

# 2021 Annual Financial Statements



**CVA** 

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 31/12/2021

### Company data

Legal Form	Single shareholder S.p.A.
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](http://www.cvaspa.it)

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# CORPORATE BODIES

## Board of Directors

*Chair of the Board of Directors.*

**Marco Cantamessa**

*Chief Executive Officer*

**Giuseppe Argirò**

*Directors*

**Monique Personnettaz**

**Marzia Grand Blanc**

**Fabio Marra**

## Board of Auditors

*Chair of the Board of Auditors*

**Marco Termine Carmelo**

*Standing Auditors*

**Federica Paesani**

**Guido Bosonin**

## 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,

We are writing this letter at a time in history that continues to prove to be particularly complex and unpredictable globally, with important and sometimes dramatic repercussions for our country, the Valle d'Aosta Region, as well as the energy sector. At this complex juncture, the CVA Group (hereinafter also referred to as the "**Group**") demonstrated in 2021 the ability to operate successfully, preparing organically for the important challenges that await it in the years ahead.

The year 2021 saw a gradual easing of the COVID-19 pandemic situation. This was accompanied by a significant economic rebound, due to the release of global demand that remained compressed during 2020, as well as major public measures to stimulate the economy. This rebound, while obviously welcome, has at the same time caused violent and unbalanced dynamics in global supply chains, leading to supply difficulties in all sectors, and strong volatility in commodity prices including energy. The European gas price, which is known to be a direct driver of Italian electricity prices, saw unprecedentedly large increases in the fourth quarter of 2021 due to reduced storage, nuclear power plant closures, and, most importantly, the very sharp escalation of geopolitical tensions, which then culminated in the Russian aggression against Ukraine in February 2022.

Such a "bullish" situation, at first glance, might appear as an ideal scenario for a Group like CVA, focused on renewable energy production. However, just as a beautiful slope of fresh snow that invites skiers downhill hides the pitfall of hidden rocks and avalanches, a situation such as the one outlined above carries with it major risks, and these must be carefully managed. Specifically, the Group was faced with supply problems in the extraordinary maintenance sites of power plants and in the recently launched Business Unit dedicated to energy efficiency in buildings. It had to manage complex relationships with both its retail and business customers, already tested by the pandemic and now by major price increases, by initiating new commercial policies that balanced corporate profitability goals with those of sustainable pricing and trade receivables.

It has, finally, had to develop new procedures and build up significant financial support, such that hedging operations on energy prices can continue in a market characterised by unprecedented volatility.

During 2021, however, the Group did not only operate "defensively" against events, and resolutely began the implementation of its ambitious Strategic Plan 2021-2025. To this end, several actions were put in place. First, the Group's "top management team" was strengthened with the establishment of the position of General Manager and the identification of a new Chief Executive Officer.

This has made it possible to ensure a stronger and broader oversight of expertise, and one that can cope with the multiple perspectives required to manage both internal decision-making processes and the Group's external and institutional relations. This is particularly relevant when considering that the Group is moving in a sector, and at a historical moment, in which regulatory changes are critical, touching on aspects such as energy pricing, the way in which large-scale hydroelectric concessions are awarded, the so-called permitting of projects for new plants and repowering and revamping of existing ones, and the status of public subsidiaries.

In addition to this action on the management team, additional hires and organisational changes aimed at implementing the Strategic Plan followed. Therefore, areas such as strategic analysis, Program and Project Management, and management of funding opportunities arising from PNRR and the European Union have been enhanced.

The "other RES" Business Unit (i.e., other than hydro) was strengthened by moving dedicated personnel to the subsidiary CVA EOS, merging CVA Smart Energy into CVA EOS, and initiating the process that will lead to the internalisation of Asset Management activities into CVA EOS. Also in relation to the Strategic Plan, applications have been filed for two major hydroelectric plant revamping projects in Valle d'Aosta while, in the "other RES" Business Unit, an important portfolio of investment opportunities in new plants consistent with Plan objectives has been developed and for which the first authorisation processes have been activated.

Activities related to energy efficiency have seen further growth in the portfolio related to the so-called Superbonus 110% (to date amounting to Euro 113 million), and the first EPC contract for the construction and operation of an industrial trigeneration plant was initiated. At the same time, the subsidiary Deval S.p.A. has started the project of "mass" replacement of electricity meters with second-generation models, which will open up the possibility of introducing new and innovative customer services.

Finally, Open Innovation activities continued, with the continuation of feasibility studies in the field of green hydrogen and energy communities, and with the launch of a collaborative R&D project on storage technologies with second life batteries. On the financial side, as is well known, the Group intends to support the Strategic Plan with a diversification of sources, launching a program of issuing listed bonds.

The year 2021 saw the first such issuance, with a Euro 50 million private placement, building the skills and processes needed for future, and much more challenging, operations. In the course of such an uncertain and complex year, the value of the organisation and the Group's entire personnel, who have contributed decisively to the company's excellent performance and to the management of the issues that have arisen, emerges clearly. Under various circumstances, and even with the complications related to the working methods still imposed by the pandemic counteracting regulations, the CVA "team" showed that it never skimped on its commitment and expressed great professionalism, scrupulously managing current activities, and creatively proposing solutions such that problems could be solved and virtuous paths identified for a future that is certainly challenging, but also promising.

## History and data of the CVA Group

The history of the Company and the CVA Group, which has recently celebrated its first twenty years, can be summarised in a few key stages. The birth of C.V.A. S.p.A. a.s.u. (hereinafter referred to as "**CVA**" or the "**Company**" or the "**Parent Company**") dates back to the liberalisation of the electricity market which took place thanks to Legislative Decree no. 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 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 debt 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**").

In this scenario full of potential for growth and development, but also characterised by a fierce competitive intensity, CVA had to deal with its nature as a public company and with a national legislator who introduced the TUSP with the dual purpose of having inactive or loss-making public companies liquidated and preventing entities and public administrations from holding companies operating in markets exposed to competition.

In this context, the CVA Group entered a new phase, which began at the end of 2016, when the Shareholder started the process of listing on the Stock Exchange, which at that time was required by the rules contained in the original text of the TUSP in order to prevent the sale of the shareholding.

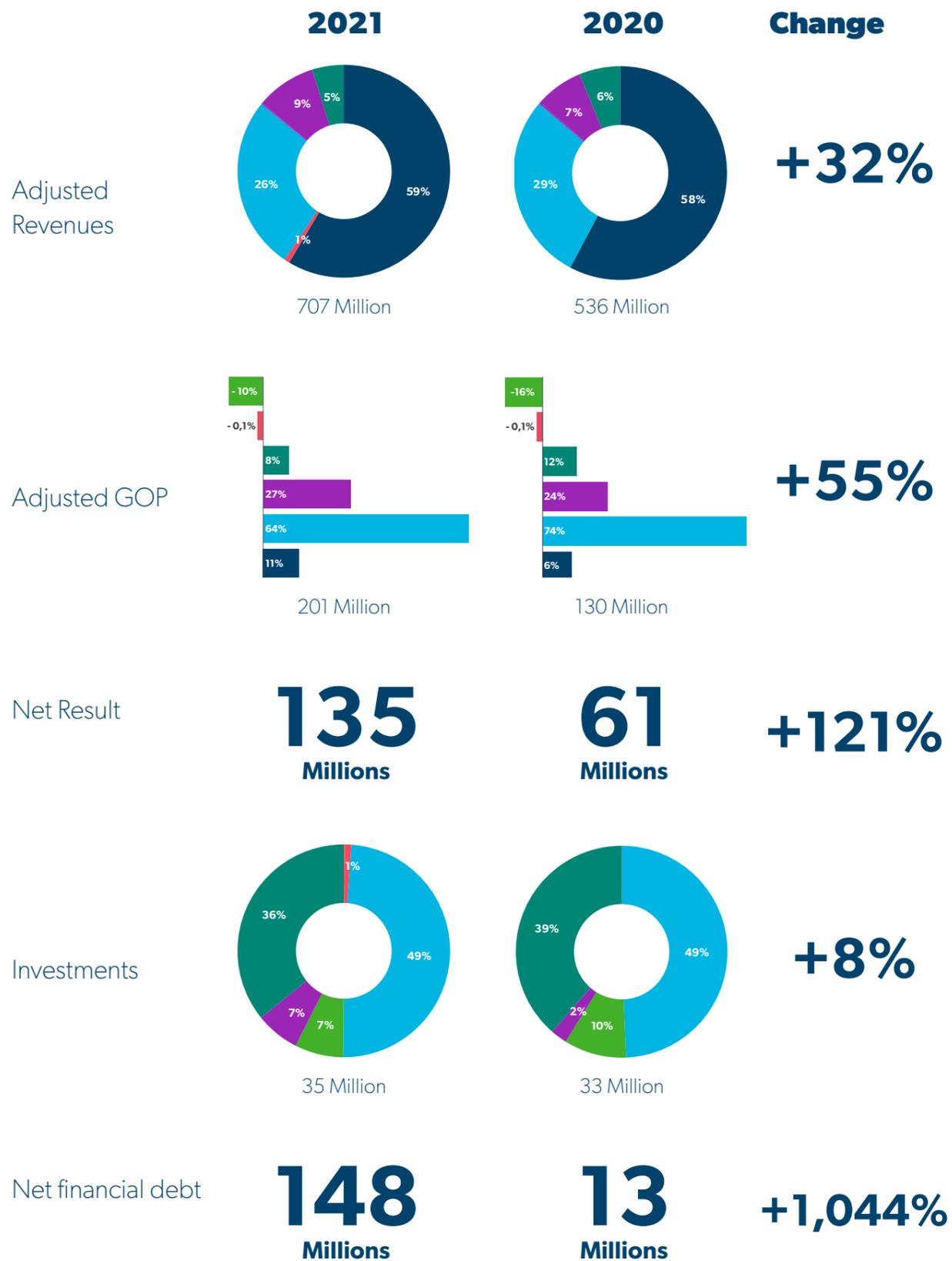
Until 2018, the Company therefore worked and structured itself in such a way as to be able to complete the listing process, developing skills and know-how that would allow it to manage its entry and stay in the stock market, reaching a new level of maturity in its organisational structure, management control systems and information systems. Thanks to this, the Company was also able to benefit from a temporary exemption from the application of the TUSP, which lasted until March 2018, and which allowed it to complete the acquisition of the Monteverde wind farm.

Subsequently, the failure to complete the listing - which was suspended by the Shareholder - and the termination of the exemption period, brought the CVA Group back under the TUSP. This clearly demonstrated the incompatibility of these regulations with the development and growth plans of a company that competes on the energy market with national and international players.

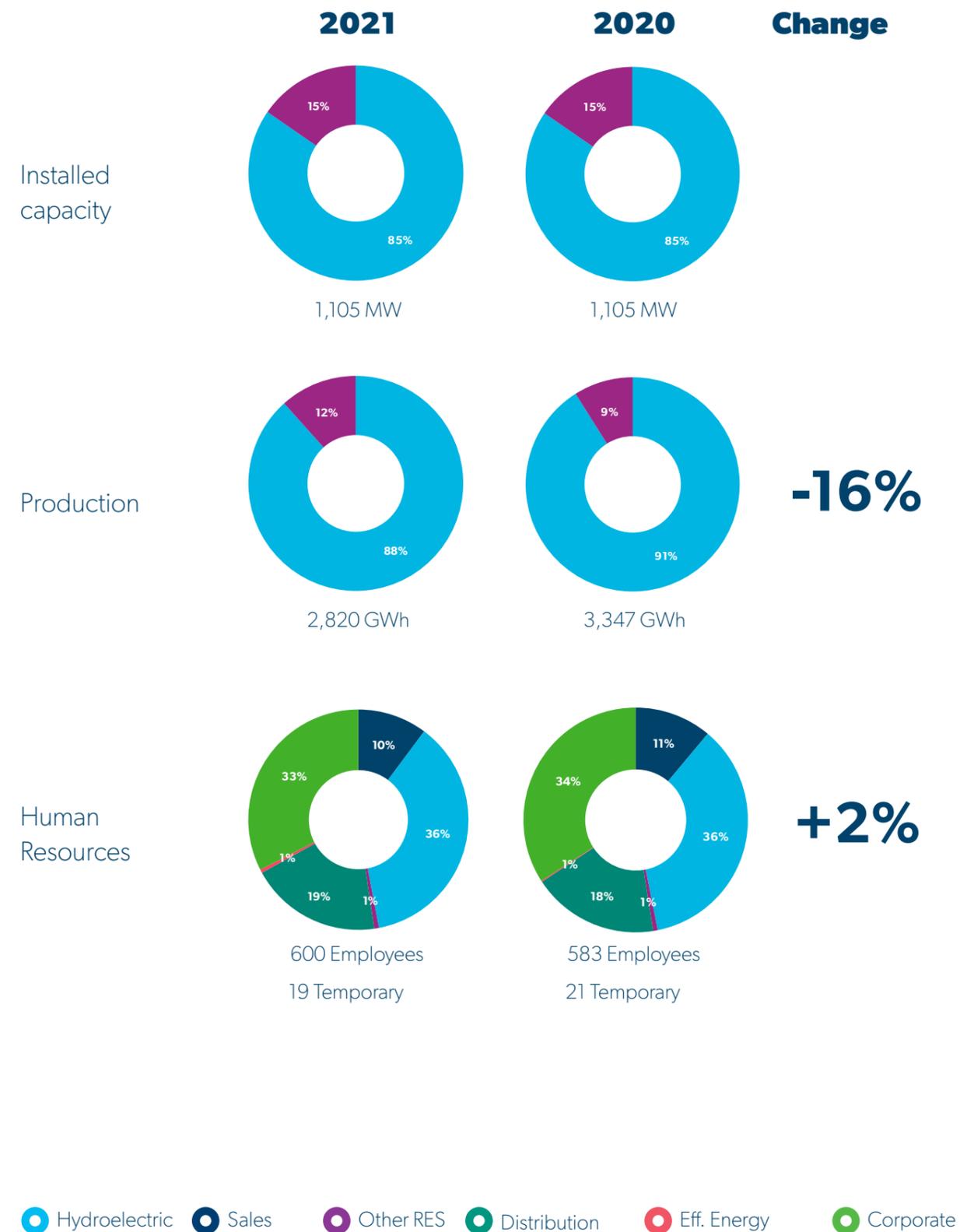
The operating methods set forth in the Strategic Plan 2021-2026 are designed in such a way as to allow for a path of development despite the presence of these limitations. However, this does not detract from the fact that, if these were removed, the Group would be able to act more efficiently, effectively, and quickly.

# 2021 at a glance

## Economic and financial information



## Operating figures



● Hydroelectric 
 ● Sales 
 ● Other RES 
 ● Distribution 
 ● Eff. Energy 
 ● Corporate

# The future

The current year, as well as future years, are fraught with opportunity, but also with uncertainty, leading to issues that cannot be disregarded in communication with the Shareholder.

On the opportunity side, the dramatic war events of recent months have shown how important it is for Western European countries to regain energy sovereignty. This can only strengthen the push for investment in renewable generation facilities and, in particular, hydroelectric plants, which are characterised by a particularly valuable production profile in order to ensure the continuity of electricity supplies. The validity of the Group's core business is thus further confirmed, being able to lean not only on climate change policies, but also on more immediate and cogent security objectives in the geopolitical context.

On the side of the complexities to be governed, however, it must be recorded that while investment in this area appears urgent and important to any observer, the responsiveness of the institutional system at different levels does not appear to be working in the direction of creating the most suitable conditions for this. It is painful to say, however, for more than a hundred years, whenever our country was faced with the need to increase its electrical generating capacity, the response was immediate, and soon engineers, surveyors and labourers were sent to the slopes and valleys, who succeeded very quickly and, shedding sweat, and sometimes even their lives in dramatic work accidents, in delivering those works on which our prosperity rests today, and which CVA and the other companies in the sector have the honour of managing and maintaining. Today, we find ourselves in a geopolitical situation quite similar to the energy crises of the past, although today we can rely on far more effective and safer construction technologies. However, companies in the sector are forced to work not for the implementation of investments, but to work almost exclusively to understand, analyse, and sometimes oppose rules and regulations that do not promote the revitalisation of investments, but in fact suspend, in part by postponing it, the pursuit of energy autonomy and the fight against climate change.

It is therefore critical to ensure that a regulatory framework emerges that is not punitive and technically confusing, but one that is such as to ensure a full and stable balance between the different needs at stake.

While it is correct in the abstract to ensure that the renewal of hydroelectric concessions leads to contestability of the concessions, so as to avoid the protraction of annuities of position, this must be done in such a way that the technical capacity to operate the plants efficiently and safely is put first, that a balanced playing field is ensured with rules that respect reciprocity on the European level, between the different national and international players, and that a timely start of repowering and revamping investments is facilitated. It is also necessary, as certified punctually by the Parliamentary Commission on National Security (COPASIR), to avoid the risk, now very high, with the start of the liberalisation process of large hydroelectric derivation concessions, of losing national control of strategic infrastructure for national energy security. It is necessary, as the Parliamentary Commission itself reiterates, to revive investment through an appropriate remodelling of the concessions, while waiting to build a European regulatory framework that is harmonised and not unbalanced as it is today, with the consequent risk of unfair tenders to the advantage of foreign operators, who moreover could engage in dumping activities in order to be awarded energy infrastructures of such importance.

While it is correct to be environmentally vigilant to ensure that renewable generation facilities do not disfigure the landscape and nature, this must be done in the face of actual risks to the environment and cultural heritage, and not out of an excess of prudence or, worse, a vision that fails to take into account the important general interests at stake with respect to policies to combat climate change, the pursuit of energy autonomy, and the reduction of energy costs for households and businesses.

While it is correct to temper so-called "extra-profits" for the benefit of the categories most affected by energy price hikes, this must be done without distorting the basic rules of the budget, introducing arbitrary and distorting tax bases, allowing opportunistic conduct on the demand side of energy, and undermining the willingness of operators to make long-term investments.

This extreme regulatory uncertainty, coupled with the Group's specialisation in the sector concerned, therefore increases the regulatory risk for CVA and makes it necessary to continuously manage it. To this end, the Group is now particularly active, both individually and acting within the Trade Associations to which it belongs, in facilitating the emergence of a balanced regulatory framework.

Also on the issue side, the "investment race" in renewable generation plants is taking place all over the world, with specialised industrial companies, such as CVA, as well as large and very wealthy "carbon sector" companies, geared toward the so-called "greenwashing". All this puts pressure on supply chains, pushes up the prices of materials and plants already built, making investment decisions particularly difficult and risky, if not blindly trusting in a continuation of the high prices achieved by electricity. In this context, the prudent management culture that characterises CVA leads to investment policies geared toward positive profitability and not "growth at any cost". Unfortunately, the continued existence of the Group under the constraints posed by the so-called "Madia Law" significantly compresses possible development options. In this regard, while CVA is undergoing major organisational development aimed at limiting the impact of these constraints, it is equally true that regulatory changes that would exempt the Group from them would help it develop its full potential.

Finally, like all companies in the industry, the Group is faced with the need to operate in an ever-changing technological terrain. In particular, the push toward decarbonisation and the enfranchisement of natural gas will make the development of storage technologies increasingly important and critical, such as to limit the impact of the non-predictability and non-programmability of much of the renewable sources. This trend supports the choice made by the Group to invest in skills and projects related to new storage and power-to-gas conversion technologies, also with a view to progressively catalysing the emergence, in the Aosta Valley territory, of a specialised technological supply chain in this area.

In summary, your Group finds itself having closed a particularly complex 2021, having recorded outstanding economic and financial results, and with significant organisational hardening. The current year and the years to come will hopefully turn out to be less dramatic, but certainly no less "challenging", and the CVA Group is preparing to face them with the spirit and professionalism that has animated its history, ready to implement the growth strategies known to you, as well as to seize new opportunities and orientations that, in a world characterised by great uncertainty and unpredictability such as the present one, may nevertheless emerge.

CEO

Giuseppe Argirò



The Chair

Marco Cantamessa



## Industrial and economic results

Despite the market context that saw global economies placed for the second year in a row in the Covid-19 outbreak scenario and the volatility that characterised, especially in the last quarter, the energy markets, the CVA Group achieved very positive industrial and economic results in 2021, and increased compared to the previous year, demonstrating solidity, resilience, and the ability to adapt to new scenarios.

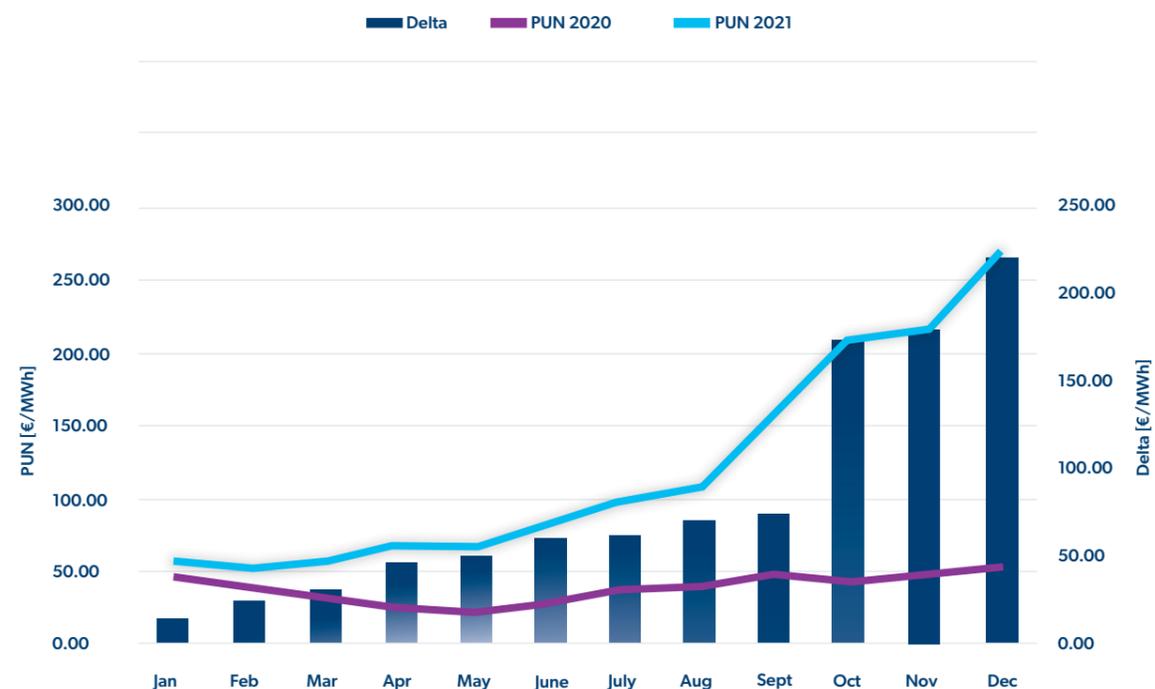
From an industrial point of view, the Group in 2021, if on the one hand, given the adverse weather conditions, had to report much lower than expected electricity production results, on the other hand, it successfully launched activities in the energy efficiency sector. Said activities allowed the construction of an order portfolio for building efficiency interventions that exceeded budget forecasts and amounted to Euro 114.5 million referring in total to 87 interventions on apartment buildings and 40 interventions on single and/or two-family units, and allowed to start the first industrial energy efficiency intervention with an investment in capex for Euro 1.4 million. As for the pipeline of renewable energy plants in 2021, the Group's effort continued, and at the end of 2021, the pipeline of projects amounted to 548 MW compared to 383 MW at the end of the previous year. From an economic point of view, compared with a net result attributable to the Group of Euro 60 million in 2020, the Group closes 2021 with a net result of Euro 133.4 million. The 2021 Result although affected by significant extraordinary items (in particular, for Euro 48,286 thousand, the effects on income taxes from the application of the rule on revaluation and realignment, referred to in Law no. 126 of 13 October 2020) benefits from the effects of volatility and rising prices of energy commodities that characterised in 2021 the prices of the Single National Price (PUN) and all other reference indexes of other world countries.

On the financial debt front, 2021 saw the Group's debut in the Debt Capital Market with the private placement and listing on the Irish market of a first bond in the nominal amount of Euro 50 million. In 2021, the Group recorded an increase in net financial debt to Euro 146,684 thousand (compared to Euro 12,913 thousand at 31 December 2020), substantially impacted by the liquid deposits made to guarantee the settlement of derivative transactions in fulfilment of the margining obligations undertaken with the participation in the futures markets (the so-called "margin calls") and linked to the energy price hedging strategy; without this impact, the Group's financial debt would have been positive by Euro 1.5 million, testifying to the solidity and certainty of the flows generated by the ordinary business. It is obligatory to point out how margin calls are payments made by the Group to guarantee the obligations undertaken with the energy futures market and consequent to the surge in prices recorded on that market, and that these funds will re-enter the delivery phase of the instruments with the sale of energy on the spot markets or, in the presence of a decrease in prices on the futures markets through the same instrument of the margin call, however, this time, in credit.

