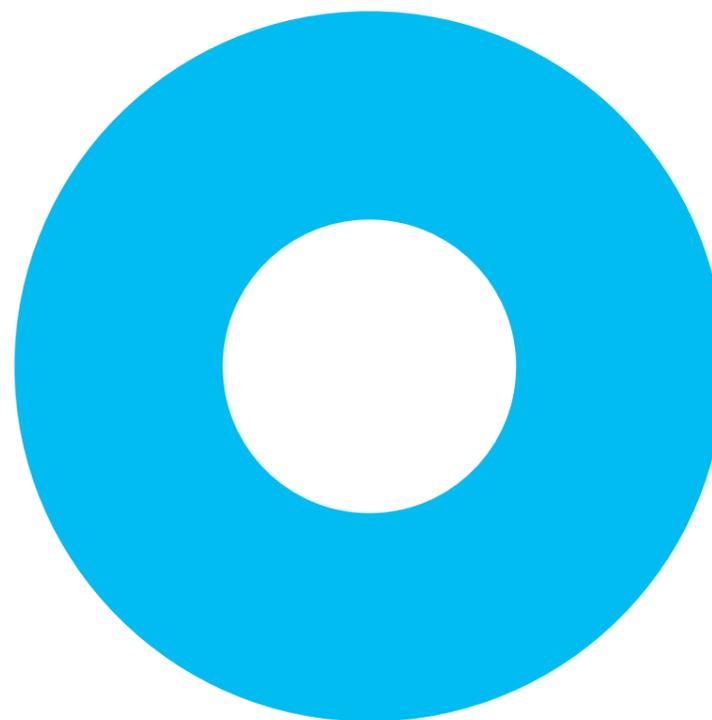
The Directors of Compagnia Valdostana delle Acque S.p.A. – Compagnie Valdôtaine des Eaux S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Turin, June 6, 2023

EY S.p.A.
Signed by: Luigi Conti, Auditor

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.



Report of the Board of Statutory Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE.

To the Shareholders' Meeting of C.V.A. s.p.a. a s.u.

During the year ended 31 December 2022, our audit was inspired by the provisions of the Law and the *Rules of Conduct of the Board of Auditors* issued by the National Council of Chartered Accountants and Accounting Experts.

▪ **Supervisory activities**

We attended the Shareholders' Meetings and Board of Directors' Meetings, during which, in relation to the transactions approved, on the basis of information acquired, we did not become aware of any violations of the law or the by-laws, nor of any transactions which were manifestly imprudent or risky, in potential conflict of interest or such to put the company's equity at risk.

During the meetings held, the administrative body and company structures provided us with information on the general performance of the company and its business outlook and the most significant transactions for their size or nature, carried out by the company and its subsidiaries. Based on the information acquired, we have no particular observations to report.

We acquired information from the statutory auditor of accounts during the meeting held and, with respect to as reported, no significant data and information emerged that require highlighting in this report.

We acquired information from the Auditors of the subsidiaries during the meetings held and no significant data and information emerged that require highlighting in this report.

We acquired information from the Supervisory Body and no critical issues emerged with respect to the organisational model that require highlighting in this report.

We acquired information and monitored, insofar as competent to do so, the adequacy and functioning of the internal control system and attest that all the directives, procedures and operating practices adopted by the company are suitable for achieving the strategic, operating, reporting and compliance objectives.

To the extent of our competence, we examined and monitored the adequacy and functioning of the company's organisational structure, also by collecting information from the heads of the functions. In this regard, we have no particular observations to report.

To the extent of our competence, we acquired knowledge of and supervised the adequacy and functioning of the administrative and accounting system, and the reliability of the latter in correctly representing management facts, by obtaining information from the heads of functions and the statutory auditor of accounts and by examining company documents. In this regard, we have nothing to report.

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

We made no reports to the administrative body pursuant to article 15 of Decree-Law No. 118/2021.

No opinions were issued during the year.

In the course of the supervisory activity, as described above, no other significant facts emerged that would require mention in this report.