In 2021, the macroeconomic context followed, in line with the gradual 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 the national level, against this economic backdrop, Italy's 2021 GDP recorded a 6.6% increase over 2020 dragged down by domestic demand and industrial production growth, which, despite slowdowns in the final months of the year, grew 11.8% in 2021.

With regard to the electricity market, it should be noted that the energy spot market expressed as the Single National Price (PUN TWA - Single National Price Time Weighted Average) a record value since the start of the Italian electricity market (April 2004) equal to Euro 125.46 per MWh, up by about 322% from the Euro 38.92 per MWh in 2020 and by about 240% compared to the same period of 2019 (Euro 52.32 per MWh). Comparison of the last two years of the monthly trend of the PUN (Single National Price) shows that, following the sharp decline in the March-June 2020 period resulting from the first lockdown, steady and continuous growth in the value has followed even consequent to the recovery of economic activities until at least May 2021. This upswing in economic activities has been even more important in Asian countries, creating an unbalanced situation in domestic energy supply (particularly gas). The shortage of gas in domestic storages, the coincidence with the approach of the winter period and the unavailability in the last months of 2021 of a significant number of French nuclear reactors, placed under maintenance following the detection of certain anomalies, has significantly affected upward price trends in the Italian electricity market. The described energy conditions accompanied by the exacerbation of geopolitical tensions meant that from June 2021, there was a continuous, progressive and important increase in the value of electricity, month after month, until it reached the previously unprecedented value of 281.24 €/MWh in December.

Graphic evidence of the monthly PUN trend in the two comparison years is given below.



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	FY
PUN 2020	47.47	39.30	31.99	24.81	21.79	28.01	38.01	40.32	48.80	43.57	48.75	54.04	38.92
PUN 2021	60.71	56.57	60.39	69.02	69.91	84.80	102.66	112.40	158.59	217.63	225.95	281.24	125.46
Delta	13.24	17.27	28.40	44.21	48.12	56.79	64.65	72.08	109.78	174.06	177.21	227.21	86.55

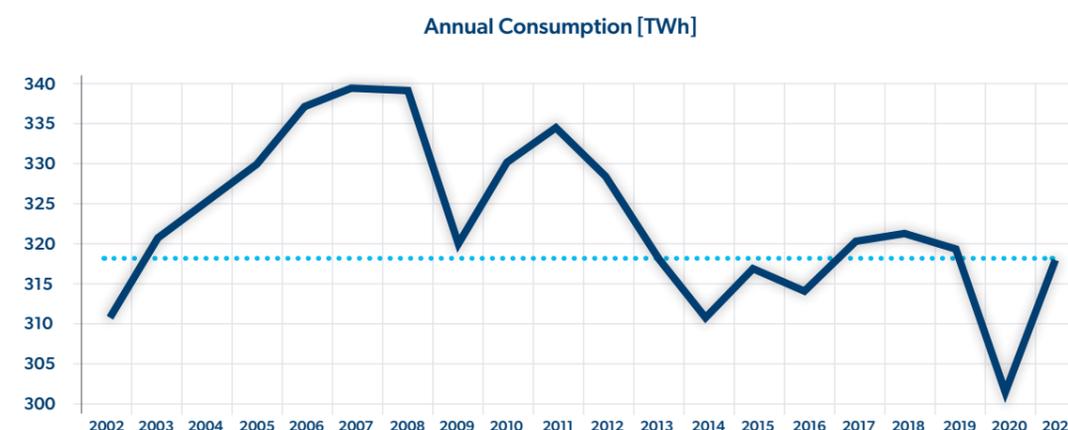
Terna - Monthly Report - December 2021			
Electricity produced	TWh 2021	TWh 2020	Change %
Thermoelectric	180.579	173.888	3.85%
Hydroelectric (gross of pumping consumption)	46.317	48.952	-5.38%
Photovoltaic	25.068	24.552	2.10%
Wind	20.619	18.609	10.80%
Geothermal	5.526	5.647	-2.14%
<b>Total net production</b>	<b>278.109</b>	<b>271.648</b>	<b>2.38%</b>
Net import/export balance	42.793	32.200	32.90%
Pumping consumption	(2.827)	(2.668)	5.96%
<b>Total demand</b>	<b>318.075</b>	<b>301.180</b>	<b>5.61%</b>

From a physical point of view, there was a higher import and lower export of electricity with foreign countries in 2021 compared to the year 2020, generating an import balance of about 42.8 TWh in 2021 compared to about 32.2 TWh in the previous year.

The analysis of energy consumption at the national level denotes, for the year 2021, an overall change in electricity demand increasing by 5.6% compared to 2020, with the 2021 demand standing at 318 TWh compared to 302 TWh in 2020, the latter year being exceptional in terms of the contraction of consumption 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 51% (51% also in 2020) by generation from Non-Renewable Energy Sources, 36% (38% in 2020) from Renewable Energy Sources, and the remaining share from the foreign balance. Within this framework, which saw a reduction of Renewable Sources in demand coverage compared to the previous year, hydro accounted for 39% (41% in 2020) of renewable production, followed by photovoltaic 22% (as in 2020), wind 18% (16% in 2019), biomass 16%, and geothermal 5% (as in 2020).

The following shows in graphic form the trend of national energy consumption over the past twenty years:



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
TWh	299	305	311	321	325	330	337	340	339	320	318	335	328	318	311	317	314	321	321	320	301	318
2021	318	318	318	318	318	318	318	318	318	318	330	318	318	318	318	318	318	318	318	318	318	318

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 2021 national electricity system supplied by Terna, total production was 113,783 GWh, a slight decrease overall on the final 2020 data of 113,955.

The production trend in the two comparison years saw a decline in the contribution made by photovoltaic and hydroelectric sources, down by 4% and 2% respectively, offset by the increase in wind power production of about 11%.

Production of electricity generation plants supplied by renewable sources (GWh)	2021	2020
National production	113,783	113,955
CVA Group production	2,819	3,347
C.V.A. S.p.A. production	2,586	3,102

The CVA Group, with 2,819 GWh produced (3,347 GWh in 2020), covered 2.5% of the national production of electricity from renewable sources in 2021 presenting a slight decrease compared to the contribution to national production presented in previous years, mainly due to the decreased contribution of energy produced from hydroelectric sources which, in 2021, present for the Group compared to the year 2020 a decrease of 18%, mainly due to the unfavourable climatic conditions, mentioned above.

Also with reference to the Parent Company alone, this decrease in production from hydroelectric source was 18% compared to the previous year.

Production of electricity generation plants powered by hydraulic power (GWh)	2021	2020
National production	44,338	47,084
CVA Group production	2,492	3,047
C.V.A. production S.p.A.	2,420	2,950

As for the production of plants powered by "Other RES", which for the Group are represented only by wind and photovoltaic sources, the portion of national production realised in 2021 was 0.72% with 327 GWh produced of which, for 166 GWh, produced by the plants of the Company.

In 2020, the production portion was equal to 0.70%, with a production realised by the CVA Group plants of 300 GWh, with a production realised by the plants of the Company of 153 GWh.

The higher production realised in 2021 compared to 2020 is mainly a result of favourable weather conditions that allowed for this increase.

Production of electricity generation plants powered by Other RES (GWh)	2021	2020
National wind production	20,619	18,609
National photovoltaic production	25,068	25,552
CVA Group production	327	300
C.V.A. production S.p.A.	166	153

With reference to the distribution Business Unit (hereinafter, also "BU"), in 2021 the CVA Group distributed, through the company DEVAL S.p.A. a s.u. (hereafter **DEVAL**), 898 GWh, up 8.7% from the year 2020, serving 129,253 delivery points (compared to 834 GWh of electricity and 128,907 delivery points in 2020). This trend also shows that the year 2020 was characterised by a substantial reduction in distributed energy due to the lockdown measures taken in order to contain the Covid 19 health emergency, while although the year 2021 was still partly affected by partial lockdowns due to the pandemic, the amounts of energy delivered increased especially in the high voltage.

Electricity distributed (GWh)	2021	2020
Free market	847	771
Greater Protection market	52	63
<b>Total</b>	<b>898</b>	<b>834</b>

The Sales BU in 2021 provided, through the company CVA Energie S.r.l. (hereinafter "**CVA ENERGIE**") to end customers 1,576 GWh (down 27% on 2020), of which 52 GWh to customers in the Greater Protection market and 1,524 GWh to customers in the Free market.

With reference to the supply of electricity to end customers in 2021, there were outstanding supply contracts with CVA ENERGIE with 46,381 customers on the Free market (of which 722 referred to the Business segment and 45,659 to the Retail segment) and with 38,184 customers on the Greater Protection market (at the end of 2020, there were 799 customers in the Free market - Business segment, 44,686 customers in the Free market - Retail segment and 41,096 customers in the Greater Protection market).

A total of 117,350 delivery points are referred to these customers, of which 13,597 referring to the Free market customers - Business segment (17,681 at 31/12/2020), 59,862 referring to the Free market customers - Retail segment (58,317 at 31/12/2020) and 43,891 referring to the customers of the Greater Protection market (47,841 at the end of 2020).

Points of delivery (POD) contracted at 31 December (POD number)	2021	2020	Absolute	
			Change	% Change
POD Greater Protection market	43,891	47,841	(3,950)	-8.26%
POD Free Retail market	59,862	58,317	1,545	2.65%
POD Free Business market	13,597	17,681	(4,083)	-23.09%
<b>Total POD contracted at 31 December 2021</b>	<b>117,350</b>	<b>123,838</b>	<b>(6,488)</b>	<b>-5.24%</b>

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

(Euro thousands)

CVA Group Economic summary 2021-2020	2021	2020
Net revenues	710,645	536,182
<b>EBITDA</b>	<b>193,412</b>	<b>138,933</b>
<b>EBITDA in % on revenues</b>	<b>27.2%</b>	<b>25.9%</b>
Amortisation, depreciation, provisions and write-downs	61,342	51,735
<b>EBIT</b>	<b>132,069</b>	<b>87,198</b>
<b>EBIT in % on revenues</b>	<b>18.6%</b>	<b>16.3%</b>
<b>Adjusted EBIT</b>	<b>148,343</b>	<b>78,075</b>
<b>Adjusted EBIT in % on revenues</b>	<b>20.9%</b>	<b>14.6%</b>
Financial income and expenses	(5,077)	(2,708)
<b>EBT</b>	<b>126,992</b>	<b>84,489</b>
<b>EBT in % on revenues</b>	<b>17.9%</b>	<b>15.8%</b>
Tax expenses	(8,266)	23,260
Tax rate in %	N.A.	28%
<b>PERIOD NET RESULT</b>	<b>135,259</b>	<b>61,230</b>
<b>NET RESULT in % on revenues</b>	<b>19.0%</b>	<b>11.4%</b>

In 2021, the Group, with an average workforce of 587 employees (586 employees in 2020) expressed a value of revenues that marked a drastic surge on last year of more than Euro 174 million, and generated EBITDA of over Euro 193.4 million with an increase of 39% compared with Euro 138.9 million in 2020. The EBITDA margin on revenues improved from 25.9% in 2020 to 27.2% in 2021.

The performance, shown above, of the main economic indicators is mainly originated from the improvement in the production value characterised by the strong growth in energy sales prices that offset both the reduction in the volumes provided to end customers resulting mainly from the Group's commercial choice focused on the attention to the profitability of customers served by the sales company and the contraction of the volumes brokered on wholesale activities.

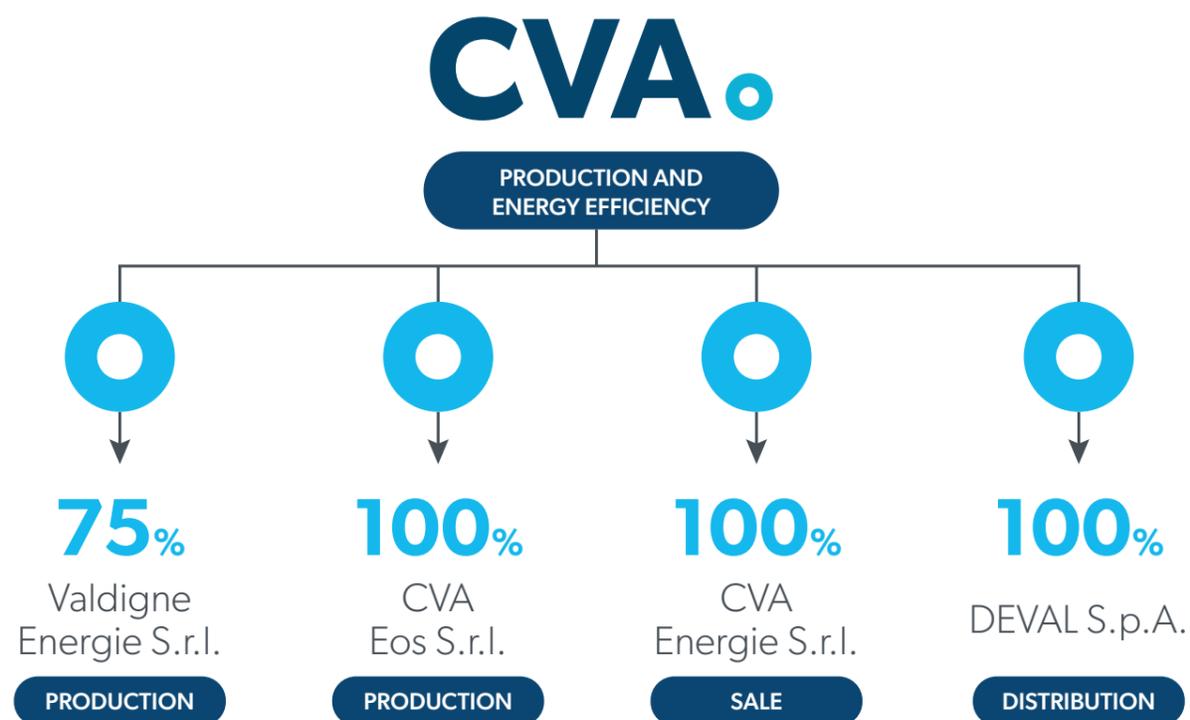
Operating costs increased compared to those of the previous year by 30% when considered as a whole and, in particular, there was an increase of about 37% in the item "Costs for raw materials and services" compared to 2020 mainly due to the increase in the cost of electricity purchased in wholesale. The value of labour costs increased by 2.7% from the previous year to Euro 39.5 million, against which the 587 resources that made up the Group's average workforce in 2021 provided a total of 947,841 hours of work, for a total cost of Euro 41.70 million. With reference to this item, it should be noted that the Group in 2021 established in the company CVA Eos the Other RES Function aimed at providing support services for the management of all the Group's other RES plants by structuring it with a dedicated staff of resources.

Again with reference to operating costs, in 2021, costs for water diversion fees for hydroelectric use were incurred for Euro 36.3 million, compared to Euro 36.2 million in 2020. The item "charges for amortisation, depreciation, provisions and write-downs" amounted to Euro 61.3 million in 2021, increasing by approximately 19% compared to the value of Euro 51 million in 2020. This change is mainly attributable to the increase in the item provisions, which includes in 2021 the goodwill impairment carried out on the basis of the impairment test by the distribution company DEVAL for more than Euro 9 million. Also of note is the increase in depreciation with special reference to the item "Plant and machinery".

EBIT of more than Euro 132 million (up 51% compared with 2020) generated, after absorbing financial expenses of Euro 5.7 million and a positive impact of tax management of Euro 8.3 million, a consolidated net result of Euro 135 million (+121% compared with net result of Euro 61 million in 2020) of which Euro 133.5 million attributable to the Group and Euro 1.8 million to third parties.

# 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 also "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 2021, 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:

- 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;
- VALDIGNE Energie with two flowing water plants with a total installed active capacity of 27 MW and an average annual production capacity of 81 GWh;

- **Electricity production from other renewable sources (Other RES BU - Other Renewable Energy Sources)**

The activity is carried out through two companies:

- 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;
- **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;

- **Electricity Distribution (Distribution BU)**

Activity carried out by DEVAL, which manages a distribution network in 69 Municipalities of the Region which, at the end of 2021, had 129,253 Delivery Points (396 Delivery Points in Medium, High and Very High Voltage, and 128,844 Low Voltage Delivery Points and 13 retailers), 57 Km of High Voltage Line, 1,526 Km of Medium Voltage Line and 2,662 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 2021 of 722 business customers on the free market, 45,659 retail customers on the free market and 38,184 customers on the Greater Protection market which, in 2021, supplied a total of more than 1.5 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. Within the context of construction and buildings, in 2020, the so-called "Superbonus", the tax break consisting of a 110% tax deduction for expenses incurred from July 2020 to 31 December 2021 in improvement works (governed by article 119 of L.D. 34/2020, so-called Relaunch Decree), also thanks to these tax incentives for the clients of the works, the company has started its activities in the provision of building thermal insulation services, counting at the end of the year an order portfolio of about 900 housing units. In addition, the company started its activities in the industrial energy efficiency segment by entering into a contract with a major customer to supply the customer's plant with electric, thermal and cooling energy following the design and installation of a trigeneration plant.

# 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 S.r.l. a s.u.;
- VALDIGNE ENERGIE S.r.l.;
- DEVAL S.p.A. a s.u.;
- CVA EOS S.r.l. a s.u.

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.

## Significant events during the period

The Group was also able to cope with the second year of the COVID-19-related pandemic without being particularly impacted, as, for activities related to its operation, it acquires the necessary services from the Parent Company through service outsourcing and plant management support contracts, which are described in detail later in this report. For the activities that cannot be carried out except in presence, it was instead necessary to continue to operate, as in the previous year, equipping the workers with Personal Protective Equipment (such as masks, gloves, overalls, ...) in order to continue to carry out maintenance activities on the plants that foresee close distances between workers.

It should be noted, among other significant events, that 2021 for the subsidiary CVA EOS S.r.l. was characterised, at the corporate and accounting level, by the merger by incorporation of CVA Smart Energy S.r.l. a s.u., a company also 100% owned by C.V.A. S.p.A. a s.u. (hereinafter "CVA" or the "Parent Company"). The transaction took place by deed of Notary Giampaolo MARCOZ of Aosta dated 28 September 2021, file 22075 - folder 16873, registered in Aosta, 30 September 2021, no. 4023 Series 1T, registered with the Aosta Companies Register on 30 September 2021 and effective at midnight on 30 September 2021. From said date, the acquiring company took over without continuity and novation all legal relations, assets and liabilities, belonging to the merged company. The accounting and tax effects of the merger have been recognised in the financial statements of the Company with retroactive effect as of 1 January 2021. Since this was a merger between two companies wholly owned by the same entity, no exchange ratios were determined. The incorporation of CVA SMART ENERGY, a non-operating company, had zero impact on the activities of the incorporating company, which continued to operate in the renewable electricity generation sector through the four wind power plants described above.

With reference to the Group's distributor, it is noted that the company DEVAL in September 2021 submitted PMS2 (Second Generation Smart Metering System Commissioning Plan) to ARERA for verification and approval. The Plan calls for the massive meter replacement of about 133 thousand meters in the period 2022 - 2026. This project will bring significant benefits to citizens and the opportunity for vendors and distributors to offer innovative services.

The year was also marked by a major tax operation. In fact, the Group has adhered to the realignment of statutory tax values provided by article 110 of Decree Law no. 104 of 14 August 2020 (converted, with amendments, by Law no. 126 of 13 October 2020). Specifically, the operation concerned the realignment of the value of goodwill originating from merger and transfer operations, which as such had no tax recognition, of the Companies CVA spa and CVA EOS.

In particular, upon payment in three annual instalments (2021-2022-2023) of the stipulated 3% substitute tax, the residual values recorded in the financial statements at 31.12.2019 and 31.12.2020 of the goodwill arising from the transfer of the business unit as well as from the merger transaction received tax recognition. The realignment involved a value of Euro 172,145,297. This value, as a result of the amendments made to Decree-Law no. 104 of 14 August 2020 by Budget Law 2022 (Law no. 234 of 30 December 2021), can be deducted for income tax purposes in 50ths, with obvious tax benefit, which is fully described below.

It should also be noted that as early as 2020, CVA S.p.A., on the occasion of the measures put in place by the Government with Decree no. 34/2020 (Relaunch Decree, article 119) and subsequent updates, has structured an organisation apt to operate in the energy efficiency sector whose activity is aimed at carrying out new energy and environmental upgrading of industrial plants or advanced tertiary buildings as well as the turnkey installation of cogeneration/trigeneration systems complete with absorber for the generation of cold water, steam production and process hot water.

## 2021-2025 Strategic Plan

On 25 January 2021, the Company approved the 2021 - 2025 Strategic Plan of the Group it controls, an instrument of fundamental importance for outlining and planning in the medium-long term the very identity of the Group, its underlying objectives and the tools to achieve them. The lines of development outlined in the Plan are:

- Operations and Hydro;
- New wind and photovoltaic plants;
- Energy efficiency;
- Electrical distribution;
- Business Development Plan;
- Open innovation.

On 14 April 2022, the forecast Plan for the period 2022 - 2026 was approved, which keeps the development lines unchanged.

## Bond

On 22 November 2021, the company successfully completed the issuance of a senior unsecured bond and its listing on the Dublin Euronext regulated market in the amount of Euro 50,000,000.00 with a maturity of 7 years (22 November 2028), annual interest rate of 1.119%, repayment of securities at maturity subject to the assumptions of early repayment contemplated in the loan regulations. The bond has a Baa2 rating assigned by Moody's and BBB+ assigned by Fitch.

## RATING - Positive Outlook

On 1 December 2021, the rating agency Moody's Investors Service published the rating action by which the CVA rating was changed from "Baa2" with "Stable Outlook" to "Baa2" with "Positive Outlook".

The upgrade in addition to being closely related to the strong link between CVA and its shareholder, the Autonomous Region of Valle d'Aosta whose rating has also been upgraded from "Baa2" with "Stable Outlook" to "Baa2" with "Positive Outlook" is determined in particular by the expectations of good operational performance of CVA, also a consequence of higher energy prices.

## Appointment of CEO and GM

On 6 September, the Board of Directors, following the resignation of Eng. Enrico DE GIROLAMO from the positions of Director and Chief Executive Officer - following his assumption as General Manager of C.V.A. S.p.A. -, proceeded to co-opt Giuseppe ARGIRO' as a member of the Board of Directors and appoint him as Chief Executive Officer, granting him the relevant proxies and powers.

## Industrial energy efficiency

On 3 November, the takeover of the industrial energy efficiency contract with a leading industrial company was concluded, involving the installation of a trigeneration unit and the supply to the customer of electricity, heat and cooling energy generated by the trigenerator.

## 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 price declines generated by the slowdown of some economic sectors due to the Covid-19 pandemic, 2021 was marked by a surge in European energy commodity prices, mainly due to an international dynamic that led to rising thermolectric generation costs resulting from record high gas, coal and CO<sub>2</sub> prices.

Description	Area	FY	Change Y-1 (%)	Last price future Y-1	Calendar Y+1
PSV	IT	47.20	347%	17.13	87.70
TTF	NL	46.66	397%	17.05	89.00
CEGH	HV	45.05	354%	-	-
NBP	UK	46.34	387%	-	-

Figure 1 Gas, spot and forward annual prices. Arithmetic mean (€/MWh) - Source GME "GME Newsletter Issue 155 January 2022"

In 2021, Brent crude oil prices rose to 71.14 \$/bbl (+70% over 2020), consequently driving the price of its derivatives as well, including diesel fuel (574.44 \$/MT, +70%) and fuel oil (494.43 \$/MT, +58%). European coal in October approached 240 \$/MT<sup>1</sup>.

Fuel	UoM	FY	Change Y-1 (%)	Last price future Y-1	Calendar Y+1
Brent	USD/bbl	71.14	70%	51.19	75.51
Fuel Oil	USD/MT	494.43	58%	-	-
Diesel	USD/MT	574.44	60%	433.67	653.89
Coal	USD/MT	119.73	138%	69.40	123.00

Fuel	UoM	FY	Change Y-1 (%)	Last price future Y-1	Calendar Y+1
Brent	EUR/bbl	60.29	65%	-	65.80
Fuel Oil	EUR/MT	418.84	53%	-	-
Diesel	EUR/MT	487.17	54%	-	569.82
Coal	EUR/MT	101.93	132%	-	107.19
Exchange Rate	USD/EUR	1.18	4%	1.23	1.15

Figure 2 Crude oil and fuels, spot and forward annual prices. Arithmetic mean - Source GME "GME Newsletter Issue 155 January 2022"

The increases recorded by fuels were reflected in rising prices in European electricity markets, with a continuous progression throughout the year that, in December, brought quotations close to 300 €/MWh. On an annual basis, quotations in Central and Southern Europe stood at 97/114 €/MWh, touching higher levels in Italy (125 €/MWh), most impacted being gas the reference fuel of the national production fleet. Consequently, the differential on the northern Italian border (North-France: 16 €/MWh about +11 €/MWh), with dynamics varying according to the different seasonality of demand in the two countries<sup>2</sup>.

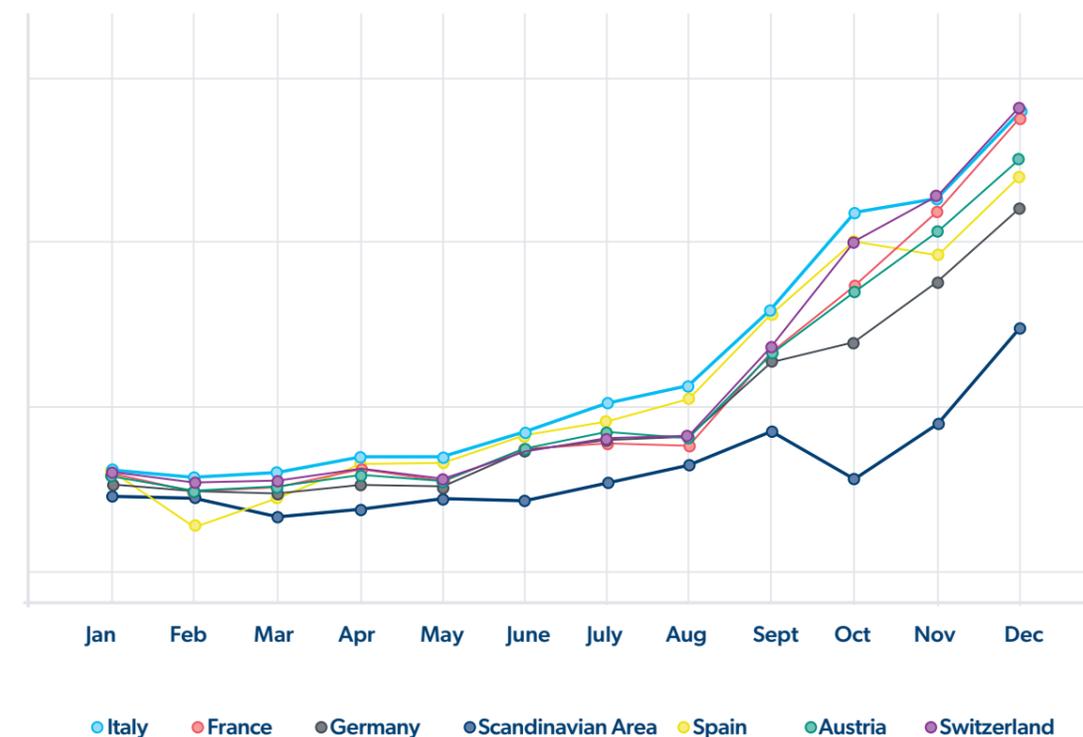


Figure 3 European stock exchanges, 2021 spot prices. Arithmetic mean - Source GME "GME Newsletter Issue 155 January 2022"

1 Source GME "GME Newsletter issue 155 January 2022"

2 Source GME "GME Newsletter issue 155 January 2022"

Regarding electricity in Italy in more detail, the PUN reached its all-time high of 125.46 €/MWh; during 2021, quotations rose from 60.71 €/MWh in January to 281.24 €/MWh in December. Further boost to the bullish trend came from the growth in volumes (290.4 TWh), which returned to levels similar to the pre-pandemic period, and the simultaneous decline in thermal (due to high generation costs) and hydroelectric (due to low water availability) supply. All groups of hours, as well as the hourly minimum and maximum price levels, were affected by significant rises: the peak price rose to 141.55 €/MWh; the hourly minimum in the last quarter of 2021 was never less than 94 €/MWh, reaching 130 €/MWh in October; the hourly maximum was reached in December, with the record level of 533.2 €/MWh.

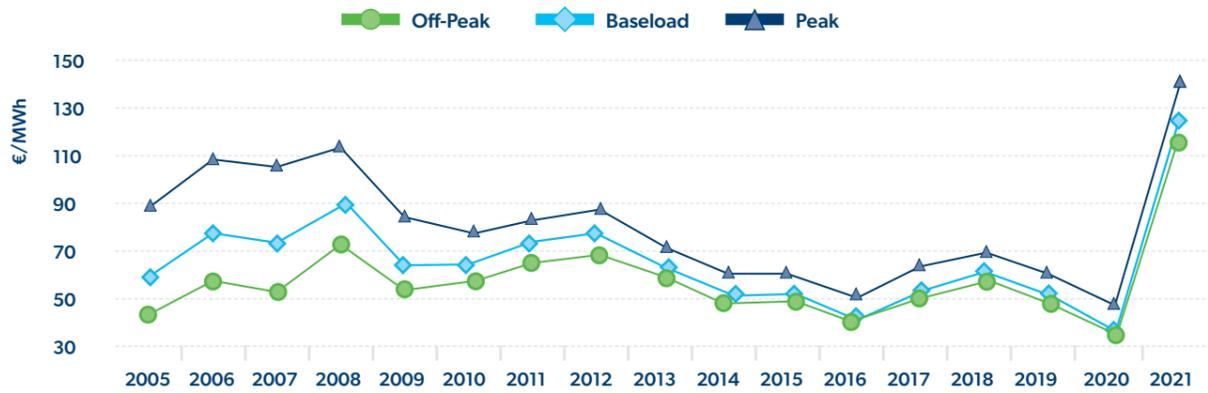


Figure 4: MGP Single National Price - Source GME "GME Newsletter Issue 155 January 2022"

Price trends on a zonal basis showed the same dynamics highlighted above, with prices ranging from 123/125 €/MWh in the peninsula to 129 €/MWh in Sicily. The growth was accentuated in the final months of the year, especially in the North, where in December, partly as a result of the tensions observed in the neighbouring French market, an average of 287 €/MWh was touched, marking wide differentials with other market areas. Due mainly to the latter phenomenon, on a yearly basis, the North-South price spread has become positive again and amounted to 1.6 €/MWh, while the North-Sicily price spread has fallen to a record low of -3.8 €/MWh (it was -8.4 €/MWh in 2020) (Source GME "GME Newsletter Number 155 January 2022").

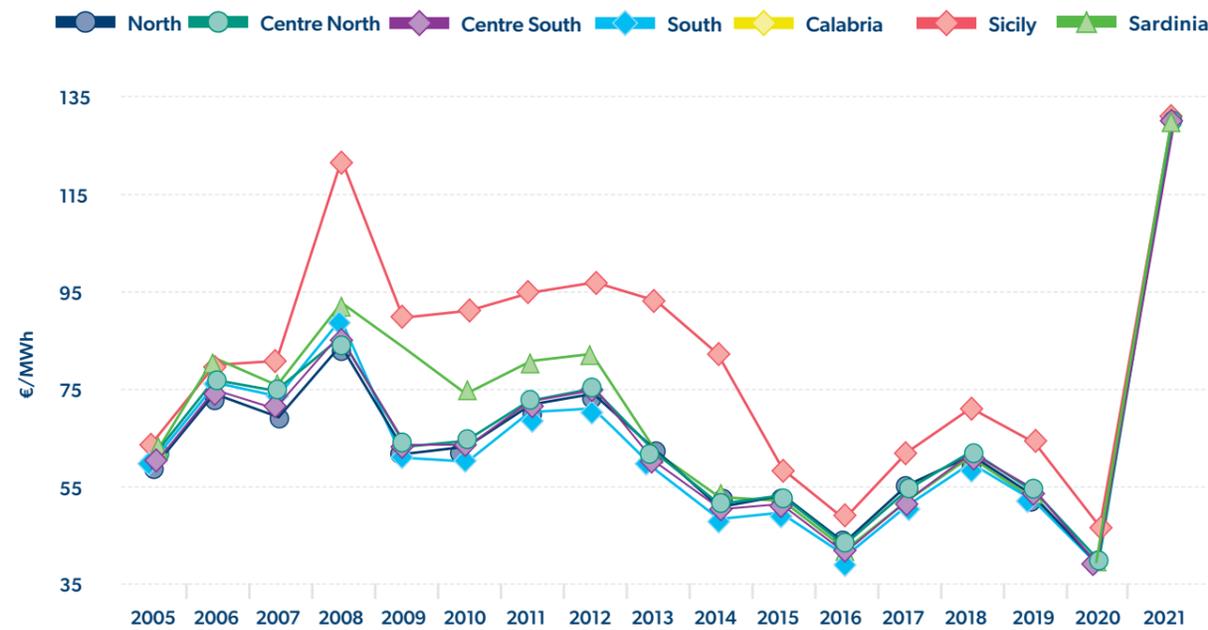


Figure 5 MGP, historical trend of zonal sales prices - Source GME "GME Newsletter Issue 155 January 2022"

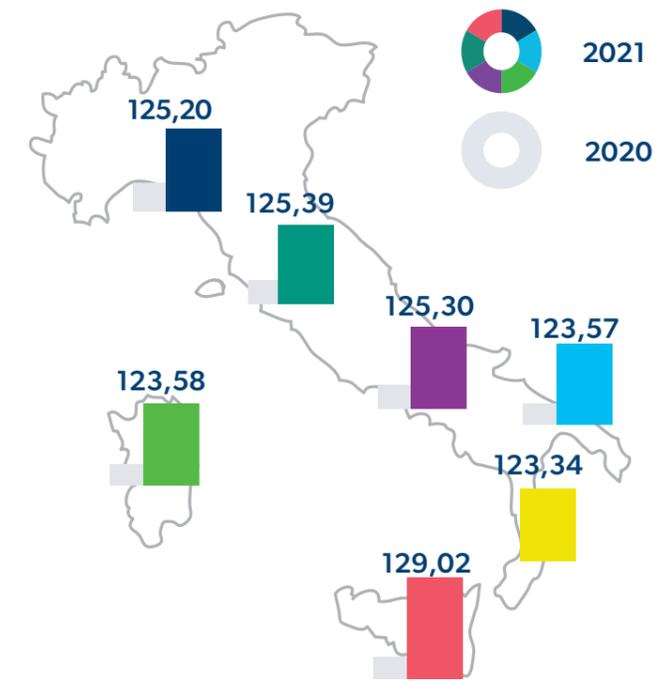


Figure 6 MGP, comparison between zonal prices 2021 and 2020 - Source GME "GME Newsletter Issue 155 January 2022"

In terms of sources, sales from traditional sources were up (144.5 TWh, +3%), especially in the final quarter of the year and in the March-April two-month period, while sales from renewables were essentially stable (95.8 TWh). Zonal dynamics appeared to be diversified: against an increase in coal extended to the entire peninsula, there was a sharp decline in gas sales in southern areas, partially offset by the positive performance noted in the North (+5.5%), where thermal plants replaced lower hydroelectric availability (-10.3%). With reference to renewable sources, the reduction in hydro volumes (-2.5% on a national basis) was offset by the increase in solar (+0.9%) and wind (+9%) plants in the South Central and Sicily.<sup>4</sup>

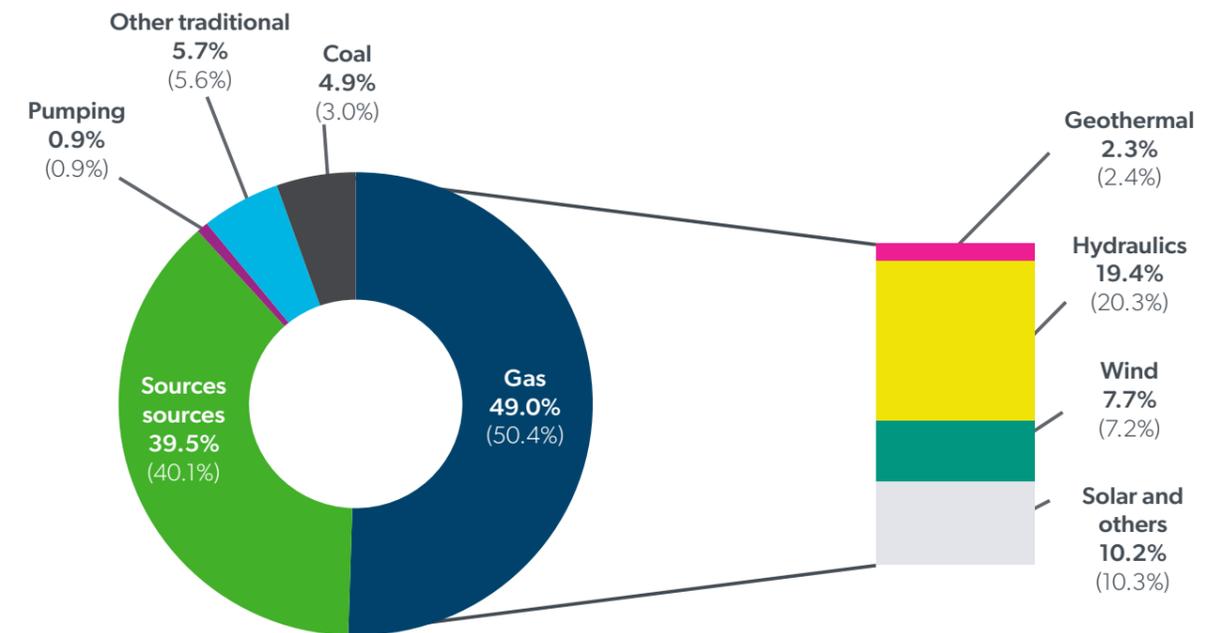


Figure 7 MGP, sales structure - Source GME "GME Newsletter Issue 155 January 2022"

<sup>3</sup> Source GME "GME Newsletter issue 155 January 2022"

During 2021, GME made significant changes in the structure of the intraday market (MI), aimed at ensuring the coupling of the domestic intraday market with the rest of Europe. Against this backdrop, total volumes traded on the MI in 2021 were found to be on the rise and amounted to 26.0 TWh (+1.1 TWh), of which 6.9 TWh related to the new arrangement. The data analysed monthly shows a gradual growth in both total new MI volumes, which increased from 2.0 TWh in October to 2.3 TWh in December, and XBID trading alone, which rose from 0.17 TWh to 0.28 TWh for an increase of 68%. At the local level, the trades recorded on the MI in 2021 had a distribution of sales by zone substantially similar to that observed in the MGP market, while in purchases there was an increasing weight of the South zone at the expense of the Central South zone in particular. As far as prices are concerned, the difference between the quotations observed in the old regime, which stood at just above 82 €/MWh, and those manifested in the new arrangement, between 232/246 €/MWh, demarcates the marked change in gear followed by electricity spot prices in the latter part of the year in response to the intense progression of gas and CO<sub>2</sub>. In general, even after the start of the XBID, average prices have confirmed the trend already noted on the MI over the past years, thus remaining at levels similar to or lower than the corresponding MGP values.<sup>5</sup>

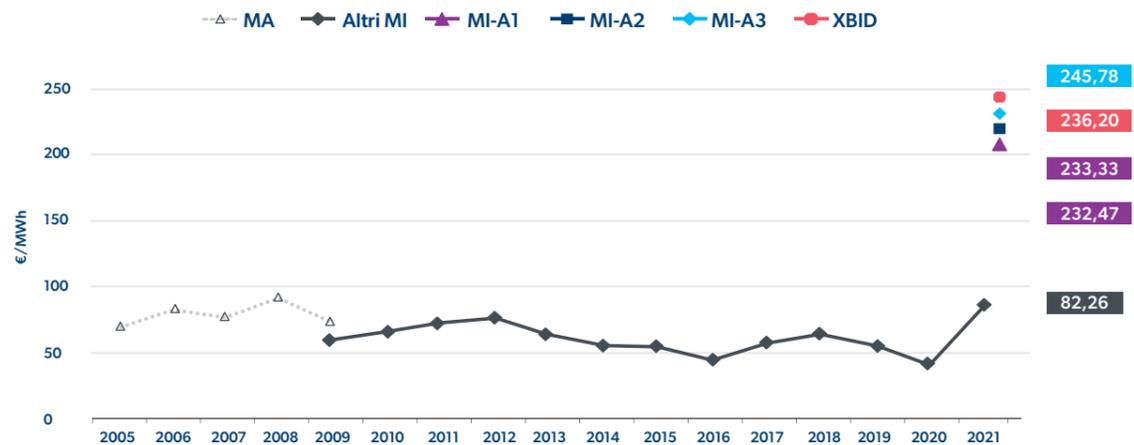


Figure 8 MI average prices per market session - Source GME "GME Newsletter Issue 155 January 2022"

With reference to the Dispatching Services Market (MSD), the volume handled by Terna has decreased compared to the values recorded in 2020, when the greater uncertainty about the real-time evolution of inputs and withdrawals on the grid, mainly related to the lockdown period, had forced the national TSO to make greater use of the market. Specifically, in 2021, Terna purchases in the up-market reversed its multi-year upward trend, returning to 2017 levels (11.4 TWh, -23% over 2020), while sales in the down-market, while declining year-on-year, remained high and at the highest level since 2011 (7.8 TWh, -20%)<sup>6</sup>.



Figure 9 MSD volumes traded up and down - Source GME "GME Newsletter Issue 155 January 2022"

4 Source GME "GME Newsletter issue 155 January 2022"

5 Source GME "GME Newsletter issue 155 January 2022"

Transactions recorded on the Forward Energy Accounts Platform (PCE) with delivery/withdrawal in 2021 were down and at their lowest since 2011, standing at 237.7 TWh (-11.1% from 2020), mainly as a result of the reduction in transactions arising from bilateral contracts, which amounted to 236.8 TWh (-10.8%)<sup>7</sup>.

On environmental markets, in 2021 the average price of energy efficiency bonds showed an increase both on the organised market (MTEE), standing at 267 €/toe (+2%), and on the bilateral platform, where it stood at 243 €/toe (+1%). Total securities traded, on the other hand, fell to 1.9 million toe on the MTEE (-18%), the lowest since 2012, and to 1.4 million toe on the bilateral platform (-24%), resulting in an increase in market liquidity to 58%<sup>8</sup>.

### Average prices

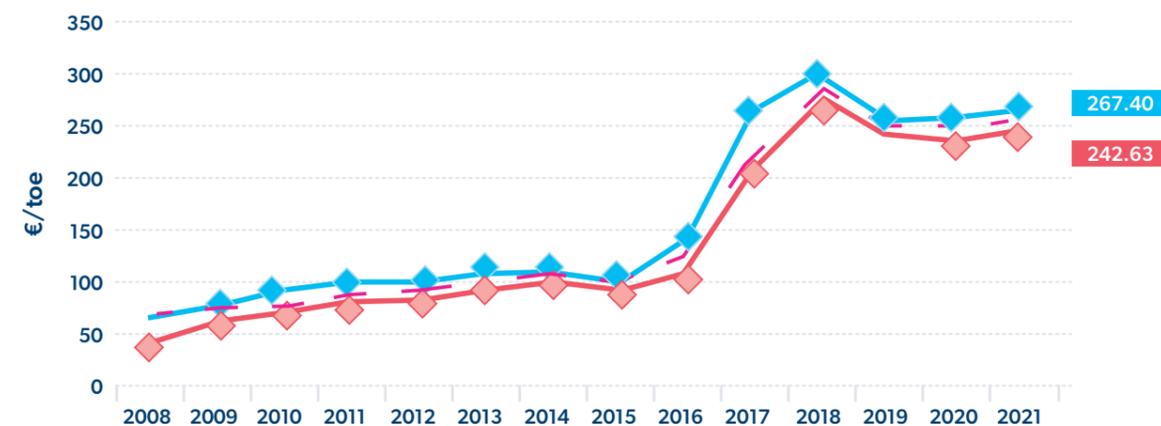


Figure 10 TEE, annual prices and volumes - Source GME "GME Newsletter Issue 155 January 2022"

### Volumes

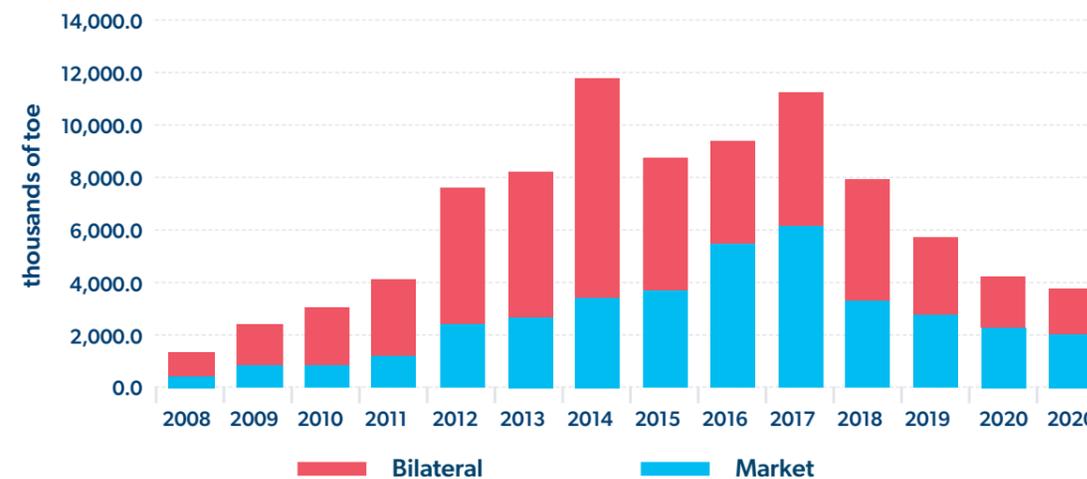


Figure 10 TEE, annual prices and volumes - Source GME "GME Newsletter Issue 155 January 2022"

6 Source GME "GME Newsletter issue 155 January 2022"

7 Source GME "GME Newsletter issue 155 January 2022"

For the obligation year 2021, the breakdown of the national obligation to increase energy efficiency pursuant to the Interministerial Decree of 11 January 2017, as amended by Ministerial Decree 21 May 2021, with which each electricity and natural gas distributor must comply for its share, was defined by ARERA with Determination DMRT/EFC/16/2021.

Quantitative obligation (number of white certificates)	
AcegasApsAmga S.p.a.	1,421
Areti S.p.a.	16,580
ASM Terni S.p.a.	571
Deval S.p.a.	904
e-distribuzione S.p.a.	395,893
Edyna S.r.l.	3,473
INRETE Distribuzione Energia S.p.a.	3,835
IRETI S.p.a.	5,670
Megareti S.p.a.	2,126
Servizi a Rete S.r.l.	788
Set Distribuzione S.p.a.	3,621
Unareti S.p.a.	15,118

Figure 11 Quantitative obligation for electricity distributors subject to the national obligation to increase energy efficiency for the year 2021 - Source ARERA Determination 10 November 2021 DMRT 16/2021

On the organised market for Guarantees of Origin (MGO) in 2021, the average price recorded a significant increase, reaching 0.34 €/MWh (+182%) and thus narrowing its differential with bilateral negotiations to 0.17 €/MWh which, on the other hand, fell to 0.51 €/MWh (-31%). The average price in auctions from the GSE was also up (+29%), rising to 0.64 €/MWh. As for the individual types of GO contracted, the Wind category was the most expensive in the market (0.46 €/MWh), followed by Solar and Other (at 0.42 €/MWh and 0.37 €/MWh, respectively). On the platform for bilateral trading (PBGO), however, the highest quotation emerged on the Geothermal type (0.93 €/MWh). The Solar category was the one with the highest average quotation in the GSE auctions (0.68 €/MWh). In terms of volumes, trading on the MGO declined to 1.3 TWh (-35%), with market liquidity restrained to about 2%, due to a growth in trading on the PBGO, which, with 67.1 TWh (+11%), remained the most used mode of supply (76% of the total contracted). Finally, both allocations and the share of GSE auctions declined, to 20.2 TWh (-1%) and 23% (-2 p.p.), respectively<sup>9</sup>.