▪ **Supervisory activities pursuant to Legislative Decree no. 39/2010**

Article 19 of Legislative Decree 39/2010 identifies the Internal Control and Audit Committee in the Board of Statutory Auditors (for companies administered using the traditional method) and assigns the following specific tasks to it:

- a) informing the administrative body of the audited entity of the outcome of the statutory audit and sending the additional report referred to in Article 11 of the European Regulation to this body, accompanied by any observations;
- b) monitoring the financial reporting process and presenting recommendations or proposals aimed at guaranteeing its integrity;
- c) monitoring the effectiveness of the internal quality control and risk management systems of the company and, where applicable, of the internal audit, as regards the financial information of the audited entity, without violating its independence;
- d) monitoring the statutory audit of the annual financial statements and the consolidated financial statements, also taking into account any results and conclusions of the quality controls performed by CONSOB pursuant to Article 26, paragraph 6, of the European Regulation, where available;
- e) verifying and monitoring the independence of statutory auditors or statutory auditing companies pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of this decree and Article 6 of the European Regulation, in particular as regards the adequacy of the provision of non-audit services to the audited entity, in accordance with Article 5 of said regulation;
- f) being responsible for the procedure for the selection of statutory auditors or auditing firms and recommending statutory auditors or auditing firms to be appointed pursuant to Article 16 of the European Regulation.

With reference to the activities provided by Legislative Decree 39/2010, the following is noted:

A) Information to the Board of Directors on the outcome of the statutory audit and the additional report pursuant to Art. 11 of the European Regulation.

On 6 June 2023, the independent auditors EY s.p.a. issued the additional report pursuant to Article 11 of Regulation no. 537/2014, from which no elements to report emerged and which will be sent with our comments to the company's Board of Directors.

B) Supervisory activities on the financial reporting process

The Board of Statutory Auditors has served as CCIRC since 22 November 2021; during the financial year ended 31 December 2022, it monitored the financial reporting process, with specific meetings with the Administration, Finance Control and Services Department, the functions concerned and the independent auditors.

C) Supervisory activities on the internal control system

The Board of Statutory Auditors has been in charge of the CCIRC since 22 November 2021; during the financial year ended 31 December 2022, it supervised the effectiveness of the internal control system in light of the tasks assigned by Art. 19, with specific meetings with the Administration, Finance Control and Services Department, the functions concerned and the independent auditors.

D) Supervisory activities on the statutory audit of the annual financial statements and consolidated financial statements

From the date of appointment of the independent auditors (15 March 2022), the Board of Statutory Auditors met with the audit team on several occasions to discuss and update the planning and progress of the auditing activities.

On 6 June 2023, the independent auditors issued the audit report on the annual financial statements at 31 December 2022 of CVA spa a s.u., the audit report on the 2022 consolidated financial statements and the additional report pursuant to Art. 11 of Regulation 537/2014.

In particular, it should be noted that the aforementioned reports contain an unqualified opinion on the separate and consolidated financial statements for 2022.

E) Verification of the independence of the independent auditors, in particular as regards the provision of non-audit services

The Board of Statutory Auditors monitored the independence of the independent auditors, with evidence of the assignments other than auditing services performed for the CVA group.

▪ **Non-Financial Statement**

The Board of Directors of CVA spa a s.u. approved on 3 May 2023 the Consolidated Non-Financial Statement / Sustainability Report 2022, drawn up pursuant to Legislative Decree 254/2016.

The Board of Auditors acknowledges that the NFS has been updated with data from the 2023-2027 business plan.

On 6 June 2023, the auditors issued their report on the conformity of the information provided in the Consolidated Non-Financial Statement with the law and the reporting standard adopted.

The Board of Statutory Auditors monitored compliance with the provisions of the aforementioned legislative decree and has no observations to report.

▪ **Annual Financial Statements**

We examined the draft annual financial statements for the year ended 31 December 2022, provided to us in the terms of Art. 2429 of the Civil Code, regarding which we report as follows.