8 Source GME "GME Newsletter issue 155 January 2022"

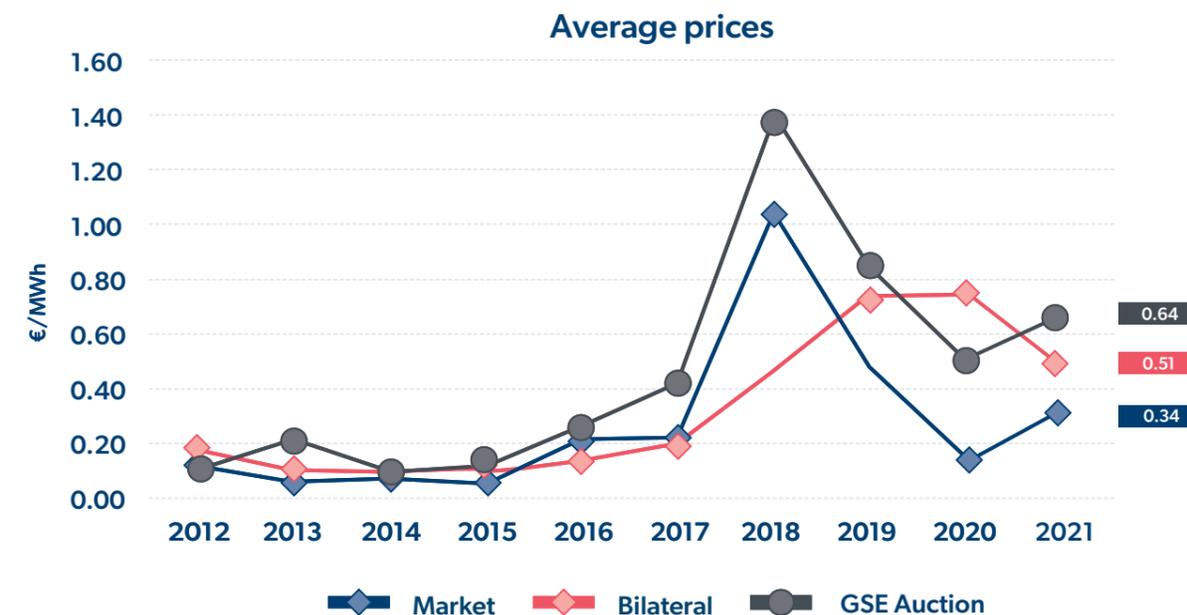


Figure 12 GO, annual prices and volumes - Source GME "GME Newsletter Issue 155 January 2022"

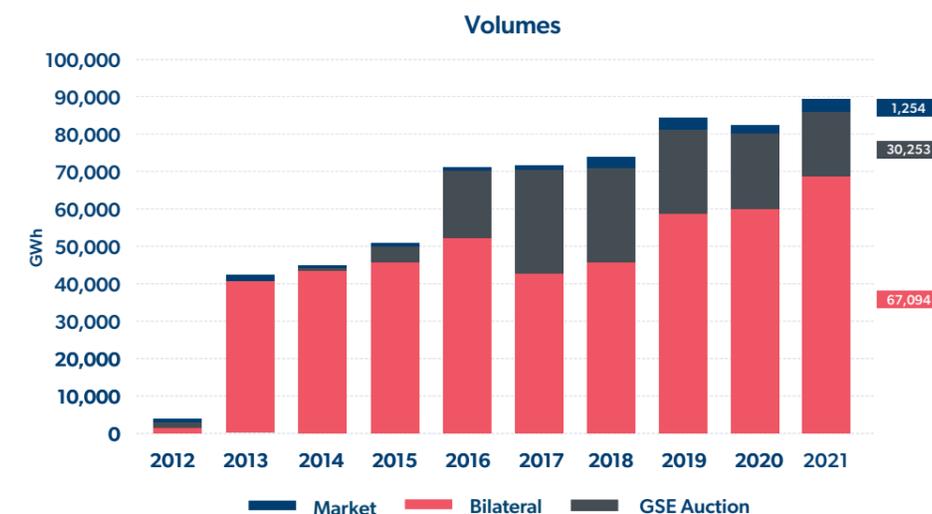


Figure 12 GO, annual prices and volumes - Source GME "GME Newsletter Issue 155 January 2022"

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 - PPAs), 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 2030<sup>10</sup>.

9 Source GSE <https://www.gse.it/contatore-fer-eletriche>

2030 scenarios of indicative cost and average indicative cost

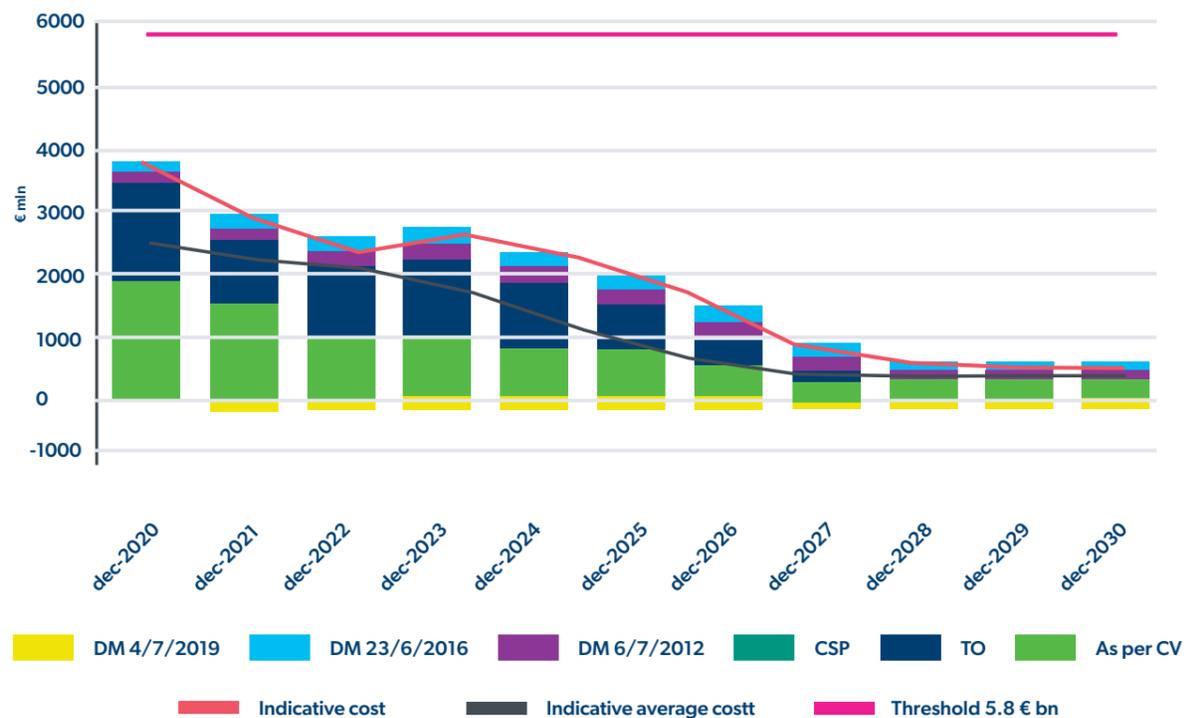


Figure 13 RES Electricity Meter. 2030 scenarios of the indicative cost and average indicative cost at 30 September 2021 - Source GSE <https://www.gse.it/contatore-fer-elettriche>

## 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"), 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 €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
<b>Economic data</b>				
EBIT	132,069	87,198	44,871	51.46%
Adjusted EBIT	148,343	78,075	70,268	90.00%
EBITDA	193,412	138,933	54,479	39.21%
<b>Equity and financial information</b>				
Investments	35,361	32,599	2,762	8.47%
Net Working Capital	104,105	19,426	84,679	435.91%
Net Invested Capital	970,882	830,257	140,625	16.94%
Net Financial Debt	(146,684)	(12,914)	(133,771)	1035.89%
<b>Economic-Equity indexes</b>				
ROE	19.6%	8.1%	11.5%	142.38%
ROI	13.6%	10.5%	3.1%	29.55%
Financial independence	51.8%	69.0%	-17.3%	-25.02%

## 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 €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
<b>PRE-TAX RESULT (A)</b>	<b>126,992</b>	<b>84,489</b>	<b>42,503</b>	<b>50.31%</b>
<b>Financial management</b>				
Financial income	3,674	3,115	559	17.95%
Financial expenses	(8,751)	(5,824)	(2,927)	50.26%
Results from investments	(320)	(83)	(238)	288.01%
<b>TOTAL FINANCIAL BALANCE (B)</b>	<b>(5,077)</b>	<b>(2,708)</b>	<b>(2,368)</b>	<b>87.44%</b>
<b>EBIT OR OPERATING RESULT (A-B)</b>	<b>132,069</b>	<b>87,198</b>	<b>44,871</b>	<b>51.46%</b>

**Ordinary/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 €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
<b>EBIT</b>	<b>132,069</b>	<b>87,198</b>	<b>44,871</b>	<b>51.46%</b>
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	(9,123)	20,107	-220.40%
Goodwill impairment of DEVAL (in application of Impairment Test)	9,050	-	9,050	n.a.
Renexia indemnity	(3,761)	-	(3,761)	n.a.
<b>Adjusted EBIT</b>	<b>148,343</b>	<b>78,075</b>	<b>70,268</b>	<b>90.00%</b>

**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 €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
<b>EBIT or OPERATING RESULT (A)</b>	<b>132,069</b>	<b>87,198</b>	<b>44,871</b>	<b>51.46%</b>
Amortisation/depreciation	52,660	51,059	1,601	3.14%
Provisions and write-downs	8,683	677	8,006	1,182.67%
<b>TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (B)</b>	<b>61,342</b>	<b>51,735</b>	<b>9,607</b>	<b>18.57%</b>
<b>EBITDA or GROSS OPERATING MARGIN (A+B)</b>	<b>193,412</b>	<b>138,933</b>	<b>54,478</b>	<b>39.21%</b>

## Equity/financial information

**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 and intangible assets, net of divestments, including any effect deriving from changes in the scope of consolidation for the year. In 2021 they amounted to Euro 35,361 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 €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
Inventories	3,262	3,399	(137)	-4.04%
Trade receivables	96,004	68,692	27,312	39.76%
(Trade payables)	(73,107)	(60,210)	(12,897)	21.42%
<b>TRADE WORKING CAPITAL</b>	<b>26,158</b>	<b>11,881</b>	<b>14,277</b>	<b>120.17%</b>
Tax receivables/(payables)	(6,997)	25,280	(32,277)	-127.68%
Other assets/(liabilities)	84,944	(17,735)	102,679	-578.96%
<b>NET WORKING CAPITAL</b>	<b>104,105</b>	<b>19,426</b>	<b>84,679</b>	<b>435.91%</b>

**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 €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
Fixed capital	867,090	893,973	(26,883)	-3.01%
Net Working Capital (*)	104,105	19,426	84,679	435.91%
Deferred tax assets/(liabilities)	59,220	(29,626)	88,846	-299.89%
Provisions for risks/charges and Employee benefits	(41,407)	(35,930)	(5,477)	15.24%
Other non-current assets/(liabilities)	(18,127)	(17,586)	(541)	3.08%
<b>NET INVESTED CAPITAL (*)</b>	<b>970,882</b>	<b>830,257</b>	<b>140,625</b>	<b>16.94%</b>

**Net Financial Debt** - The aggregate is used as a performance indicator within the Group's financial structure; specifically, this indicator is the result of the algebraic sum (balance sheet assets positive sign and balance sheet liabilities negative sign) of Current financial assets, Cash and cash equivalents, Other non-current financial liabilities, and Other current financial liabilities.

## 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 Euro thousands	2021	2020
Net result of the period (A)	135,259	61,230
Total shareholders' equity (B)	824,197	817,344
Total shareholders' equity, adjusted of the result of the year (B-A)	688,938	756,114
<b>ROE (Return on Equity) [A / (B-A)]</b>	<b>19.63%</b>	<b>8.10%</b>

**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 Euro thousands	2021	2020
EBIT (A)	132,069	87,198
Net Invested Capital (B)	970,882	830,257
<b>ROI (Return on Investment) (A / B)</b>	<b>13.60%</b>	<b>10.50%</b>

**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.

Amounts in Euro thousands	2021	2020
Total shareholders' equity (A)	824,197	817,344
Total Assets (B)	1,651,511	1,379,637
Other current financial assets (C)	675	730
Cash and cash equivalents (D)	226,831	195,103
<b>Total Assets Adjusted (B-C-D)</b>	<b>1,424,005</b>	<b>1,183,804</b>
<b>Financial Independence Index [A / (B-C-D)]</b>	<b>57.88%</b>	<b>69.04%</b>

# Income Statements and Balance Sheet of the CVA Group

The Group's economic, equity and financial information for the years ended 31 December 2021 and 31 December 2020 is shown below.

## Selected economic data of the Group for the years ended 31 December 2021 and 2020

Provided below is the consolidated economic data of the Group for the years ended 31 December 2021 and 2020:

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
<b>Revenues</b>				
Revenues from sales and services	661,790	480,662	181,128	37.68%
Other revenues and income	48,855	55,520	(6,665)	-12.00%
<b>TOTAL REVENUES (A)</b>	<b>710,645</b>	<b>536,182</b>	<b>174,463</b>	<b>32.54%</b>
of which: impact of non-recurring items	3,761	-	-	-
<b>Operating costs</b>				
Costs for raw materials and services	440,041	319,371	120,670	37.78%
Personnel costs	39,521	38,469	1,052	2.73%
Other operating costs	42,605	43,963	(1,358)	-3.09%
Capitalised days of work	(4,933)	(4,554)	(379)	8.33%
<b>TOTAL OPERATING COSTS (B)</b>	<b>517,233</b>	<b>397,249</b>	<b>119,984</b>	<b>30.20%</b>
of which: impact of non-recurring items	10,985	(9,123)	20,108	-220.41%
<b>EBITDA (A-B)</b>	<b>193,412</b>	<b>138,933</b>	<b>54,479</b>	<b>39.21%</b>
of which: impact of non-recurring items	(7,224)	9,123		
<b>Amortisation, depreciation, provisions and write-downs</b>				
Amortisation/depreciation	52,660	51,059	1,601	3.14%
Provisions and write-downs	8,683	677	8,006	1182.51%
<b>TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)</b>	<b>61,342</b>	<b>51,735</b>	<b>9,607</b>	<b>18.57%</b>
of which: impact of non-recurring items	9,050	-	-	n.a.
<b>EBIT (A-B+/-C)</b>	<b>132,069</b>	<b>87,198</b>	<b>44,871</b>	<b>51.46%</b>
of which: impact of non-recurring items	(16,274)	9,123	(25,397)	-278.38%
<b>Financial management</b>				
Financial income	3,674	3,115	559	17.95%
Financial expenses	8,751	5,824	2,927	50.26%
<b>TOTAL FINANCIAL BALANCE (D)</b>	<b>(5,077)</b>	<b>(2,708)</b>	<b>(2,369)</b>	<b>87.47%</b>
of which: impact of non-recurring items	(6,244)	-		
<b>PRE-TAX RESULT (A-B+/-C+/-D)</b>	<b>126,992</b>	<b>84,489</b>	<b>42,503</b>	<b>50.31%</b>
of which: impact of non-recurring items	(22,518)	9,123	(31,641)	-346.83%

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
Gains/(losses) for income taxes	(8,267)	23,260	(31,527)	-135.54%
Net result of continuing operations	135,259	61,230	74,029	120.90%
Net result of discontinued operations	-	-	-	-
<b>PERIOD NET RESULT</b>	<b>135,259</b>	<b>61,230</b>	<b>74,029</b>	<b>120.90%</b>
Profit/(loss) attributable to the Group	133,441	59,977	73,464	122.49%
Profit/(loss) attributable to non-controlling interests	1,819	1,253	566	45.14%
Basic earnings per share (Euro)	0.34	0.15	0.19	126.67%
Diluted earnings per share (Euro)	0.34	0.15	0.19	126.67%

## Revenues

At 31 December 2021, the Group had revenues of Euro 710,645 thousand, an increase of 33% compared to 31 December 2020. The change is mainly attributable to the Sales BU, which recorded an increase in revenues of Euro 162,669 thousand due to the increase in commodity prices and despite a 27% decrease in volumes supplied to 1,576 GWh (of which 52 GWh referred to the protected market) compared to the total 2,148 GWh supplied in 2020, of which 62 GWh to customers in the Greater Protection market and 2,086 GWh to customers in the Free market.

Revenues from power generation activities also increased by Euro 63,866 thousand (referring for Euro 34,328 thousand to the Hydro BU and Euro 29,538 thousand to the Other RES BU) attributable to the increase in energy sales prices, which offset the overall reduction in the volumes produced by the Group's plants in particular from hydroelectric sources due to unfavourable weather conditions that were reported in 2021.

In 2021, while with reference to the Electricity Distribution BU revenues remained, in absolute value, substantially stable the first revenues referable to the Energy Efficiency BU were recorded. In fact, the BU recorded revenues of Euro 5,676 thousand referring to energy efficiency activities carried out on buildings.

The item "Other revenues and income" includes the contributions for the GRIN tariff (former Green Certificates) for Euro 30,647 thousand and incentives for the production of electricity from other renewable sources for Euro 9,727 thousand (both items down on 2020, when they were respectively Euro 33,051 thousand and Euro 16,551 thousand). Overall, incentives accrued on electricity production, although decreasing mainly due to the impact of the contraction in the quantities produced, remain an item that contributes a total of Euro 40,374 thousand, accounting for 21% of the Group's EBITDA.

## Operating costs

Operating costs amounted to Euro 517,233 thousand at the end of 2021, a significant increase of 30% compared with Euro 397,249 thousand in 2020. The change recorded refers in particular to the increase in the item "Costs for raw materials and services", which was impacted mainly by the increase in costs referring to the wholesale energy purchase activity to be correlated with the parallel increase in revenues from the sale of energy produced by Group companies, as well as the growth in volumes referring to charges from commodity hedging activities also to be correlated with the growth in revenues from the same activity.

Personnel costs increased overall by 2.7%, reaching a value of Euro 39,521 thousand compared to Euro 38,469 thousand in 2020, both as a result of the average increase in the company's workforce that occurred with the stabilisation of fixed-term positions as well as due to the absorption of increases in contractual minimums.



## Amortisation, depreciation, provisions and write-downs

At 31 December 2021, these amounted to Euro 61,342 thousand, up 18.6% compared with the Euro 51,735 thousand of the previous year. These include Euro 52,660 thousand for depreciation and amortisation and Euro 8,683 thousand for provisions and write-downs. With regard to the item "Amortisation and depreciation", the change recorded is mainly due to the normal process of depreciation of the assets owned as well as of the rights of use of the Group.

With reference to the item "Provisions and write-downs", the total value recognised in 2021 incorporates an extraordinary provision of Euro 9,050 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 of provisions for risks that were no longer needed as well as by the reshaping of the provision for bad debts, following credit quality assessments.

## Financial income and expenses

In 2021, the balance of financial operations produced charges totalling Euro 5,077 thousand, including financial income of Euro 3,674 thousand and financial expenses of Euro 8,751 thousand (in 2020, the balance showed total charges of Euro 2,078 thousand); the increase in charges compared to the previous year is mainly due to the increase in the change in fair value of IRS (Interest Rate Swap or interest rate derivative contracts) on loans payable, which was affected by the charges incurred for the early termination of some contracts (IRS) against the early repayment of the underlying loan. The item described should be regarded as non-recurring.

## Income taxes

Income taxes contribute a positive value to net income in 2021 of Euro 8,267 thousand while, in 2020, they represented a profit absorption of Euro 23,260 thousand.

Although the current tax burden is up compared to the previous year, due to the results expressed by the Group, taxes show a negative value essentially as a result of the Group's decision to adhere to the statutory/tax value realignment scheme pursuant to article 110 of Decree Law 104/2020, which involved the possibility of eliminating the misalignment between the book value and the tax value of goodwill upon payment of a substitute tax of 3% of the realigned value. Group companies that have been able to take advantage of this mechanism are the Parent Company CVA spa and the subsidiary CVA Eos, with the effect of bringing in annual tax charges of approximately Euro 3.85 million as deductions.

The substitute tax due for realignment is shown entirely under current taxes in the amount of Euro 5,770 thousand. This has been mentioned in the significant events during the year, and a full and detailed explanation is also given below in the notes to Income Taxes.

## Period net result

The year 2021 closed with a net result of Euro 135,259 thousand, with an exceptional change of 120.9% compared with Euro 61,230 thousand for 2020. Net income includes Euro 1,819 thousand in minority profit (Euro 1,253 thousand in 2020). The consolidated net result pertaining to the Group was Euro 133,441 thousand.

## Selected equity and balance sheet data of the Group for the years ended 31 December 2021 and 2020

Provided below is the consolidated equity and financial data of the Group for the years ended 31 December 2021 and 2020:

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
ASSETS			Change	% change
<b>Non-current assets</b>				
Tangible assets	623,165	641,374	(18,209)	-2.84%
Intangible assets	12,587	12,525	62	0.50%
Goodwill	228,976	238,026	(9,050)	-3.80%
Equity investments	2,362	2,048	314	15.33%
Deferred tax assets	66,883	26,364	40,519	153.69%
Derivatives	4,659	3,227	1,432	44.37%
Non-current financial assets	93,731	134,294	(40,563)	-30.20%
Trade receivables	8,619	1,308	7,311	558.97%
Other non-current assets	4,510	4,604	(94)	-2.04%
<b>Total non-current assets</b>	<b>1,045,492</b>	<b>1,063,771</b>	<b>(18,279)</b>	<b>-1.72%</b>
<b>Current assets</b>				
Inventories	3,262	3,399	(137)	-4.04%
Trade receivables	87,384	67,384	20,000	29.68%
Receivables for income taxes	4,850	7,285	(2,435)	-33.42%
Other tax receivables	13,350	19,904	(6,554)	-32.93%
Derivatives	96,235	2,480	93,755	3,780.46%
Other current financial assets	675	730	(55)	-7.50%
Other current assets	173,431	19,581	153,850	785.71%
Cash and cash equivalents	226,831	195,103	31,728	16.26%
<b>Total current assets</b>	<b>606,019</b>	<b>315,866</b>	<b>290,153</b>	<b>91.86%</b>
<b>Assets classified as held for sale</b>				
<b>TOTAL ASSETS</b>	<b>1,651,511</b>	<b>1,379,637</b>	<b>271,874</b>	<b>19.71%</b>

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	395,000	395,000	-	0.00%
Other reserves	243,128	309,265	(66,137)	-21.39%
Accumulated Profits/(Losses)	43,134	45,451	(2,317)	-5.10%
Net result of the year	133,441	59,977	73,464	122.49%
Shareholders' equity attributable to the Group	814,703	809,694	5,009	0.62%
Shareholders' equity - Minority interests	9,495	7,650	1,845	24.11%
<b>Total shareholders' equity</b>	<b>824,197</b>	<b>817,344</b>	<b>6,853</b>	<b>0.84%</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Employee benefits	5,723	5,893	(170)	-2.89%
Provisions for risks and charges	34,431	28,849	5,582	19.35%
Deferred tax liabilities	7,663	55,990	(48,327)	-86.31%
Derivatives	49,736	1,464	48,272	3,297.28%
Non-current financial liabilities	215,642	302,496	(86,854)	-28.71%
Other non-current liabilities	22,637	22,190	447	2.02%
<b>Total non-current liabilities</b>	<b>335,832</b>	<b>416,882</b>	<b>(81,050)</b>	<b>-19.44%</b>
<b>Current liabilities</b>				
Employee benefits	1,032	976	56	5.77%
Provisions for risks and charges	221	212	9	4.23%
Trade payables	73,107	60,210	12,897	21.42%
Payables for income taxes	20,611	989	19,622	1,984.02%
Other tax payables	4,587	920	3,667	398.54%
Derivatives	118,554	20,120	98,434	489.23%
Other current financial liabilities	252,279	40,545	211,734	522.22%
Other current liabilities	21,091	21,438	(347)	-1.62%
<b>Total current liabilities</b>	<b>491,481</b>	<b>145,411</b>	<b>346,070</b>	<b>237.99%</b>
Liabilities related to assets held for sale	-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,651,511</b>	<b>1,379,554</b>	<b>271,957</b>	<b>19.71%</b>

The following table shows the main equity and financial data of the Group reclassified at 31 December 2021 and 2020:

Amounts in thousands of €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
Fixed capital	867,090	893,973	(26,883)	-3.01%
Net Working Capital (*)	104,105	19,426	84,679	435.91%
Deferred tax assets/(liabilities)	59,220	(29,626)	88,846	-299.89%
Provisions for risks/charges and Employee benefits	(41,407)	(35,930)	(5,477)	15.24%
Other non-current assets/(liabilities)	(18,127)	(17,586)	(541)	3.08%
<b>NET INVESTED CAPITAL (*)</b>	<b>970,882</b>	<b>830,257</b>	<b>140,625</b>	<b>16.94%</b>
Financial debt	(240,415)	(147,208)	(93,207)	63.32%
Non-current financial assets	93,731	134,294	(40,563)	-30.20%
Shareholders' equity	(824,197)	(817,343)	(6,854)	0.84%
<b>EQUITY AND NET FINANCIAL DEBT</b>	<b>(970,882)</b>	<b>(830,257)</b>	<b>(140,625)</b>	<b>16.94%</b>

(\*) 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.

## Fixed capital

The breakdown of fixed capital at 31 December 2021 and 2020 is shown below:

Amounts in thousands of €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
Tangible assets	623,165	641,374	(18,209)	-2.84%
Intangible assets	12,587	12,525	62	0.49%
Goodwill	228,976	238,026	(9,050)	-3.80%
Equity investments	2,362	2,048	314	15.35%
<b>TOTAL FIXED CAPITAL</b>	<b>867,090</b>	<b>893,974</b>	<b>(26,883)</b>	<b>-3.01%</b>

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 capital amounted to Euro 867,090 thousand at 31 December 2021, with a negative change of 3.01% equal to Euro 26,883 thousand on the previous year. The decrease in this indicator is to be ascribed to the negative change in tangible and intangible assets due to the combined effect of the negative changes referring to the ordinary amortisation process and the write-down of the value of goodwill of the company DEVAL and the positive change resulting from the investments made during the year.

Net working capital mainly 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, and receivables for incentives accrued on electricity produced and not yet collected in the period and, items that became particularly important in 2021 as a result of the trend in energy commodity prices, 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 take into account a positive change in the balance represented by the comparison of trade payables and receivables as of the date that generated an increase already at the level of Trade Working Capital; the strong contraction of the impact of the Group's tax position combined with an increase in other working assets determines an upward impact on the item net working capital in increase of more than 84.6 million compared to the previous year.

## 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 2021, they showed a positive balance of Euro 59,220 thousand, referring to prepaid tax assets of Euro 66,883 thousand and deferred tax liabilities of Euro 7,663 thousand, while at 31 December 2020 they showed a net liability of Euro 29,626 thousand.

The increase in the value of deferred tax assets is mainly 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 the increase in differences on provisions for risks. Deferred taxes are sharply decreasing as a result of the tax transaction already described regarding the realignment of the statutory tax value of the goodwill of CVA S.p.A. and CVA Eos in accordance with article 110 of Decree Law 104/2020.



## Provisions for risks and charges and Employee benefits

Provisions for risks and charges mainly include:

- The provision for charges in the amount of Euro 11,204 thousand resulting from the opening of a new proceeding by ARERA with Resolution 217/2021/EEL, aimed at verifying whether, as a result of CVA ENERGIE alleged non-diligent imbalances in 2016, there was an actual infringement of end users' rights. The previous proceeding opened with Resolution 342/2016/EEL had then been challenged by CVA ENERGIE in a litigation that was favourably closed, with the Council of State ruling filed on 26 October 2020. By virtue of this ruling, all prescriptive measures taken had been annulled and consequently the existing provision released. The current risk is that of new prescriptive measures, the maximum amount of which is set by the ARERA resolution in the value of cancelled measures in 2020. It should be noted that this value is represented as an extraordinary adjustment item for reporting as well as comparison of economic data;
- the provision for risks amounting to Euro 1,404 thousand related to the issue described above and allocated against the assessment of the probability of losing the case for the part relating to any penalty charges arising from the proceedings initiated by ARERA with Determination DSAI/92/2017/EEL. The provision had been set aside in previous years in the amount of Euro 2,078 thousand and was adjusted following the notification in 2021 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. The company 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. As with the above item, it should be noted that the amount of the release for provision adjustment is also expressed as an extraordinary adjustment item;
- the provision for risks on additional excise duties, amounting to Euro 10,236 thousand, was set aside in 2019 and considered appropriate for 2021, in order to assess the probable risk of having to repay to customers, following a dispute in the civil courts, the additional duties collected for energy supply for the years 2010 to 2012. The sales company owned by the Group, following the ruling of the Court of Cassation no. 15198 of 4 June 2019, which confirmed the incompatibility of the provisions establishing the surcharges on excise duty on electricity with Directive 2008/118/EEC, is faced with the risk of having to incur both costs arising from disputes with customers and the cost of refunding the surcharge;
- the provision referring to decommissioning charges for sites on which wind or photovoltaic power plants operate has a total value of Euro 5,490 thousand, which has been reduced compared to the value in 2021 (Euro 5,891 thousand) due to a change in the discount rate used to calculate the provision;
- the provision for severance indemnities and other employee benefits amounted to Euro 5,723 thousand, compared with Euro 5,893 thousand the previous year;
- lastly, it should be noted that the provision referring to the ETS Arbitration Litigation, which amounted to a total of Euro 3,189 thousand at the beginning of the year, was fully utilised following the ruling of the L'Aquila Court of Appeals on 23 June 2021, which ordered CVA to pay a total of Euro 3,641 thousand to ETS.

For a detailed and comprehensive discussion of all the provisions for risks and charges present, please refer to the appropriate section of the notes to the financial statements.

## Other non-current assets/(liabilities)

At the end of 2021, the balance of other non-current assets and liabilities showed a payable of Euro 18,127 thousand against a payable of Euro 17,586 thousand at 31 December 2020. It refers to receivables for other non-current assets of Euro 4,510 thousand (Euro 4,604 thousand at 31 December 2020) that mainly refer to various long-term security deposits to third parties (Euro 2,496 thousand compared to Euro 2,554 thousand at 31 December 2020) and medium/long-term receivables from employees, relating to loans granted to employees and interest-bearing (Euro 1,369 thousand compared to Euro 1,405 thousand at 31 December 2020). Other non-current liabilities added up to Euro 22,637 thousand (Euro 22,190 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 Debt

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

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
A Cash	8	9	(2)	-18.19%
B Other cash and cash equivalents	176,774	195,094	(18,319)	-9.39%
C Securities held for trading	50,049	-	50,049	
<b>D Cash and cash equivalents (A+B+C)</b>	<b>226,831</b>	<b>195,103</b>	<b>31,728</b>	<b>16.26%</b>
<b>E Current financial receivables</b>	<b>675</b>	<b>730</b>	<b>(55)</b>	<b>-7.52%</b>
F Current portion of non-current financial debt	252,279	40,545	211,733	522.21%
<b>G Current financial debt (F)</b>	<b>252,279</b>	<b>40,545</b>	<b>211,733</b>	<b>522.21%</b>
<b>H Net liquidity (D) + (E) - (G)</b>	<b>(24,773)</b>	<b>155,288</b>	<b>(180,060)</b>	<b>-115.95%</b>
I Non-current bank payables	215,642	302,496	(86,854)	-28.71%
L Other non-current financial assets	93,731	134,294	(40,564)	-30.21%
<b>M Non-current financial debt (I-L)</b>	<b>121,912</b>	<b>168,201</b>	<b>(46,290)</b>	<b>-27.52%</b>
<b>N Net financial debt (M) - (H)</b>	<b>146,684</b>	<b>12,914</b>	<b>133,771</b>	<b>1035.87%</b>

As of the end of 2021, the Group's net financial debt amounted to Euro 146,684 thousand, an increase of Euro 133,771 thousand compared to Euro 12,913 thousand in the previous year as a result, primarily, of payments made to guarantee the settlement of derivative transactions in fulfilment of the margining obligations undertaken through participation in futures markets.

Please note that for a better understanding of the indicator, other non-current financial assets, which mainly include capitalisation and insurance policies, have also been detailed and included in the table; this item in the previous year was detailed separately in the disclosure. The change in net financial debt can be attributed mainly to cash absorptions resulting from the need to increase liquid deposits to guarantee the settlement of derivative transactions in fulfilment of the margining obligations undertaken through participation in the energy futures markets. As such, the value of these security deposits increased from Euro 1.3 million in 2020 to Euro 151.3 million at the end of 2021. Also to cope with margin calls in 2021, financial investments of about Euro 40.5 million were divested through the sale of securities.

## Shareholders' equity

The table below shows the breakdown of shareholders' equity at 31 December 2021 and 2020:

Amounts in thousands of €

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
Share capital	395,000	395,000	-	-
Other reserves	243,128	309,265	(66,137)	-21.39%
Reserves and profits (losses) carried forward	43,134	45,451	(2,317)	-5.10%
Net result of the year	133,441	59,977	73,464	122.49%
<b>Shareholders' equity attributable to the Group</b>	<b>814,703</b>	<b>809,693</b>	<b>5,010</b>	<b>0.62%</b>
Minorities Shareholders' Equity	9,495	7,650	1,845	24.11%
<b>SHAREHOLDERS' EQUITY</b>	<b>824,197</b>	<b>817,343</b>	<b>6,854</b>	<b>0.84%</b>

At 31 December 2021, 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 2021 are significantly influenced by the more than 122% increase in net result for the year.

## Analysis of cash flows of the Group for the years ended 31 December 2021 and 2020

Below is a summary of the Group's cash flow statement for the years ended 31 December 2021 and 2020.

CVA Group - Consolidated Statement of Cash Flows

Amounts in thousands of €	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
Cash flows generated/(absorbed) by operating activities	(55,649)	126,312	(181,961)	-144.06%
Cash flows generated/(absorbed) by investing activities	4,830	(58,128)	62,958	-108.31%
Cash flows generated/(absorbed) by financing activities	82,547	(88,074)	170,621	-193.72%
<b>Final cash change</b>	<b>31,728</b>	<b>(19,890)</b>	<b>51,618</b>	<b>-259.52%</b>
Cash and cash equivalents - opening balance	195,103	214,993	(19,890)	-9.25%
Final cash change	31,728	(19,890)	51,618	-259.52%
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>226,831</b>	<b>195,103</b>	<b>31,728</b>	<b>16.26%</b>

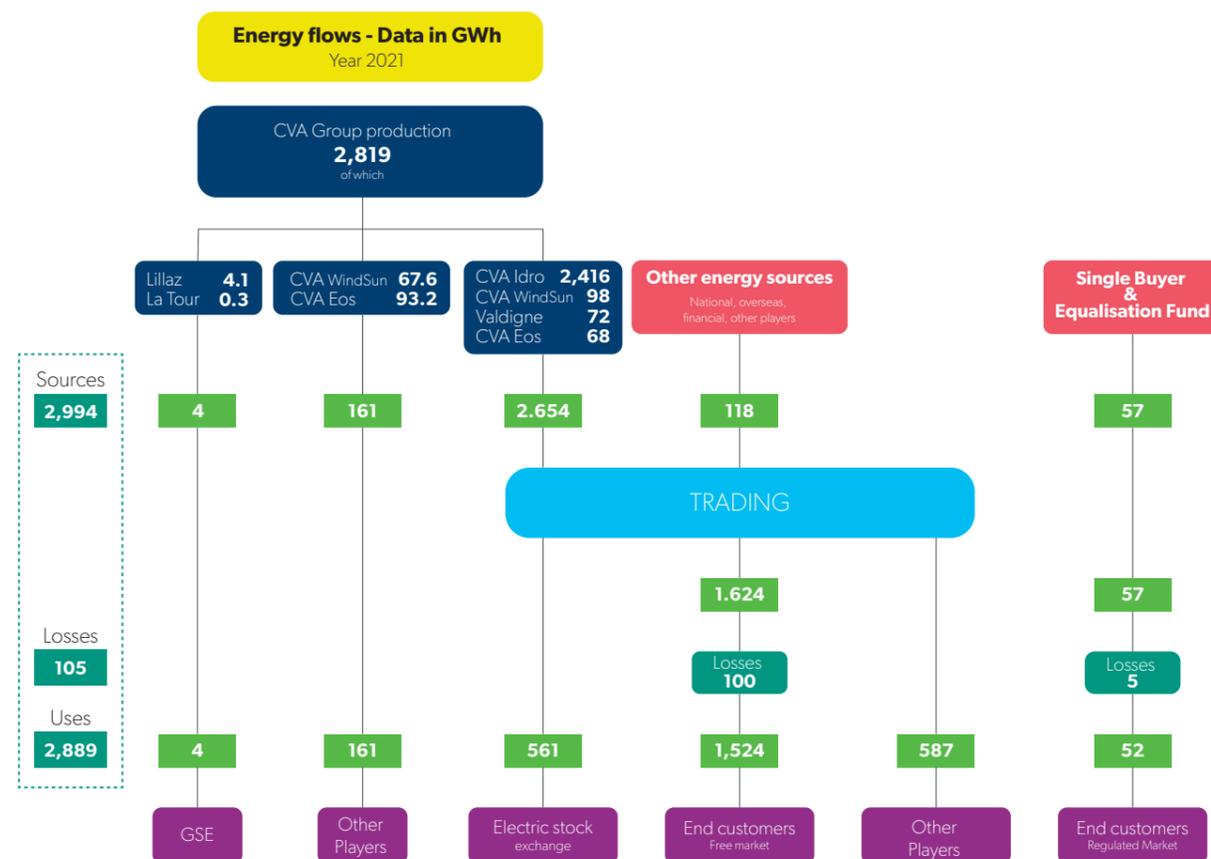
In 2021, there was an increase in end-of-period cash and cash equivalents mainly influenced by the change in cash flows generated from financing activities against the activation of loans by the parent company. In contrast, operating activities absorbed cash flows due to the performance of trade receivables.

## Non-financial performance indicators of the Group for the years ended 31 December 2021 and 2020

The following table summarises the key non-financial performance indicators of the Group for the years ended 31 December 2021 and 2020:

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
Hydroelectric production (GWh)	2,492	3,047	(555)	-18.21%
Production from other renewable sources (GWh)	327	300	27	9.15%
Electricity sold to wholesale customers (GWh)	752	193	559	288.91%
Electricity sold on the Power Exchange (GWh)	561	1,765	(1,204)	-68.23%
Electricity sold to end customers (GWh)	1,576	2,148	(572)	-26.62%
POD supplied (#/1000)	117.350	123.838	(6)	-5.24%
Electricity distributed (GWh)	898	834	64	7.67%
Average of the PUN (Single Nationwide Price) Base load (Euro/MWh)	125	39	87	222.35%

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.

In 2021, as introduced above, the Group launched a new business segment in addition to the traditional segments in which it has been operating for some time, the energy efficiency business, which is headed by the BU of the same name, dedicated to civil energy efficiency activities, through structural interventions managed by the Parent Company on civil and instrumental buildings, and industrial.

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 2021, these plants produced 2,492 GWh. The companies of the Group operating in the production of hydroelectric energy are the Parent Company C.V.A. S.p.A and the subsidiary Valdigne Energie S.r.l.

### 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 327 GWh. The Group companies operating in this Business Unit are the Parent Company and CVA EOS. The latter incorporated CVA Smart Energy in 2021. It should be noted, however, that given the inactivity of the merged company there is no significant impact at the Business Unit level.

### 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 898 GWh for consumption for the current year, serving an average of 129,253 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 1,576 GWh of electricity distributed over approximately 117,350 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 2021 and 2020.

## 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)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>128,631</b>	<b>15,887</b>	<b>12,125</b>	<b>58,062</b>	<b>(20,581)</b>	<b>(226)</b>	<b>(487)</b>	<b>193,412</b>
% 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)
<b>NET OPERATING RESULT (EBIT)</b>	<b>105,020</b>	<b>(1,693)</b>	<b>12,325</b>	<b>40,392</b>	<b>(23,699)</b>	<b>(226)</b>	<b>(49)</b>	<b>132,069</b>
% 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)
<b>ADJUSTED OPERATING RESULT (ADJUSTED EBIT)</b>	<b>105,020</b>	<b>7,357</b>	<b>22,854</b>	<b>37,086</b>	<b>(23,699)</b>	<b>(226)</b>	<b>(49)</b>	<b>148,343</b>
% OF REVENUES	56.08%	21.64%	3.66%	54.23%	-815.06%	-3.99%	0.02%	20.87%
FINANCIAL BALANCE	-	-	-	-	(5,064)	(12)	-	(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
<b>NET RESULT</b>	<b>105,020</b>	<b>(1,693)</b>	<b>12,325</b>	<b>40,392</b>	<b>(20,496)</b>	<b>(239)</b>	<b>(49)</b>	<b>135,259</b>
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
(Investments)/Divestments of Tangible Assets	17,250	12,120	56	2,172	1,276	345	-	33,219
(Investments)/Divestments of Intangible Assets	53	536	-	203	1,349	-	-	2,142
<b>TOTAL INVESTMENTS</b>	<b>17,303</b>	<b>12,657</b>	<b>56</b>	<b>2,375</b>	<b>2,625</b>	<b>345</b>	<b>-</b>	<b>35,361</b>

## Data by Business Unit at 31 December 2020

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	152,941	33,419	461,416	38,854	3,653	-	(154,101)	536,182
OTHER COSTS	(43,211)	(10,518)	(440,744)	(7,721)	(10,086)	(125)	153,625	(358,780)
PERSONNEL COSTS	(13,845)	(6,826)	(4,114)	(301)	(13,360)	(23)	1	(38,469)
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>95,884</b>	<b>16,076</b>	<b>16,558</b>	<b>30,831</b>	<b>(19,793)</b>	<b>(149)</b>	<b>(475)</b>	<b>138,933</b>
% OF REVENUES	62.69%	48.10%	3.59%	79.35%	-541.80%	N.A.	0.31%	25.91%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(22,667)	(7,904)	(768)	(17,783)	(3,046)	-	434	(51,735)
<b>NET OPERATING RESULT (EBIT)</b>	<b>73,217</b>	<b>8,171</b>	<b>15,791</b>	<b>13,048</b>	<b>(22,839)</b>	<b>(149)</b>	<b>(41)</b>	<b>87,198</b>
% OF REVENUES	47.87%	24.45%	3.42%	33.58%	-625.19%	N.A.	0.03%	16.26%
NON-RECURRING ITEMS	-	-	9,123	-	-	-	-	9,123
<b>ADJUSTED OPERATING RESULT (ADJUSTED EBIT)</b>	<b>73,217</b>	<b>8,171</b>	<b>6,667</b>	<b>13,048</b>	<b>(22,839)</b>	<b>(149)</b>	<b>(41)</b>	<b>78,075</b>
% OF REVENUES	47.87%	24.45%	1.44%	33.58%	-625.19%	N.A.	0.03%	14.56%
FINANCIAL BALANCE	-	-	-	-	(2,708)	-	-	(2,708)
PRE-TAX RESULT	73,217	8,171	15,791	13,048	(25,548)	(149)	(41)	84,489
INCOME TAXES	-	-	-	-	(23,260)	-	-	(23,260)
<b>NET RESULT</b>	<b>73,217</b>	<b>8,171</b>	<b>15,791</b>	<b>13,048</b>	<b>(48,807)</b>	<b>(149)</b>	<b>(41)</b>	<b>61,230</b>
EQUITY DATA BY BUSINESS SECTOR								
	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
TANGIBLE ASSETS	320,062	106,183	616	183,017	34,669	-	(3,172)	641,374
INTANGIBLE ASSETS	1,222	1,561	-	7,043	2,698	1	-	12,525
GOODWILL	173,544	20,358	-	44,125	-	-	-	238,026
TRADE RECEIVABLES	13,412	8,028	62,180	3,474	539	-	(20,250)	67,384
TRADE PAYABLES	(10,591)	(9,793)	(53,807)	(2,416)	(6,389)	(87)	22,874	(60,210)
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	16,062	12,398	17	821	2,118	-	-	31,382
(INVEST)/DISINVEST - INTANGIBLE ASSETS	2	186	-	2	992	1	-	11,103
<b>TOTAL INVESTMENTS</b>	<b>16,064</b>	<b>12,584</b>	<b>17</b>	<b>823</b>	<b>3,110</b>	<b>1</b>	<b>-</b>	<b>32,565</b>



## Results by operating area

### Hydro Business Unit

The following table shows the main data relating to the Hydro Business Unit for the years 2021 and 2020:

[€/000]	31/12/2021	31/12/2020	2021 VS 2020	
			Change	% Change
<b>ECONOMIC DATA BY BUSINESS SECTOR</b>				
REVENUES	187,269	152,941	34,328	22.45%
PERSONNEL COSTS	(13,991)	(13,845)	(145)	1.05%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>128,631</b>	<b>95,884</b>	<b>32,747</b>	<b>34.15%</b>
<b>% OF REVENUES</b>	<b>68.69%</b>	<b>62.69%</b>	<b>5.99%</b>	<b>9.56%</b>
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(23,612)	(22,667)	(944)	4.17%
<b>NET OPERATING RESULT (EBIT)</b>	<b>105,020</b>	<b>73,217</b>	<b>31,803</b>	<b>43.44%</b>
<b>% OF REVENUES</b>	<b>56.08%</b>	<b>47.87%</b>	<b>8.21%</b>	<b>17.14%</b>
NON-RECURRING ITEMS	-	-	-	-
<b>ADJUSTED OPERATING RESULT (ADJUSTED EBIT)</b>	<b>105,020</b>	<b>73,217</b>	<b>31,803</b>	<b>43.44%</b>
<b>% OF REVENUES</b>	<b>56.08%</b>	<b>47.87%</b>	<b>8.21%</b>	<b>17.14%</b>
<b>INVESTMENTS</b>				
INVESTMENTS IN TANGIBLE ASSETS, INTANGIBLE ASSETS AND EQUITY INVESTMENTS	17,303	16,064	1,239	7.71%

### Revenues

#### 2021 vs 2020

The positive change in the "revenue" item that occurred between 2021 and 2020, stems, from the dynamics of sales prices, which in 2021 saw an increase in the prices of energy commodities, which, although in the presence of a decrease in the overall quantities produced by the Business Unit due to the unfavourable weather conditions, developed a volume of Revenues more than 22% higher than the previous year.

### Gross Operating Margin (EBITDA)

#### 2021 vs 2020

EBITDA shows an important increase over the year of comparison of Euro 32,747 thousand (34.1%) that internalises the increase in Revenues whose trend directly impacts the trend of this item in the presence of a rather rigid cost structure typical of the activity developed by the Business Unit. Personnel costs can be considered stable compared to the previous year.

### Operating Result (EBIT)

#### 2021 vs 2020

Operating income for 2021, amounting to Euro 105,020 thousand, equally expresses the positive trend in EBITDA and absorbing the upward trend in "depreciation, amortisation, provisions and write-downs".

### Adjusted Operating Result (Adjusted EBIT)

#### 2021 vs 2020

Adjusted operating income amounting to Euro 105,020 thousand does not differ from the indicator described above because in 2021, as well as in 2020, there are no issues to be ascribed to so-called adjusted values for the Hydro BU.

### Investments

#### 2021 vs 2020

Capital expenditure by the Hydro Business Unit increased by Euro 1,236 thousand and relates to investments in the 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 2021 and 2020:

[€/000]	31/12/2021	31/12/2020	2021 VS 2020	
			Change	% Change
<b>ECONOMIC DATA BY BUSINESS SECTOR</b>				
REVENUES	33,995	33,419	576	1.72%
OTHER COSTS	(10,970)	(10,518)	(452)	4.30%
PERSONNEL COSTS	(7,138)	(6,826)	(313)	4.58%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>15,887</b>	<b>16,076</b>	<b>-189</b>	<b>-1.17%</b>
<b>% OF REVENUES</b>	<b>46.73%</b>	<b>48.10%</b>	<b>-1.37%</b>	<b>-2.85%</b>
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(17,580)	(7,904)	(9,675)	122.40%
<b>NET OPERATING RESULT (EBIT)</b>	<b>(1,693)</b>	<b>8,171</b>	<b>(9,864)</b>	<b>-120.71%</b>
<b>% OF REVENUES</b>	<b>-4.98%</b>	<b>24.45%</b>	<b>-29.43%</b>	<b>-120.36%</b>
NON-RECURRING ITEMS	(9,050)	-	(9,050)	N.A.
<b>ADJUSTED OPERATING RESULT (ADJUSTED EBIT)</b>	<b>7,357</b>	<b>8,171</b>	<b>(814)</b>	<b>-9.96%</b>
<b>% OF REVENUES</b>	<b>21.64%</b>	<b>24.45%</b>	<b>-2.81%</b>	<b>-11.49%</b>
<b>INVESTMENTS</b>				
INVESTMENTS IN TANGIBLE ASSETS, INTANGIBLE ASSETS AND EQUITY INVESTMENTS	12,657	12,584	73	0.58%

### Revenues

#### 2021 vs 2020

The trend in revenues year on year shows an increase of Euro 576 thousand (+1.72%).

This increase is mainly due to an increase of Euro 497 thousand in tariff revenues for energy transport and equalisation, Euro 144 thousand for connection fees, and Euro 110 thousand for other revenues, effects partially offset by a decrease of Euro 175 thousand in revenues for energy efficiency certificates due to lower quantities cancelled compared to the previous year.

### Gross Operating Margin (EBITDA)

#### 2021 vs 2020

The gross operating margin shows a decrease of 1.17% (equal to Euro 189 thousand). Against a positive trend in revenues (+1.72%), the change in EBITDA was determined by the trend in operating costs, which showed an increase in both the personnel cost component, due to increases provided for in the collective labour agreement and for higher service provisions for higher contracts for plant maintenance and demolition.

### Operating Result (EBIT)

#### 2021 vs 2020

The operating result for 2021 is negative, due to the deterioration in EBITDA described above, the increase in depreciation and amortisation costs incurred in 2021 by this BU, and the impairment of goodwill in the amount of Euro 9,050 thousand.