As we are not responsible for the statutory audit of the financial statements, we have monitored the general format and its compliance with the law with regard to the formation and structure and in this regard, we have nothing to report.

The financial statements for the year ended 31 December 2022 comprise the statement of financial position, the income statement, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, and with the laws and regulations in force in Italy.

The note contains the information required by Art. 2427 of the Civil Code and the information required by Art. 2427-bis of the Civil Code, relating to derivative financial instruments and for financial fixed assets recorded at a value higher than their fair value; the note provides full information on commitments, guarantees and potential liabilities not shown in the balance sheet. The notes contain the information envisaged by Art. 1 paragraph 125 of Law No. 124/2017 on the obligation of transparency and

communication of public grants received/collected during the financial year 2022.

The report on operations contains the information required by Art. 2428 of the Civil Code and also reports the information required by the resolution of the Regional Council of the Autonomous Region of Valle d'Aosta No. 1126/XVI of 16 December 2021, which set the objectives on the general complex of operating expenses, including personnel costs, for subsidiaries; the ratio of operating costs to revenues for the financial year 2022 of C.V.A. spa a s.u. guarantees the general economic balance and financial statements as set by the aforementioned resolution.

On 6 June 2023, the independent auditors EY spa issued the report drawn up pursuant to Art. 14 of Legislative Decree 39/2010 containing a positive and unqualified opinion on the 2022 financial statements of CVA spa a s.u.

To our knowledge, the Directors, in drafting the financial statements, did not derogate from the rules of law pursuant to Art. 2423, paragraph 4 of the Civil Code.

▪ **Consolidated Financial Statements**

We have also examined the draft consolidated financial statements for the year ended 31 December 2022 and made available to us in accordance with the terms of Art. 2429 of the Civil Code, together with the draft financial statements of the parent company and the related reports on operations. The closing date of the financial statements of the companies included in the consolidation, which have already been approved by their respective meetings, coincides with the closing date of the financial statements of the consolidating company.

The Consolidated Financial Statements for the year 2022 consist of the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related Notes to the Consolidated Financial Statements and show the following figures (Euro thousands):

Profit for the year Euro 164,404

Total assets Euro 2,004,445

Consolidated equity Euro 878,873

The scope of consolidation includes companies that the parent company directly or indirectly controls, joint ventures and associated companies; specifically, it includes the following five group companies: C.V.A. spa a s.u., C.V.A. Energie srl a s.u., Deval spa a s.u., Valdigne Energie s.r.l., C.V.A. Eos s.r.l. a s.u..

According to the provisions of Art. 41, paragraph 1 of Italian Legislative Decree No. 127/1991, the control that ascertains the regularity and correspondence of the consolidated financial statements with the accounting records of the parent company and the information sent by the companies included in the consolidation is delegated to the company appointed for the Statutory Audit, EY spa, which, in the report issued on 6 June 2023, certified that "the Consolidated Financial Statements provide a true and correct representation of the assets and financial situation of the Group at 31 December 2022, of the economic result and of the cash flows for the year closed on the same date, in accordance with the International Financial Reporting Standards adopted by the European Union, and with the provisions issued in implementation of Art. 9 of Legislative Decree 28 February 2005, No. 38".

Within the scope of its tasks and duties, the Board of Statutory Auditors is therefore limited to acknowledging that it has reviewed the consolidated financial statements and the notes thereto, the report on operations and the report of the independent auditors; it believes that the scope of consolidation has been complied with and that the consolidation principles have been correctly applied and therefore has no observations, exceptions or proposals to submit to the Shareholder.

▪ **Conclusions**

Also considering the results of the activity performed by the statutory auditor of accounts contained in the audit report of the financial statements, the Board of Statutory Auditors proposes to the Shareholders to approve the financial statements for the year ended 31 December 2022 as prepared by the directors.

Saint-Christophe, 6 June 2023

The Board of Statutory Auditors

Massimo Scarrone, Chair _____

Federica Paesani, Standing Auditor _____

Carmelo Marco Termine, Standing Auditor _____



C.V.A. S.p.A. a s.u.

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