## Adjusted Operating Result (Adjusted EBIT)

### 2021 vs 2020

Adjusted operating income for the year 2021 is characterised by the non-recurring transaction due to the impairment of goodwill as a result of impairment testing, amounting to Euro 9,050 thousand.

Operating margins totalled 21.60%, compared to 24.45% in 2020.

## Investments

### 2021 vs 2020

Investments relating to the Distribution Business Unit in 2021 show a decrease of Euro 73 thousand compared with 2020 (0.6%). The main investments made in 2021 concerned investments in distribution networks on customer request (Euro 3,794 thousand) and in service quality, technological, environmental and load adjustment (Euro 6,381 thousand), in remote control and telecommunication systems (Euro 1,425 thousand), in equipment and other investments (Euro 281 thousand) and in intangible assets and right-of-use of leased assets for Euro 776 thousand.

## Sales Business Unit

The following table shows the main data relating to the Sales Business Unit for the years ended 31 December 2021 and 2020:

[€/'000]	31/12/2021	31/12/2020	2021 VS 2020	
			Change	% Change
<b>ECONOMIC DATA BY BUSINESS SECTOR</b>				
REVENUES	624,085	461,416	162,669	35.25%
PERSONNEL COSTS	(4,062)	(4,114)	51	-1.25%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>12,125</b>	<b>16,558</b>	<b>(4,434)</b>	<b>-26.78%</b>
<b>% OF REVENUES</b>	<b>1.94%</b>	<b>3.59%</b>	<b>-1.65%</b>	<b>-45.86%</b>
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	200	(768)	968	-126.04%
<b>NET OPERATING RESULT (EBIT)</b>	<b>12,325</b>	<b>15,791</b>	<b>(3,466)</b>	<b>-21.95%</b>
<b>% OF REVENUES</b>	<b>1.97%</b>	<b>3.42%</b>	<b>-1.45%</b>	<b>-42.29%</b>
NON-RECURRING ITEMS	(10,530)	9,123	(19,653)	
<b>ADJUSTED OPERATING RESULT (ADJUSTED EBIT)</b>	<b>22,854</b>	<b>6,667</b>	<b>16,187</b>	<b>242.79%</b>
<b>% OF REVENUES</b>	<b>3.66%</b>	<b>1.44%</b>	<b>2.22%</b>	<b>153.44%</b>
<b>INVESTMENTS</b>				
INVESTMENTS IN TANGIBLE ASSETS, INTANGIBLE ASSETS AND EQUITY INVESTMENTS	56	17	39	228.31%

## Revenues

### 2021 vs 2020

The year-on-year trend in revenues shows a marked increase of Euro 162,669 thousand (+32.3%) mainly due to the growth in energy sales prices, which offset both the reduction in volumes supplied to end customers resulting mainly from the commercial choice of the sales company represented in this BU, focused on attention to customer profitability, and the contraction in volumes brokered on wholesale activities also by the company CVA Energie.

## Gross Operating Margin (EBITDA)

### 2021 vs 2020

EBITDA shows a decrease between the two consecutive years of Euro 4,433 thousand in absolute value (26.8%), mainly due to the increase in the cost of wholesale energy. It should be noted that the value of operating costs in 2021 is affected by the exceptional effect of the amounts set aside for the initiation of proceedings of the Regulatory Authority for Energy Network and Environment on the subject of non-diligent scheduling strategies of electricity, which is described under Adjusted Operating Result.

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

## Operating Result (EBIT)

### 2021 vs 2020

The operating result for 2021 in line with the gross operating margin recorded a significant increase of Euro 3,466 thousand (+22% on last year).

It should be noted that the increase in EBITDA is, at this level of reporting of the figure, also improved by the performance of the item "Depreciation, amortisation, provisions and write-downs", which shows a positive value of Euro 200 thousand due to the effect of the reversal to income of part of the provision set up against the additional dispute, which, however, is balanced by the write-down of receivables recorded in "Other current assets" against the refunds made to customers by way of additional tax on the state excise tax by virtue of the negative rulings of the first instance, and as a result of the adjustment of the provision for bad debts necessary to align the value of receivables with their estimated realisable value in accordance with IFRS9.

## Adjusted Operating Result (Adjusted EBIT)

### 2021 vs 2020

Adjusted operating profit for 2021 is Euro 22,854 thousand and internalises the dual combined and opposite effect referred to two main accounting events both originating from the dispute that originates from the prescriptive procedure initiated by the Authority pursuant to Resolution 342/2016/E/eel of 24 June 2016, in terms of non-diligent planning strategies for electricity, which ended positively in 2020 for the sales company. Under the item result from non-recurring transactions, evidence is given of the negative impact on the result of the provision of Euro 11.2 million set aside following the opening of a new proceeding by ARERA (initiated on 31 May 2021) aimed at verifying whether, as a result of the alleged non-diligent imbalances recorded in 2016 there has been an actual injury to the rights of end users, as well as the positive effect of Euro 0.7 million due to the reversal to income of part of the provision set aside in the previous year against the possible penalty imposed by ARERA, the latter also in view of the development of the litigation.

## Investments

### 2021 vs 2020

In 2021, investments related to the Sales Business Unit amounted to Euro 56 thousand mainly to be attributed to investments in furniture and furnishings for restyling activities of the counters of the free market customer service.



## 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 2021 and 2020:

[€/000]	31/12/2021	31/12/2020	2021 VS 2020	
			Change	% Change
<b>ECONOMIC DATA BY BUSINESS SECTOR</b>				
REVENUES	68,392	38,854	29,538	76.02%
PERSONNEL COSTS	(412)	(301)	(111)	36.94%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>58,062</b>	<b>30,831</b>	<b>27,231</b>	<b>88.32%</b>
<b>% OF REVENUES</b>	<b>84.90%</b>	<b>79.35%</b>	<b>5.54%</b>	<b>6.99%</b>
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(17,670)	(17,783)	113	-0.63%
<b>NET OPERATING RESULT (EBIT)</b>	<b>40,392</b>	<b>13,048</b>	<b>27,344</b>	<b>209.56%</b>
<b>% OF REVENUES</b>	<b>59.06%</b>	<b>33.58%</b>	<b>25.48%</b>	<b>75.86%</b>
NON-RECURRING ITEMS	3,306	-	3,306	N.A.
<b>ADJUSTED OPERATING RESULT (ADJUSTED EBIT)</b>	<b>37,086</b>	<b>13,048</b>	<b>24,038</b>	<b>184.22%</b>
<b>% OF REVENUES</b>	<b>54.23%</b>	<b>33.58%</b>	<b>20.64%</b>	<b>61.47%</b>
<b>INVESTMENTS</b>				
INVESTMENTS IN TANGIBLE ASSETS, INTANGIBLE ASSETS AND EQUITY INVESTMENTS	2,375	823	1,552	188.52%

### Revenues

#### 2021 vs 2020

The increase of more than Euro 29.5 million (+76%) in the item "Revenues" is due to the combined and unambiguous effect of the increase in the production of plants from renewable sources other than hydroelectric owned by the Group and the increase in selling prices that the increase in selling prices of energy produced. In particular, the group's wind power plants benefited from favourable weather conditions during the year.

### Gross Operating Margin (EBITDA)

#### 2021 vs 2020

EBITDA increased significantly by 88% 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.

There is further slight growth in absolute value of the share of labour costs allocated in 2021 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 assumed since 1 November 2021 by the company CVA EOS, represented in the BU, which has been equipped with a structure consisting of the Other RES Function, aimed at providing support services for the management of all the Group's other RES plants.

Margins totalled, as a whole, 84.9%, compared to 79.4% reported in 2020.

### Operating Result (EBIT)

#### 2021 vs 2020

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)

### 2020 vs 2019

The adjusted operating result amounted to Euro 37,086 thousand and was affected by the combined effect of the items referring to the indemnity received as well as the indemnities paid out in connection with the termination of the E.T.S. Arbitration Proceedings, which are fully described in detail in the notes to the financial statements.

Non-recurring transactions amounted to Euro 3,306 thousand and were such as to justify a mismatch between the operating result and the adjusted operating result.

### Investments

#### 2021 vs 2020

The investments relating to the "Other RES" Business Unit made in 2021 amounted to Euro 2,375 thousand, a net increase on the Euro 823 thousand in 2020. They mainly contain investments relating to a series of photovoltaic plants in the authorisation phase.

## Energy Efficiency Business Unit

The following table shows the main data pertaining to the Energy Efficiency Business Unit for the years ended 31 December 2021 and 31 December 2020; it should be recalled, for a correct interpretation of the comparison between the two years, that in 2020, the business was in the start-up phase.

[€/000]	31/12/2021	31/12/2020	2021 VS 2020	
			Change	% Change
<b>ECONOMIC DATA BY BUSINESS SECTOR</b>				
REVENUES	5,676	-	5,676	-
PERSONNEL COSTS	(346)	(23)	(322)	1,374.03%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(226)</b>	<b>(149)</b>	<b>(77)</b>	<b>52.03%</b>
<b>% OF REVENUES</b>	<b>-3.99%</b>	<b>N.A.</b>	<b>-</b>	<b>-</b>
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	-	-	-	-
<b>NET OPERATING RESULT (EBIT)</b>	<b>(226)</b>	<b>(149)</b>	<b>(78)</b>	<b>52.23%</b>
<b>% OF REVENUES</b>	<b>-3.99%</b>	<b>N.A.</b>	<b>-</b>	<b>-</b>
NON-RECURRING ITEMS	-	-	-	-
<b>ADJUSTED OPERATING RESULT (ADJUSTED EBIT)</b>	<b>(226)</b>	<b>(149)</b>	<b>(78)</b>	<b>52.23%</b>
<b>% OF REVENUES</b>	<b>-3.99%</b>	<b>N.A.</b>	<b>-</b>	<b>-</b>
FINANCIAL BALANCE	(12)	-	(12)	-
PRE-TAX RESULT	(239)	(149)	(90)	60.61%
<b>INVESTMENTS</b>				
INVESTMENTS IN TANGIBLE ASSETS, INTANGIBLE ASSETS AND EQUITY INVESTMENTS	345	1	344	23,546.33%

### Revenues

#### 2021 vs 2020

Emerging Revenues in 2021 for the Business Unit are attributable to energy efficiency activities related to renovations undertaken by the Parent Company on buildings such as condominiums and single-family housing units. It should be noted that these revenues have been allocated between operating activities and the financial operation, the impact of which is shown under "net income and expenses from financial operations", due to the payment deferral 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)

### 2021 vs 2020

EBITDA shows a negative sign of Euro 226 thousand in absolute value because the business, during the first year of start-up, did not develop a sufficient volume of revenues to absorb the initial effort expressed mainly in terms of resources dedicated to the management of the Business Unit.

## Operating Result (EBIT)

### 2021 vs 2020

The operating result coincides with EBITDA as no values referring to depreciation, amortisation, provisions and valuations can be attributed in this year.

## Adjusted Operating Result (Adjusted EBIT)

### 2021 vs 2020

In 2021, there were no non-recurring transactions such as to justify a misalignment between the operating result and the adjusted operating result.

## Investments

### 2021 vs 2020

Investments pertaining to the "Energy Efficiency" Business Unit made in 2021 amounted to Euro 345 thousand and related to the trigeneration project undertaken by the parent company within the high-efficiency cogeneration sector described above.

## Corporate Business Unit

The following table shows the main data relating to the "Corporate" Business Unit for the years ended 31 December 2021 and 2020:

[€/000]	31/12/2021	31/12/2020	2021 VS 2020	
			Change	% Change
<b>ECONOMIC DATA BY BUSINESS SECTOR</b>				
REVENUES	2,908	3,653	(746)	-20.41%
PERSONNEL COSTS	(13,572)	(13,360)	(211)	1.58%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(20,581)</b>	<b>(19,793)</b>	<b>(788)</b>	<b>3.98%</b>
<b>% OF REVENUES</b>	<b>-707.83%</b>	<b>-541.80%</b>	<b>-166.03%</b>	<b>30.64%</b>
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(3,118)	(3,046)	(71)	2.34%
<b>NET OPERATING RESULT (EBIT)</b>	<b>(23,699)</b>	<b>(22,839)</b>	<b>(859)</b>	<b>3.76%</b>
<b>% OF REVENUES</b>	<b>-815.06%</b>	<b>-625.19%</b>	<b>-189.87%</b>	<b>30.37%</b>
NON-RECURRING ITEMS	-	-	-	-
<b>ADJUSTED OPERATING RESULT (ADJUSTED EBIT)</b>	<b>(23,699)</b>	<b>(22,839)</b>	<b>(859)</b>	<b>3.76%</b>
<b>% OF REVENUES</b>	<b>-815.06%</b>	<b>-625.19%</b>	<b>-189.87%</b>	<b>30.37%</b>
<b>INVESTMENTS</b>				
INVESTMENTS IN TANGIBLE ASSETS, INTANGIBLE ASSETS AND EQUITY INVESTMENTS	2,625	3,110	(485)	-15.60%

## Revenues

### 2021 vs 2020

Year-on-year revenues decreased Euro 74 thousand compared to the previous year.

## Gross Operating Margin (EBITDA)

### 2021 vs 2020

The gross operating margin shows a decrease of Euro 788 thousand (4%) due to the decrease in revenues and the increase in labour costs partially absorbed by the decrease in other operating costs, more precisely attributed to the BUs through the implementation of new analysis tools to support segment reporting.

## Operating Result (EBIT)

### 2021 vs 2020

In 2021, the Operating Result amounted to Euro 23.699 thousand (3.1%), a slight improvement over the previous year for the reasons already described in the previous paragraphs, without being affected by the item "Depreciation, amortisation, provisions and write-downs that remain substantially stable".

## Adjusted Operating Result (Adjusted EBIT)

### 2021 vs 2020

In 2021, as in the previous year, there were no non-recurring transactions such as to justify a misalignment between the operating result and the adjusted operating result.

## Investments

### 2021 vs 2020

In 2021, the Corporate Business Unit decreased its investments by Euro 485 thousand compared with 2020.



# Income Statement and Balance Sheet of C.V.A. S.p.A. a s.u.

## Income Statement of C.V.A. S.p.A. a s.u.

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
			Change	% change
<b>Revenues</b>				
Revenues from sales and services	198,316	141,272	57,044	40.38%
Other revenues and income	32,731	32,512	218	0.67%
<b>TOTAL REVENUES (A)</b>	<b>231,047</b>	<b>173,784</b>	<b>57,262</b>	<b>32.95%</b>
of which: impact of non-recurring items	3,761	-		
<b>Operating costs</b>				
Costs for raw materials and services	24,529	16,756	7,773	46.39%
Personnel costs	26,747	25,908	839	3.24%
Other operating costs	39,755	38,863	893	2.30%
Capitalised days of work	(1,500)	(1,218)	(283)	23.22%
<b>TOTAL OPERATING COSTS (B)</b>	<b>89,531</b>	<b>80,309</b>	<b>9,222</b>	<b>11.48%</b>
of which: impact of non-recurring items	455	-		
<b>EBITDA (A-B)</b>	<b>141,516</b>	<b>93,475</b>	<b>48,041</b>	<b>51.39%</b>
of which: impact of non-recurring items	3,306	-	3,306	
<b>Amortisation, depreciation, provisions and write-downs</b>				
Amortisation/depreciation	32,893	31,920	973	3.05%
Provisions and write-downs	(54)	(6)	(48)	860.19%
<b>TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)</b>	<b>32,839</b>	<b>31,914</b>	<b>925</b>	<b>2.90%</b>
of which: impact of non-recurring items	-	-		
<b>EBIT (A-B+/-C)</b>	<b>108,677</b>	<b>61,561</b>	<b>47,116</b>	<b>76.53%</b>
of which: impact of non-recurring items	3,306	-	3,306	
<b>Financial management</b>				
Financial income	13,233	10,107	3,126	30.93%
Financial expenses	17,249	5,350	11,899	222.39%
<b>TOTAL FINANCIAL BALANCE (D)</b>	<b>(4,016)</b>	<b>4,757</b>	<b>(8,773)</b>	<b>-184.44%</b>
of which: impact of non-recurring items	(15,237)	-		
<b>PRE-TAX RESULT (A-B+/-C+/-D)</b>	<b>104,660</b>	<b>66,318</b>	<b>38,343</b>	<b>57.82%</b>
of which: impact of non-recurring items	(11,931)	-	(11,931)	
Gains/(losses) for income taxes	(7,665)	17,561	(25,225)	-143.65%
<b>Net result of continuing operations</b>	<b>112,325</b>	<b>48,757</b>	<b>63,568</b>	<b>130.38%</b>
Net result of discontinued operations	-	-	-	-
<b>PERIOD NET RESULT</b>	<b>112,325</b>	<b>48,757</b>	<b>63,568</b>	<b>130.38%</b>
Profit/(loss) attributable to the Group	112,325	48,757	63,568	130.38%

## Revenues and other revenues

C.V.A. S.p.A., in 2021 achieved revenues of Euro 231,047 thousand, an increase of Euro 57,262 thousand on the Euro 173,784 thousand of 2020. Among the revenues, those from the sale of electricity generated amounted to Euro 181,810 thousand in the year 2021 (of which Euro 173,350 thousand referred to energy sold to the subsidiary CVA Energie), an increase of 39.4% compared to Euro 130,389 thousand in 2020. The upward change that occurred between the two years was mainly due to the increase in sales prices (the average price realised from sales in 2021 was 70.31 €/MWh compared to 42.03 €/MWh in 2020), which mitigated the 16.6% contraction in production volumes, which was mainly attributable to unfavourable weather conditions that limited inputs to hydroelectric plants while the production realised by plants powered by other renewable sources (photovoltaic and wind), on the other hand, contributed through an upward trend, also in terms of quantity, compared to 2020.

Revenues from the sale of energy certificates/titles to CVA ENERGIE (amounting to Euro 1,332 thousand in FY 2020 and Euro 1,417 thousand in FY 2020) show a negative change mainly attributable to the decrease in the number of certificates (so-called GO) products as opposed to an increase in selling prices.

There was an important increase in the item revenues from services, which amounted in their entirety to Euro 15,174 thousand in 2021 (Euro 9,466 thousand in 2020) as a result of the first year of management of the activity to energy efficiency measures, which developed a revenue value of Euro 5,676.

The item "Other revenues and income" amounting to Euro 32,731 thousand (Euro 32,512 thousand in 2020) mainly includes the value of operating grants totalling Euro 27,021 thousand in 2021 (Euro 29,458 thousand in 2020), and includes the contribution paid by the GSE such as the Energy Account, the Incentive Tariff and GRIN incentive. The decrease between the two years, according to a dynamic already described at the level of analysis of Group data, of the item contributions is a consequence of the decrease in total incentive tariffs (down year-on-year by 57%) since this incentive mechanism, guaranteeing a fixed value of the energy sold, varies inversely with the market prices of electricity.

Of less impact was the change in the value of GRIN incentives (down 3.4%), 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 5% consistent with the higher amount produced.

It should be noted that the item "Other Revenues" includes, and is also shown as a non-recurring item, the indemnity paid by Renexia to CVA spa following the settlement of the dispute with ETS, which is discussed in detail below.

## Operating costs

Operating costs increased by approximately 11.5%, from Euro 80,309 thousand in 2020 to Euro 89,531 thousand at 31 December 2021. The change was mainly affected by the trend in the item referring to the cost of raw materials and services, which increased by 46.4% mainly due to the costs referring to the new activity for energy efficiency and referring to professional subcontracting and technical consultancy contracts, which amounted to Euro 5,403 thousand compared to Euro 72 thousand 2020, the year when the new activity was started.

It is worth noting a rise, albeit slight, in personnel-related costs that include, among others, the costs for employee catering services; this item, after having contracted last year due to the use of so-called "agile work" as a tool to combat the spread of the Covid-19 virus resulting in less use of canteen services, saw in 2021, following the partial return to the headquarters of the staff, the rise in costs.

The cost of personnel increased by Euro 0.8 million, mainly due to the increase in the average number of staff as well as from the increase in the minimum contractual minimums provided.

## Amortisation, depreciation, provisions and write-downs

The item "Amortisation, depreciation, provisions and write-downs" recorded at 31 December 2020 a balance of Euro 31,914 thousand, while it increased by Euro 925 thousand reaching Euro 32,839 thousand in 2021. The change is mainly due to the trend of the item "Amortisation and depreciation", which amounted to Euro 32,893 thousand, an increase of Euro 973 thousand compared with the previous year. In detail, depreciation for tangible assets amounted to Euro 31,804 thousand in 2021, an increase of 3.1% compared to the previous year, and mainly refers to the depreciation of plant and machinery in the amount of Euro 27,167 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 1,088 thousand in 2021, an increase of 1.3% and referring mostly to patent and intellectual property rights, concessions, licenses and trademarks.

It should be noted that depreciation and amortisation includes rights of use recorded, in application of IFRS16, for a total amount of Euro 362 thousand, full details of which are given in the Notes.

## Financial management

In 2021, the Company recorded dividends distributed by the subsidiaries for a total of Euro 6,719 thousand, of which Euro 1,719 thousand related to dividends approved by DEVAL and Euro 5,000 thousand to dividends approved by CVA Energie.

Financial income from Group companies and related parties, amounting to Euro 3,393 thousand, was slightly down in 2021 compared to Euro 3,554 thousand in 2020, while income from equity investment is up due to the increase in the value of the equity investment in TELCHA.

Other financial income amounted to Euro 2,800 thousand in 2021, showing an increase of almost 12% over the previous year mainly due to the returns on the even securities portfolio which is expected to be Euro 1,311 thousand, sharply up from Euro 539 thousand in 2020, and includes the effects of derivatives entered into to hedge inflation risk on indexed securities.

Financial expenses incurred in 2021 by the Company amounted to Euro 17,249 thousand, a significant increase compared to the previous year (when the balance amounted to Euro 5,350 thousand), which is essentially explained as a result of two main effects. The first effect is due to an increase in charges on equity investments of Euro 8,999 thousand (Euro 9 thousand in 2021), corresponding almost entirely to the write-down of the investee DEVAL S.p.A. as a reflection of the impairment of goodwill implicit in the value of the equity investment following the related annual impairment test.

The second effect is due to the interest expenses on bank loans accrued in 2021 and amounting to Euro 8,059 thousand compared to Euro 5,173 thousand in 2020, which increased as a result of the increase in charges related to the application of the amortised cost criterion on bank loans as well as the effects of the related IRS hedging contracts. The change in the fair value of IRS on loans payable was affected by the charges incurred for the early termination of some IRS in connection with the early repayment of the underlying loan in the amount of Euro 6,244 thousand. Both of the above items are to be considered non-recurring and as such are shown come the financial statements.

## Income taxes

The tax burden in 2021 determines an increase in the result in the amount of Euro 7,665 thousand, while it represented an absorption of the result in 2020 in the amount of Euro 17,561 thousand. This trend follows the tax transaction undertaken by CVA, described above, which in 2021 adhered to the statutory/tax value realignment scheme under article 110 of Decree Law 104/2020, which made it possible to eliminate the misalignment between the book value and the tax value of goodwill, against the payment of a substitute tax equal to 3% of the realigned value; this operation resulted in the possibility of deducting annual tax charges amounting to approximately Euro 3.4 million. A detailed explanation of the transaction is given later in the file under Income Taxes.

## Balance Sheet of of C.V.A. S.p.A. a s.u.

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
ASSETS			Change	% change
<b>Non-current assets</b>				
Tangible assets	365,809	379,141	(13,332)	-3.52%
Intangible assets	6,924	7,433	(509)	-6.85%
Goodwill	188,217	188,217	-	0.00%
Equity investments	120,916	129,595	(8,679)	-6.70%
Deferred tax assets	10,369	13,990	(3,621)	-25.88%
Derivatives	-	-	-	
Non-current financial assets	186,670	229,195	(42,525)	-18.55%
Trade receivables	8,027	-	8,027	n.a.
Other non-current assets	1,886	1,839	47	2.57%
<b>Total non-current assets</b>	<b>888,818</b>	<b>949,410</b>	<b>(60,592)</b>	<b>-6.38%</b>
<b>Current assets</b>				
Inventories	1,322	1,284	38	3.00%
Trade receivables	36,275	15,460	20,815	134.63%
Receivables for income taxes	8,489	9,276	(787)	-8.48%
Other tax receivables	4,125	5,972	(1,847)	-30.93%
Derivatives	4,281	-	4,281	n.a.
Other current financial assets	197,082	28,634	168,447	588.27%
Other current assets	15,059	11,594	3,464	29.88%
Cash and cash equivalents	222,813	188,523	34,290	18.19%
<b>Total current assets</b>	<b>489,445</b>	<b>260,744</b>	<b>228,702</b>	<b>87.71%</b>
Assets classified as held for sale	-	-	-	
<b>TOTAL ASSETS</b>	<b>1,378,263</b>	<b>1,210,153</b>	<b>168,110</b>	<b>13.89%</b>

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
SHAREHOLDERS' EQUITY			Change	% change
Share capital	395,000	395,000	-	0.00%
Other reserves	314,208	290,119	24,089	8.30%
Accumulated Profits/(Losses)	35,815	35,815	-	0.00%
Net result of the year	112,325	48,757	63,568	130.38%
Shareholders' equity attributable to the Group	857,347	769,691	87,657	11.39%
Shareholders' equity - Minority interests	-	-	-	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>857,347</b>	<b>769,691</b>	<b>87,657</b>	<b>11.39%</b>

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
LIABILITIES			Change	% change
<b>Non-current liabilities</b>				
Employee benefits	3,136	3,358	(222)	-6.61%
Provisions for risks and charges	4,406	7,523	(3,117)	-41.43%
Deferred tax liabilities	7,183	48,342	(41,159)	-85.14%
Derivatives	-	-	-	
Non-current financial liabilities	204,757	284,781	(80,024)	-28.10%
Other non-current liabilities	425	359	66	18.35%
<b>Total non-current liabilities</b>	<b>219,908</b>	<b>344,364</b>	<b>(124,457)</b>	<b>-36.14%</b>
<b>Current liabilities</b>				
Employee benefits	771	527	244	46.43%
Provisions for risks and charges	-	-	-	
Trade payables	17,995	18,008	(13)	-0.07%
Payables for income taxes	19,934	908	19,026	2096.57%
Other tax payables	4,218	613	3,605	588.18%
Derivatives	4,486	16,577	(12,090)	-72.94%
Other current financial liabilities	244,835	54,045	190,791	353.03%
Other current liabilities	8,768	5,422	3,346	61.71%
<b>Total current liabilities</b>	<b>301,008</b>	<b>96,099</b>	<b>204,909</b>	<b>213.23%</b>
Liabilities related to assets held for sale	-	-	-	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,378,263</b>	<b>1,210,153</b>	<b>168,110</b>	<b>13.89%</b>

## Non-current assets

At 31 December 2021, non-current assets amounted to Euro 888,818 thousand, a decrease from the Euro 949,410 thousand recognised at 31 December 2020; the trend is mainly attributable to the decrease in the value of deferred tax assets and non-current financial assets, which decreased due to the tax effect from the use of provisions set aside in previous years as well as the change in the fair value of interest rate hedging derivatives on loans.

In 2021, the item Non-current trade receivables emerges in the amount of Euro 8,027 thousand with reference to the portion recoverable beyond the year, as tax credits, with reference to invoices issued or to be issued on energy efficiency activities of real estate carried out by the Parent Company, due to the application by CVA of the institution through which the right to tax deduction for the customer is transformed into a tax credit for the supplier introduced by Decree Law no. 34 of 19 May 2020.

Tangible assets are all the proprietary tangible assets and the rights of use on tangible assets.

Tangible assets amounted to a total of Euro 365,809 thousand (Euro 379,141 thousand at the end of the previous financial year) and refer to owned tangible assets and rights to use tangible assets arising from the application of the accounting principle IFRS 16 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 141,914 thousand at 31 December 2021) 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, first paragraph, 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.

Intangible assets totalled Euro 6,924 thousand at 31 December 2021, 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" shows an important negative change, standing at Euro 120,916 thousand in 2021 against Euro 129,595 thousand at 31 December 2020 due mainly to the effect of the equity investment of the subsidiary DEVAL following its impairment determined through impairment testing. It should be noted on the investment in the company CVA Eos, during the year, there was an increase of Euro 24 thousand as a result of the merger by incorporation of the company CVA SMART ENERGY, also wholly owned, with effect from 30 September 2021.

## Current assets

The balance of Euro 489,445 thousand recognised at 31 December 2021 for Current assets shows a marked increase from Euro 260,744 thousand in 2020, mainly attributable to the trend presented between the two years by the item other current financial assets and trade 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 165,299 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 that are strongly impacted by the 2021 price surge.

Regarding trade receivables, they increased due to receivables from CVA ENERGIE as a result of the sale of electricity during the year.

Cash and cash equivalents mainly include the balance receivable of current bank accounts at the reporting date, up on last year and equal to Euro 222,813 thousand (Euro 188,523 thousand at 31 December 2020).

## Shareholders' equity

The table below shows the breakdown of shareholders' equity at 31 December 2021 and 2020:

Amounts in Euro thousands

	Year 2021	Year 2020	2021 vs 2020	
SHAREHOLDERS' EQUITY			Change	% change
Share capital	395,000	395,000	-	0.00%
Other reserves	314,208	290,119	24,089	8.30%
Accumulated Profits/(Losses)	35,815	35,815	-	0.00%
Net result of the year	112,325	48,757	63,568	130.38%
<b>Shareholders' equity attributable to the Group</b>	<b>857,347</b>	<b>769,691</b>	<b>87,657</b>	<b>11.39%</b>
Shareholders' equity - Minority interests	-	-	-	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>857,347</b>	<b>769,691</b>	<b>87,657</b>	<b>11.39%</b>

At 31 December 2021, 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 219,908 a decrease of more than 36% from the previous year, mainly due to a decrease in the items "Deferred tax liabilities" and "Non-current financial liabilities", which showed a decrease of 85% and 28%, respectively, from the previous year. The effect is due to the aforementioned mechanism resulting from the Parent Company's adherence to the provisions of article 110 of Decree Law 104/2020 regarding the possibility of realigning the value and statutory and tax value of goodwill. The item "Provision for risks and charges" shows a decrease of 41% mainly as a result of the use of the provision established against the ongoing dispute with E.T.S. for the alleged breach of commitments and/or contractual guarantees by the incorporated PONTE ALBANITO S.r.l. For a detailed analysis of the changes in Provisions for risks and charges, please refer to "Other provisions for future charges", details of which are given below in the notes.

## Current liabilities

At the end of 2021, current liabilities amounted to Euro 301,008 thousand, a significant increase of Euro 204,909 thousand compared with Euro 96,099 thousand at the end of the previous year.

Explaining the trend, it should be noted that the main upward movement relates to other current financial liabilities, which increase their value year-on-year as the Parent Company opens short-term loans to ensure that the entire Group has sufficient liquidity to cope with the ongoing turbulence in the energy markets.

## 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 2021.

Type of instrument	Residual debt at 31/12/2021 (DR)	DR < 1Y	1Y < DR < 2Y	2Y < DR < 3Y	3Y < DR < 5Y	DR > 5Y
Medium/long-term bank loans	192,613	35,421	24,191	11,000	111,000	-
Short-term bank loans	198,000	198,000	-	-	-	-
Bond	50,000	-	-	-	-	50,000
Short-term loans to members - Finaosta	15,000	15,000	-	-	-	-
<b>TOTAL FINANCIAL DEBT</b>	<b>455,613</b>	<b>248,421</b>	<b>24,191</b>	<b>11,000</b>	<b>111,000</b>	<b>50,000</b>

To cope with the recent and extraordinary increase in commodity prices, the Group promptly took action with major lending institutions to increase its short-term credit lines. As of today's date, the Group has short-term credit lines granted by leading credit institutions, including those already in place at the end of 2021, of approximately Euro 600 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 2021 and 31 December 2020:

Type of investment	Invested capital at 31/12/2021	% of total liquidity	Invested capital at 31/12/2020	% of total liquidity
Capitalisation policies	86,783.51	27.02%	85,420.10	26.41%
Government Bonds	-	-	41,316.50	12.77%
Loans to investee companies	7,622.30	2.37%	8,217.90	2.54%
<b>Stable component of the Portfolio</b>	<b>94,405.81</b>	<b>29.39%</b>	<b>134,954.50</b>	<b>41.72%</b>
Capitalisation policies	-	-	-	-
Repo, Time Deposit, Certificates of Deposit	50,048.78	15.58%	-	-
<b>Temporary component of the Portfolio</b>	<b>50,048.78</b>	<b>15.58%</b>	-	-
Free amounts on bank current accounts and other available cash	176,760.64	55.03%	188,510.20	58.28%
<b>Treasury component</b>	<b>176,760.64</b>	<b>55.03%</b>	<b>188,510.20</b>	<b>58.28%</b>
<b>TOTAL INVESTMENTS AND LIQUID FUNDS</b>	<b>321,215.23</b>	<b>100.00%</b>	<b>323,464.80</b>	<b>100.00%</b>

## 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 2021, representative of the creditworthiness and stability of the company's financial structure.

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

# Evolution of the regulatory framework

The regulatory and legislative environment of the electricity sector was characterised, during 2021, by numerous interventions by the Regulatory Authority for Energy, Networks and the Environment (hereinafter "ARERA" or "Authority"), as well as by national legislators, European institutions, and other entities that regulate the electricity system and the market.

Below is a more in-depth detail of the regulatory actions that have affected the sector at national and European level in 2021.

## Legislative Decree RED II

The year 2021 was marked by the publication of Legislative Decree no. 199 of 8 November 2021 implementing Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (so-called transposition of the RED II Directive).

The measure aims to accelerate the country's sustainable growth path by laying down provisions on energy from renewable sources, consistent with the European goals of decarbonisation of the energy system to 2030 and complete decarbonisation to 2050.

Thus, the tools, mechanisms, incentives, and institutional, financial, and legal framework are defined, necessary to achieve the targets for increasing the share of energy from renewable sources to 2030 and the provisions necessary for the implementation of the measures of the National Recovery and Resilience Plan (so-called PNRR) on energy from renewable sources, in accordance with the National Integrated Energy and Climate Plan (so-called PNIEC), with the aim of identifying a set of coordinated measures and instruments already geared toward updating the national targets to be set under Regulation (EU) no. 2021/1119, by which the European Union is to set a binding target of reducing greenhouse gas emissions by at least 55% below 1990 levels by 2030.

## Electric mobility

In order to promote the production of energy from renewable sources in the transportation sector, in accordance with the trajectory set out in the PNIEC, individual suppliers of gasoline, diesel and natural gas are obliged to achieve by 2030 a share of at least 16% of renewable sources in the total fuel released for consumption in the base year and calculated on the basis of energy content.

In relation to charging infrastructure, it is envisaged that individuals who purchase or own an electric vehicle, including through long-term rental mechanisms, may enter on the Single National Platform the indication of charging points on private land, with particular regard to the area and address of residence and habitual parking, and request the installation of charging infrastructure.

By their own measures, municipalities are to regulate the planning of the installation, construction and operation of public access charging infrastructure, taking into account the requests of electric vehicle owners.

This is without prejudice to the fact that a public or private entity may still apply to the municipality for a permit for the construction and eventual operation of the charging infrastructure, even if only for a street or area or a combination thereof. ARERA, within 180 days from the date of entry into force of the decree, will define the tariff measures applicable to electricity withdrawal points that supply electric vehicle charging infrastructure in publicly accessible locations.

## New plant development

In general, the characteristics of the most recent procedures for the recognition of incentives for renewable sources are confirmed; however, the following new features are introduced:

- promoting the coupling of renewable sources with storage systems to enable greater programmability of sources;
- guarantee of priority access for facilities built in areas identified as suitable, with equal economic offers;
- cumulability with tax benefits provided for the implementation of the facilities and storage systems as well as with other support schemes, including those of the PNRR;
- measures for the energy use of woody biomass under sustainable forest management and short rotation forestry and industrial residual biomass;
- measures in favour of the transformation to multiple use of existing reservoirs, crossings and dams, both large and small, promoting, where compatible with ecosystems, energy planning and other uses, including energy use, provided that geomorphological safety standards are met;
- measures to supplement the revenues resulting from participation in the electricity market, in favour of renewable source plants that continue to be operated at the end of the period of entitlement to incentives, with particular regard to renewable source plants with generation costs linked to fuel supply costs;
- access to incentive mechanisms also of photovoltaic plants built on unused agricultural areas identified by the regions as eligible areas;
- GSE organisation of further procedures for allocation of residual power, until exhausted;
- elimination of on-site exchange;
- establishment of a single digital platform for the submission of applications for authorisation for the construction of plants from renewable sources, implemented and managed by the GSE;
- identification, by future order of the MiTE, of surfaces and areas suitable and unsuitable for the installation of renewable energy plants, having a total capacity at least equal to that identified as necessary by the PNIEC for the achievement of renewable energy development objectives. The distribution of installed power among regions and autonomous provinces will also be established, with the possibility of statistical transfer.

## Energy efficiency

Starting from the year 2022, a portion of the annual revenues from the auctioning of CO<sub>2</sub> emission allowances will be allocated to cover the costs of incentives for renewable energy sources and energy efficiency.

Permit procedures are simplified, reducing to free building activities the installation and replacement works of heat pumps, heat generators and solar systems, if they can be attributed to ordinary maintenance works.

## Energy communities

For renewable source plants included in configurations of collective self-consumption or renewable energy communities with a capacity not exceeding 1 MW, which enter into operation after the date of entry into force of the decree, the possibility of access to an incentive mechanism is confirmed, which must be defined within 180 days of the publication of this decree.

Pending this update, the ministerial decree adopted in implementation of article 42-bis, paragraph 9, of Decree-Law no. 162 of 30 December 2019, converted, with amendments, by Law no. 8 of 28 February 2020, continues to apply.

Also confirmed is the mechanism whereby, in cases where energy sharing is carried out by exploiting the public distribution network, there is a single adjustment, consisting of the incentive and the return of the components regulated by ARERA, including the portion of energy shared.

The definitions of "Renewable Energy Self-Consumers" and "Renewable Energy Communities" have not changed; however, it is provided that:

- household customers can optionally request their respective sales companies to unbundle the portion of shared energy on their bills;

- each self-consumer can individually produce and store renewable electricity (in the case of using the distribution network to share the energy produced by renewable energy plants, the arrangements established for citizens' energy communities apply);
- in cases where production plants and withdrawal points are connected to the portion of the distribution network underlying the same primary station, ARERA shall identify, also on a lump-sum basis, the value of regulated tariff components, as well as those related to the cost of raw energy material, which are not technically applicable to shared energy, as energy instantaneously self-consumed on the same portion of the network.

## Guarantees of Origin (GO)

Within 120 days of the effective date of the decree, procedures will be defined for:

- implementation of the decree on GO and the manner will updated regarding issuance, recognition and cancellation of the guarantee of origin from renewable sources as well as their use by energy suppliers in the context of energy supplied to consumers under contracts concluded with reference to the consumption of energy produced from renewable sources;
- use of proceeds from the sale by the GSE of guarantees of origin in its availability, including by providing for a payment to the Cassa per i servizi energetici e ambientali for the purpose of reducing the tariff components that feed into the respective incentive mechanisms;
- verification of the reliability or authenticity of guarantees of origin issued by other Member States, providing that, in case of refusal in recognition, such refusal shall be promptly notified to the European Commission. As of the effective date of the measure referred to in paragraph 1, article 34 of Legislative Decree no. 28 of 2011 is repealed.

## PPA

Within 180 days of the effective date of the decree, the following are provided:

- GME implementation of a computer bulletin board with the aim of promoting meetings between parties potentially interested in entering into long-term renewable energy contracts;
- CONSIP definition of one or more bidding tools for the supply of energy from renewable sources to the public administration through long-term electricity purchase and sale agreement schemes;
- ARERA integration of guidelines on purchasing groups that promote, among other modalities, procurement through long-term contracts, including through independent aggregators, and providing that interested consumers receive adequate information assistance for joining the PPA platform.

## Legislative decree internal energy market

At the end of 2021, Legislative Decree no. 210 of 8 November 2021 was published on "Implementation of Directive 2019/944 concerning common rules for the internal market in electricity and amending Directive 2012/27/EU, as well as laying down provisions for the adaptation of national legislation to the provisions of Regulation 943/2019 on the internal market of electricity and Regulation 941/2019 on risk preparedness in the electricity sector and repealing Directive 2005/89/EC". Said Legislative Decree recalls that the electricity market should be regulated according to the principles of freedom of cross-border trade, integration and interconnection with European markets and networks, transparency and dynamism of the price system, freedom of supplier choice, information and active participation of end customers, and protection of vulnerable and energy-poor customers. The organisation of the electricity market must also take into account the need to provide stability for the investments required for the energy transition under the National Integrated Energy and Climate Plan and for increasing interconnection capacity.

### Smart meters

Pending the implementation work and the replacement and modernisation of smart metering systems in the next decade, the right of the end customer to apply for the installation or adaptation, at its own expense, of smart meters is unaffected.

## Active customers

"Active customers" are defined as end customers located in a building or condominium who act collectively and who, within their premises, perform at least one of the following functions: generation of electricity for their own consumption, storage or sale of self-produced electricity, participation in energy efficiency or flexibility mechanisms, possibly through an aggregator. Such activities may not in any case constitute the main business or professional activity of such customers.

## Storage

Within 180 days from the entry into force of the decree, Terna shall submit for the approval of the Ministry of Ecological Transition, after consulting ARERA and providing information to the Regions and Autonomous Provinces, a proposal for the time progression of storage capacity requirements, broken down by relevant areas of the transmission grid, taking into account the already identified needs of the PNIEC, the presumable geographic concentration of requests for connection to the electricity grid of power generation plants from renewable sources, in particular non-programmable, grid developments and service requirements.

Within six months from the date of entry into force of the decree, ARERA must define the criteria and conditions on the basis of which Terna, within the next six months, will draw up and submit to the competent Ministry, for its approval, a proposal for the regulation of the supply system, providing for an experimental start-up phase of the system, subject to the approval of the European Commission.

## Pumping

The use of water for the operation of hydroelectric storage facilities by pumping qualifies as a lifting use for energy upgrading purposes. In the case of a pumped storage hydroelectric plant that makes continuous use of water supply through a diversion from a natural stream feeding the upstream reservoir, the predominant purpose is use for uplift for energy upgrading purposes.

## SDC and SSPC

Closed distribution systems (SDC) can be built to distribute electricity to industrial, commercial or shared service consumption units located within a geographically limited area. Within nine months after the decree enters into force, ARERA will adjust the regulation and the Ministry of Ecological Transition will establish a register of SDC and define the procedure for authorising the conclusion of the sub-concession.

A simple production and consumption system (SSPC) is classified as the system in which:

- a power line connects one or more production units operated, as a producer, by the same natural person or legal entity (or by different legal entities provided that they all belong to the same corporate group), to a consumption unit operated by a natural person as a final customer or to one or more consumption units operated, as a final customer, by the same legal entity (or by different legal entities provided that they all belong to the same corporate group);
- the cadastral parcels on which the SSPC is located are placed at the disposal of one or more of the entities that are part of said systems.

ARERA, within six months from the effective date of the decree, will adjust the regulation of SSPC.

## Sales

There is a pre-contractual obligation on the seller to provide end customers with an information document containing a summary, written in simple and concise language, of the customer's rights and further contractual conditions, with any limitations of the end customer's rights duly highlighted, under penalty of nullity of the contract.

The concepts of transparency and comprehensibility of the contract are reiterated, and the essential content of the contract is supplemented by some new information, including information about the maintenance services included in the contract and how to change supplier. In any case, it is forbidden to submit excessive contractual documentation to the end customer.

The customer's right to receive clear, understandable and timely notice from the supplier of the intention to change the contractual conditions and their right to withdraw from the contract (by registered mail or PEC certified e-mail or simple e-mail) is guaranteed. Withdrawal may be made within the period specified by the supplier, but not less than ten working days, and the supplier must make known the addresses, including at least one ordinary e-mail address, to which the statement of withdrawal may be transmitted. In the event of a supply price adjustment, end customers must be informed, in a direct manner, of the reasons and prerequisites for the adjustment and its extent, at least two weeks' notice, or at least one month's notice, in the case of civil customers, prior to the date of application of the adjustment. Changes in fees that result from indexation or automatic adjustment of fees not determined by the supplier are excluded from the reporting requirement.

End customers who have a smart meter are entitled to conclude, at their express request, a dynamic electricity price contract with each supplier with more than 200,000 end customers.

Civil customers have the right to be adequately informed by suppliers about alternative measures to disconnection of service, sufficiently in advance of the planned date of disconnection, but not less than one month.

The minimum requirements that a bill must contain are clarified, and the customer's right to receive, free of charge, upon specific and express request, a clear and understandable explanation from the supplier on how a particular bill was compiled is guaranteed. The explanation should be particularly clear and detailed in the case of bills not based on actual consumption. The billing frequency is semi-annual (reducible to three months at the customer's request or in the case of electronic billing) where the customer does not have a meter that can be read remotely; monthly if, on the other hand, the customer has a meter that can be read remotely by the operator.

The switching procedure is revised in order to shorten the time and make the right of withdrawal exercised only by an identified category of customers onerous. Some implementations are planned to be made to the Bid Portal.

The category of "vulnerable customers" to whom suppliers will be required, from the date of termination of the higher protection service, to offer on-demand electricity supply at a price reflecting wholesale energy market costs, efficient marketing service costs, and contractual and service quality conditions is defined. ARERA by its own measures will implement the above provisions.

## COVID-19 measures

Given the continuation of the epidemiological emergency from COVID-19 into 2021, the legislature and ARERA have continued to introduce measures to support families, workers and businesses to counter the effects of the emergency on the economy.

### Reduction of electricity bill charges

Article 6 of Decree Law no. 41 of 22 March 2021 (so-called Support Decree), converted with amendments by Law no. 69 of 21 May 2021, delegated to ARERA the reduction, for the months of April, May and June 2021, of the expense incurred by electric utilities connected at low voltage other than domestic uses, with reference to the bill items identified as "transportation and meter management" and "general system charges", within the maximum limit of the resources allocated for these purposes and, specifically, the electricity distribution and metering tariffs, as well as the components covering general system charges. In Resolution 124/2021/R/Com, ARERA therefore regulated as a matter of urgency an expense reduction for low-voltage utilities other than households for the second quarter of 2021.

The Support Decree was then followed by Decree Law no. 73, (so-called Decreto Sostegni bis), converted with amendments by Law no. 106 of 23 July 2021, through which the legislature provided for the extension of the reduction of electricity bill charges. As a result, the reduction in the expense incurred by electric utilities connected to low voltage other than domestic uses, which was already provided by the Support Decree, was also applied in the same manner for July 2021. ARERA implemented this measure with Resolution 279/2021/R/Com.

## Credit rating

In Resolution 81/2021/R/Com, following the extension of the state of emergency to 30 April 2021, ARERA established the extension of the waiver recognised in Resolution 248/2020/R/COM to the eligible credit rating in case of downgrade due to the health situation. Specifically, if, at the end of the 12-month period following the downgrade of the rating, the same agency confirms the rating previously issued due to the economic environment related to the containment measures of the COVID-19 outbreak, the user may continue to rely on this rating in power transmission contracts for the next twelve months.

In addition, ARERA took the opportunity to rectify the constraint provided for insurance sureties: thus, insurance sureties issued by insurance institutions that have the rating through the parent company become eligible.

## Electricity market

### New discipline of imbalances

With Resolution 523/2021/R/eel, ARERA reformed the regulation of imbalances, implementing the European regulatory framework.

In particular, among the main innovations is the extension, as of 1 April 2022, of the single price mechanism for the valuation of imbalances of all units, without distinction according to characteristics. This mechanism will also apply to import and export dispatch points belonging to an interconnection network for which scheduled trade control is implemented.

Regarding the identification of the imbalance price, the Authority confirms that the price areas should be equal to the market zones and, specifically, that the North macro-zone and the South macro-zone should be considered. ARERA postpones, in fact, to 2022 the definition of the dynamic zones functional to assign to each imbalance price area the representative price of energy bought and sold in real time within the congestion-free aggregate to which the price area belongs. In addition, ARERA has provided for the introduction of additional fees for non-compliance with dispatch orders, calculated at the level of the dispatch user's portfolio in each area.

### Capacity market

On 28 December, the first session of the secondary market under the Capacity Market Regulations was held, with reference to the January 2022 delivery month, aimed at allowing operators to be able to renegotiate commitments closer to the delivery period. The total traded capacity was 197 MW, of which 160 pertained to foreign capacity. The weighted average trading price was 32,848 €/MW/year.

With Resolution 498/2021/R/eel, ARERA positively verified Terna proposals for Capacity Market Regulations and related Technical Operating Provisions (DTF) for the auction procedure for delivery year 2024, scheduled for 21 February 2022. The main changes from the framework for the auctions held in 2019 with respect to the delivery years 2022 and 2023 include: the introduction of a penalty for allottees of new or repowered capacity in case of exercising the option to postpone the start of the delivery period until December of the first delivery year, with a corresponding postponement of the final contract term; the mechanism for allocating the capacity subject to the variable compensation return to take into account the bids on the European balancing platforms, including the Replacement Reserve trading platform and the Manual Frequency Restoration Reserve trading platform, as well as on the continental single coupling platform under contracting continues.

Regarding the DTF, the main changes concern: the replacement of the nomination obligation for new capacity with a bidding obligation per zone in spot markets, consistent with what was proposed in relation to the Discipline; the modification of the definition of maximum daily producible energy for the verification of bidding obligations with reference to hydroelectric production and pumping plants and for other types of storage for which technical data are communicated for the market for dispatching service; the introduction of certain simplifications to the methodology for defining capacity demand curves; the method of calculating CDP for units powered by non-programmable renewable sources, providing for a shift to a methodology based on availability data in the previous three years, instead of prospective simulations; the calculation of transit capacity with foreign areas, basing it on a percentile of the statistical distribution of imports during the most critical hours, instead of on prospective simulations; the revision of the CDP

calculation method for non-hydro storage; defining the method of calculating the CDP for units consisting of storage systems and other generating units, stipulating that it is equal to the sum of the CDP of the storage system and the other generating units constituting the generating unit, determined separately; the extra-derating factor, evaluating the contribution of UCMC in the hours of highest expected demand for the year of delivery.

## Market Coupling

### Starting Single Intraday Coupling

On 21 September 2021, the Cross Border Intraday (XBID) project on Italian borders, outlined in Resolution 350/2019/R/eel, was launched. Since that date, Italy has therefore been participating in the Single Intra Day Coupling mechanism (SIDC XBID Cross Border Intra Day Market), through which energy is traded in the intraday markets in continuous trading through a shared trading book between operators from different countries where the remaining interconnection capacity still present between the regions/areas involved is optimised.

Specifically, said project reduced the sessions of the current intraday market with the introduction of implicit capacity auctions (CRIDA) and initiated continuous trading that allows users to trade energy up to an hour before delivery. These changes are expected to result in a gradual decrease in imbalance volumes, especially for non-programmable plants, as well as decreasing or at least less penalising imbalance prices for operators.

Finally, the new platform Local Trading System was introduced, which will serve both for product trading and for balancing zonal portfolios with Production and/or Consumption Units, as well as the possibility for operators to buy/sell energy on XBID without any more constraints of Unit Bidding and, as a result, greater flexibility in portfolio management.

## Retail sales

### Greater Protection Service - Gradual Protection Service

With article 16-ter of Decree Law no. 152 of 6 November 2021, converted with amendments by Law no. 233 of 29 December 2021 (so-called Recovery DL), the legislature provided for a further postponement of the end of the greater protection service.

Domestic customers will, in fact, continue to be supplied with electricity from the protection service pending the conduct of competitive procedures for the allocation of the graduated protection service, to be concluded by 10 January 2024.

In addition, as of 1 January 2023, the protection service will continue to apply to vulnerable and poverty-stricken customers; this situation will persist until the Authority adopts provisions guaranteeing, with respect to these customers, the supply of electricity at a price that reflects the cost of energy in the wholesale market, the efficient costs of the marketing service, and the contractual and quality of service conditions, pursuant to article 11, paragraph 2, of Legislative Decree 210/2021 (Decree transposing the Internal Energy Market Directive).

### Social bonus

With Resolution 63/2021/R/Com, ARERA regulated the application methods of the automatic recognition scheme for those entitled to the social electric bonus for economic hardship, implementing the provisions of Decree Law no. 124 of 26 October 2019, converted into Law no. 157 of 19 December 2019.

As of 1 January 2021, the disbursement of the social bonus for economic hardship to all eligible persons will take place without the need to submit a special application for admission and on the basis of the exchange of information flows between INPS and the Integrated Information System (IIS) Manager. Specifically, the seller disburses the bonus to those eligible only on the basis of the information received from the IIS Manager, who, in turn, receives a monthly communication from INPS containing the list of ISEE households found to be in economic hardship based on the DSU attested by INPS itself in the previous month.

On the contrary, as far as social bonuses for physical discomfort are concerned, the Authority maintained the current mechanism of access to the facility on presentation to the Municipalities/ CAF, by the citizen concerned, of a specific application with correlated ASL certification containing the information necessary for the verification of eligibility for the facility and for its subsequent quantification and disbursement.

## High Prices

In order to mitigate the extraordinarily large impacts of the economic situation and the sharp rise in CO<sub>2</sub> emission prices on energy commodity prices and, consequently, on the overall expenditure on electricity supply for end users, the legislature transferred Euro 2 billion to the CSEA for the containment of electricity sector tariff adjustments for the fourth quarter of 2021 (Decree Law 130/21).

With Resolution 396/2021/R/Com, ARERA has, therefore, ordered the cancellation, for the months of October, November and December 2021, of the rates related to general system charges applied to domestic users and low voltage non-domestic users, for other uses, with available power up to 16.5 kW, as well as to confirm the values in force as of 1 January 2021 of the UC3 and UC6 components.

In addition, AREA has introduced supplementary social bonuses, the amounts of which are in addition to the compensation awarded to customers in economic hardship and physical distress.

The above measures were then confirmed for the first quarter of 2022 as well due to the continued bullish scenario of energy commodity prices.

## Transfer with change of supplier

As of 30 October 2021, the new mechanism of transfer with simultaneous change of supplier governed by Resolution 135/2021/R/eel came into effect. ARERA has, therefore, decided to leave the choice to the end customer to request the transfer to the pre-existing trading counterparty or, alternatively, directly to a new trading counterparty. In the latter case, it is the new trading counterparty, if it decides to accept the transfer request, that has to notify the distribution company, the new dispatching user or the operator of greater protection, the pre-existing trading counterparty and the outgoing dispatching user of the contractual activation, as well as to make all communications towards the IIS.

## General system charges

With Resolution 32/2021/R/eel, the Authority regulated the mechanism aimed at recognising adequate compensation to transport users for any failure to collect tariff components covering general system charges (OGdS - Mechanism).

Specifically, the Mechanism is organised with annual sessions with optional participation, providing, for each session, a choice between an ordinary regime and a simplified regime. In the latter case, the award is for an amount determined in a simplified parametric manner. Uncollected OGdS shown in invoices with payment terms that have been overdue for at least 12 months at the time of application are eligible for the Mechanism; for 2021 only, uncollected OGdS shown in invoices since 2016 are eligible.

The Authority clarifies, however, that this mechanism is transitional in nature: the same is established relative to the period between the year 2016 and the year of adoption of specific legislative interventions aimed at establishing a different management of the OGdS collection chain. By Decree Law 77/2021 (so-called Simplification Decree), the legislature has, in fact, delegated to the Ministry of Economy and Finance and the Ministry of Ecological Transition, on the proposal of ARERA; the redetermination of the methods of collection of general system charges, providing that the financial items related to the charges, can be allocated to the Fund for Energy and Environmental Services, without entering the availability of sellers.

## Offer Code

The Authority has put out for consultation a document in which it proposes to associate the offer code with each withdrawal and redelivery point in the Official Central Register (OCR) of the IIS. The Authority believes, in fact, that this implementation is necessary to allow the end customer a clearer and more efficient consultation of the Offers Portal: through the offer code, the end customer will be able to compare the annual expense associated with the

current supply contract with the expense of the other offers published on the Portal itself. In addition, with a view to implementing the savings calculation feature, end customers would be able to access the Offer Portal, directly enter the offer code associated with their existing supply and thus view any savings they would be able to achieve by signing up for a new offer.

Therefore, the Authority considers it necessary to provide for: on the one hand, the obligation to update the OCR with the offer code that identifies the supply following renegotiation of the contract with the signing of a new offer by the customer and, on the other hand, the obligation to notify the IIS of the offer code by the commercial counterparty following a new activation.

In addition, the Authority's guideline is to provide that the structure of the bid code be standardised to indicate certain characteristics of the bid in order to simplify monitoring activities.

According to the Authority, these implementations could be operational within three months of the publication of the Approval Resolution adopted at the end of the consultation.

## Short prescription

At the same time as the annulment for lack of consultation of Resolution 184/2020/R/com, by which ARERA incorporated the new provisions of the 2020 Budget Law regarding the possibility of objecting to the short statute of limitations even for the user responsible for the failure or erroneous collection of data, the Lombardy Regional Administrative Court clarified in Judgements nos. 1441, 1444 and 1449 of 2021 that the Civil Code rules on the existence of a cause preventing the accrual of the statute of limitations (see articles 2935 and 2941 of the Civil Code) remain unaffected.

Therefore, the Authority, in compliance with the above rulings, initiated a consultation process as a result of which, by Resolution 603/2021/R/com, it provided:

- on the distributor the obligation to communicate to the seller at the same time as the metering or adjustment data referring to consumption dating back to a previous period of more than two years, the indication of the (alleged) existence or non-existence of causes preventing the accrual of the statute of limitations under the primary and general reference regulations;
- on the seller the obligation to inform end customers of the billing of amounts relating to consumption dating back more than two years, both in cases where the statute of limitations has accrued and in cases where it has not accrued due to the alleged existence of obstructive causes.

Lastly, through Resolution 604/2021/R/com, ARERA establishes a mechanism for the compensation of amounts related to the electricity dispatching service billed to the end customer and not collected due to the statute of limitations exception, as well as a mechanism to make distribution companies responsible so that they are incentivised to properly carry out their metering management activities.

## Bill 2.0

ARERA has initiated two consultation procedures in order to implement a first group of interventions to update the regulation of Bill 2.0, regarding the information content and "admissibility" of bills by the end customer.

The objectives in general pursued by the Authority are:

- transparency and relevance of information content (through updating and improving information);
- consistency, harmonisation and completeness of information among the various regulated information "containers".
- information for the discoverability of the signed offer, its characteristics and its application to existing contract;
- information for bid comparability;
- adequacy of bill delivery tools provided by the offer to the end customer.

At the conclusion of the first consultation, the Authority, in Resolution 242/2021/R/com, provided:

- the elimination from 1 July 2021, of the average unit cost information reported in the summary bill;
- the delivery of the dematerialised summary bill in the deregulated market from 1 November 2021 through a digital mode such as sending via forms of messaging service (short or instant) or by e-mail;
- the update of electric end-customer types "domestic electric vehicle charging" and "other uses private electric

vehicle charging", following the 541/2020/R/eel experimentation.

In the second consultation, which is still in progress, the Authority completed the first group of interventions to revise the regulation of Bill 2.0, proposing the introduction, within 6-9 months from the effective date of the measure to be adopted, of the following data:

- "Annual incurred expenditure" and standardisation of how to calculate the "Annual consumption" figure in the summary bill of end customers served in both markets;
- "Offer code" and update of expense items in the summary bill of customers served in the free market;
- "Synthetic Price Indicators" in the detailed elements of offers in the free market.

## Fee Market Capacity

Following a consultation process initiated at the end of 2021, ARERA resolved on the modalities for the application from 1 January 2022 of the fee to cover the net capacity supply charge to end customers as follows:

- for the higher protection service, the above fee will be 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 will be 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.

## Measures in favour of the populations affected by the 2016-2017 seismic events

In 2021, the Authority repeatedly intervened on the regulation concerning the facilities recognised in favour of the populations affected by the seismic events of 2016 and 2017 (Resolutions 810/2016/R/com, 252/2017/R/com and 587/2018/R/com). In particular, with Resolution 111/2021/R/com of 19 March 2021, ARERA extended to 31 December 2021 the tariff facilitations, already provided by Resolutions 252/2017/R/com and 429/2020/R/com, in favour of utilities located in red zones, SAE and MAPRE and utilities and supplies related to uninhabitable properties located in Central Italy, or in the municipalities of Casamicciola Terme, Lacco Ameno and Forio, affected by the seismic events of 2016 and 2017. Subsequently, with Resolution 277/2021/R/com, additional urgent measures were introduced to facilitate the disbursement of facilities to support the people affected by the earthquake events. In particular, the financial compensation measures in favour of sales operators were confirmed within the already provided equalisation mechanisms, and the measures on financial advances in support of the operations of sales operators affected by the suspension of bill payment terms (Resolution 810/2016/R/com) in favour of the populations of Central Italy, as well as the timing and modalities provided for the recognition of uncollected credits (Resolution 252/2017/R/com) were adjusted.

Consequently, technical measures issued by the CSEA and containing the provisions for the recognition to sellers of the advance payments of the lower revenues resulting from the application of the tariff concessions provided for the people affected by the earthquake events followed.

Lastly, with Resolution 503/2021/R/com of 18 November 2021, ARERA further extended the tariff concessions under Resolution 252/2017/R/com in favour of supplies and utilities subservient to emergency solutions-emergency housing facilities (SAE) and provisional rural emergency housing modules (MAPRE) - and still provided compensation to sales operators for lost revenues resulting from concessions related to the fixed portions of electricity supplies of the people in Central Italy affected by the earthquake events.

## Hydroelectric concessions

The Annual Market and Competition Bill 2021, approved by the Council of Ministers but not yet published in the Official Journal, intervenes on the text of article 12 of Legislative Decree 79/99 laying down provisions on large hydroelectric derivation concessions.

In particular, it is better specified that 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 2022. 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 of large hydroelectric derivations that provide for an expiration date prior to 31 December 2023, including those that have already expired, the regions shall renegotiate the concessionary relationships, for the time strictly necessary for the completion of the allocation procedures and in any case no later than two years from the entry into force of the 2021 Competition Bill, 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.

## Single Property Fee

Law no. 160/2019 (Budget Law 2020), as amended by Law no. 178/2020 (Budget Law 2021), regulates the new single property fee for advertising concession, authorisation or display, which is intended to replace the current regulations of, among others, the tax for the occupation of public spaces and areas (TOSAP) and the fee for the occupation of public spaces and areas (COSAP).

The original wording of the article stipulated that the fee was payable not only by the person who holds the deed of concession for the occupation of public land, but also by all persons who occupy public land, even mediately, through the material use of the infrastructure of the person holding the concession (article 1, paragraph 831, L 160/2019, as amended by article 1, paragraph 848, L 178/2020), thus including, therefore, also electricity suppliers. However, by Law no. 215 of 17 December 2021, "Conversion into law, with amendments, of Decree-Law no. 146 of 21 October 2021, containing urgent measures on economic and fiscal matters, to protect labour and for unavoidable needs" (so-called "Tax Decree Law"), the legislature excluded electricity sales companies from the taxable entities of the single property fee. The latter is, therefore, payable exclusively by the party holding the infrastructure concession deed, based on the utilities of the sales companies.

Regarding the quantification of the fee due for permanent occupations of municipal territory, with cables and pipelines, for the provision of public utility services, the same is due on the basis of the number of utilities multiplied by a flat rate of Euro 1.5 for municipalities up to 20,000 inhabitants and Euro 1 for municipalities over 20,000 inhabitants. In any case, the amount of the fee due to each institution cannot be less than Euro 800.

## WACC

Following a long period of consultation on the issue, with Resolution 614/2021/R/com, ARERA established the criteria for determining and updating the rate of return on capital employed for infrastructure services in the electricity and gas sectors for the period 2022-2027. Specifically, based on the WACC calculation formula approved for the next regulatory period, the 2022 WACC for electric distribution will be 5.2%, thus lower than the 2021 rate (5.9%).

For the sub-period 2025-2027, an update of the parameters common to all departments is planned, such as: the theoretical rate of incidence of taxes on the result for the year; the tax rate for calculating the tax shield of financial expenses; the rate of return on risk-free assets, expressed in nominal terms; the forward premium; the rate of inflation embedded in the rates of return on government bonds; the expected level of inflation determined on the basis of European Central Bank forecasts; the difference between the average required yield for Italian 10-year government bonds and that required for government bonds of countries rated at least AA; the prospective spread between Italian government bonds and the bonds of Eurozone countries rated at least AA; the average of the spot yields of the iBoxx indices relating to BBB non-financial bonds, with reference to 10+ and 7-10 year maturities; the average of the yields inferred from the iBoxx indices relating to BBB non-financial bonds, with reference to 10+ and 7-10 year maturities, calculated over a time horizon relating to the last 10 years.

The gearing level and beta asset coefficient will, however, be updated at the time of the tariff review specific to each regulated service.

## European legislation

### Fit for 55

The European Union has set a 2030 target of reducing net emissions by at least 55% from 1990 levels, with the goal of achieving climate neutrality by 2050. The "Fit for 55" package of proposals outlines this objective, to bring about the necessary changes in the economic, social and industrial spheres. Specifically, the legislative proposals combine: the application of emissions trading to new sectors and the strengthening of the existing EU emissions trading system; increased use of renewable energy; increased energy efficiency; faster deployment of low-emission modes of transportation and the infrastructure and fuels needed to do so; alignment of fiscal policies with the goals of the European Green Deal; measures to prevent carbon leakage; and tools to preserve and enhance the capacity of our natural carbon absorption wells.

Multiple stakeholders are involved: from entrepreneurs to consumers, from cities to families to individual consumers. The basic idea is to lead the transformation rather than react and adapt to it, and dedicated resources have, therefore, been allocated. The proposals are based on policies and regulations already prepared by the European Union and are accompanied by an impact assessment analysis, which takes into account the interconnectedness of the whole package. The analysis shows that over-reliance on enhanced regulatory policies would lead to unnecessarily high economic burdens, while carbon pricing alone would not overcome persistent market failures and non-market barriers. The chosen policy mix is, therefore, characterised by a delicate balance between pricing, targets, standards and support measures.

Transforming the energy sector is one of the cornerstones of the Fit for 55 package, given that energy consumption accounts for 75% of the European Union's emissions. Greater energy savings and increasing the share of renewables are seen as key drivers of growth, job creation and emission reductions. To hit the 2030 target, the revised Renewable Energy Directive proposes raising the overall binding target for renewables in the Union's energy mix to 40%. Each member state will have to contribute to the achievement of this goal by expanding the use of renewables in all sectors, by promoting electrification based on renewables, or, where this is difficult to implement (as with some industry and transport sectors), by promoting renewable fuels such as green hydrogen.

In addition, the revision of the Energy Efficiency Directive plans to raise the level of ambition of the European targets and make them binding, with the perspective that lower energy consumption will reduce not only emissions but also energy costs for consumers. In this context, action by member States will also be guided by national indicative energy efficiency benchmarks, calculated according to a new formula.

A revision of the Energy Performance of Buildings Directive is also planned, with specific measures identified to accelerate the pace of renovations, helping to meet targets set for energy efficiency and renewables as well as reducing emissions from buildings.

Another area of focus is on the energy product taxation system aimed at protecting the domestic market on the one hand and supporting the green transition with the right incentives on the other.

## RES development

### DL Simplifications bis

The year 2021 saw the publication of Decree Law no. 77 of 31 May 2021, converted into Law no. 108 of 29 July 2021, on "Governance of the national recovery and resilience plan and initial measures to strengthen administrative structures and accelerate and streamline procedures" (so-called DL Simplifications bis).

The measure consists of two parts: the first dedicated to PNRR Governance, and the second to simplification measures for the energy sector. With regard to the energy sector, a number of interventions are planned to simplify the authorisation processes prior to the construction and commissioning of RES plants. In particular:

- reduced in the procedure of verification of subjectivity to EIA (so-called screening) and in the EIA (Environmental Impact Assessment) the time limits for the submission of comments by interested parties on the preliminary environmental study and for the competent authority's ruling on the request;
- introduced in the EIA of regional competence and in the PAUR (Provvedimento Autorizzatorio Unico Regionale - Single Regional authorisation Measure) the possibility for the proponent to request a preliminary phase of the application, aimed at defining the information to be included in the environmental impact study;
- raised to 10 MW the thresholds provided for the procedure of verification of subjectivity to EIA, subject to self-declaration by the proponent that the plant is not located within areas that are not suitable under the Ministerial Decree of 10 September 2010;
- power thresholds of photovoltaic plants subject to PAS (Simplified Authorisation Procedure) raised to 20 MW if they are connected to the medium-voltage electricity grid and located in areas of industrial, productive or commercial use, as well as in closed and restored landfills or landfill lots or quarries or quarry lots that cannot be further exploited;
- state incentives are provided for agri-voltaic plants;
- the Ministry of Culture participates in the single procedure for projects involving plants powered by renewable sources located in areas subject to landscape protection or in areas adjoining properties subject to landscape protection, expressing itself in the services conference with a mandatory non-binding opinion;
- non-substantial interventions on projects and facilities shall be added among the non-substantial interventions on wind power projects and related works that, regardless of the nominal power resulting from the modifications, are carried out on the same site as the wind power plant and that involve a minimum reduction in the number of wind turbines compared to those already existing or authorised. New wind turbines, as their diameter increases, will have to comply with a maximum height limit.

Finally, the appointment of Massimiliano Atelli as Chair of the PNIEC-PNRR Commission, introduced by the Simplifications DL with the task of taking care of the authorisation procedures of the projects included in the PNRR and those necessary to achieve the objectives of the PNIEC, resulted in the start of the work of the Commission itself, which took office in January 2022 and is composed of up to forty experts identified from among the tenured staff of state and regional administrations, university institutions, the National Research Council (CNR), the National Networked System for Environmental Protection, the National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA) and the Istituto Superiore di Sanità (ISS).

## Business outlook

The complex situation the world is facing is the result of the layering of several crises that have followed each other at an unforeseen speed: the pandemic crisis, with its dual pandemic and post-pandemic shocks, the energy shock, and the geopolitical crisis, tragically precipitated in the armed conflict in Europe on 24 February 2022, with Russia's invasion of Ukraine. This scenario, in very many ways unforeseen and unpredictable, has put a tremendous strain on international and national institutions, the market and companies as well as people.

The Ukraine military crisis, in addition to the inevitable, consequent humanitarian catastrophe both in terms of the number of deaths and the flow of refugees seeking shelter from the conflict, has generated decidedly mixed economic consequences globally. The industrial sectors most directly related to export flows from the two warring countries (oil, gas, agribusiness, and other commodities) are heavily impacted by the conflict. The pandemic crisis from COVID-19, rising energy and raw material prices, shrinking demand for products, and reduced purchasing power have increased the costs incurred by businesses in procuring materials for processing, the costs incurred in feeding production processes, as well as final production and transportation costs, resulting in price increases for consumers that fuel the inflationary spiral. Strong interest rate intervention by central banks can be expected to try to contain this inflationary drive. In this context characterised by very serious uncertainty, the company found itself working on several fronts to keep the group, its people and indirectly all its stakeholders safe, along with an intense activity aimed at understanding and assessing the evolving scenarios of the global framework, in order to seize the opportunities of the Italian and European energy market.

The energy market is now suffering from a strain that some scholars consider to be of greater impact than the oil shock of '74, a strain that indicates a continuation of the bullish trend and extreme volatility already observed during 2021 for the coming years. No stranger to this volatility is the process of financialisation of energy commodity markets (gas and EE), which has led to an increasingly pronounced split between the underlying industrial rationale and the speculative operations carried out by large international traders and financial operators.

Such volatility now seems to characterise the scenario even in the medium term, aided not only by the aforementioned tensions but also by the complexity and frictions brought about by the energy and environmental transition. This momentous change remains fraught with uncertainties in the timing of implementation and environmental policy goals, sometimes questioned, sometimes subject to a strong acceleratory push, all of which contribute to a framework of legislative-regulatory uncertainty. The energy transition is certainly inescapable, as the result of a process that now affects not only the sensibilities of a few enlightened scientists and decision makers globally, but has now become the more or less shared heritage of many of the world's citizens and financial markets. These will increasingly discriminate investments and production activities in the future according to their carbon footprint, their inspiration from ESG principles, thereby marking the irreversibility of the decarbonisation process aimed at the necessary fight against climate change.

Then again, it is precisely climate change that seems to have increasingly affected our country and our mountainous areas as well. The amount of snowfall recorded in the winter that has just ended and the weather pattern recorded in the first part of this year lead us to predict a year 2022 with important hydraulic problems. Compared with budgeted production forecasts, there could be a negative variance in 2022, the effects of which, at the moment, have been offset by the positive trend in energy prices recorded in the markets, which is also a consequence of the ongoing war conflict, suggesting an average 2022 price higher than budgeted. Finally, measures taken by the national government to temper the effects of "high energy prices" on households and businesses have led to a series of extraordinary levies (DL 27 January 2022, no. 4 and DL 21 March 2022, no. 21) referred to tax bases that are highly arbitrary and highly ambiguous in interpretation. Having seen such extraordinary measures emerge indicates a growing regulatory and regulatory risk, a risk that may become more acute in the current year, as there is nothing to rule out that new ones may emerge, or that we may see further changes in those that have been enacted. In this overall context, the foreseeable development of operations is therefore difficult to decipher. Inspired by prudent technical and managerial management, the company has established procedures and mobilised resources to ensure the ability to cope with multiple risks, while at the same time creating the conditions to make the most of the opportunities that the market scenario has offered to companies in the energy sector.

Despite the uncertainty of the described economic and social framework, in continuity with the strategic approach it has always adopted, the Group will continue in its ongoing commitment to generate value and growth in the medium and long term in all fields of activity, focusing on objectives of increasing its power generation capacity from renewable sources, improving its operating performance, and consolidating its presence in sectors of interest possibly, including in implementation of the Strategic Plan, with industrial operations.

# 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.

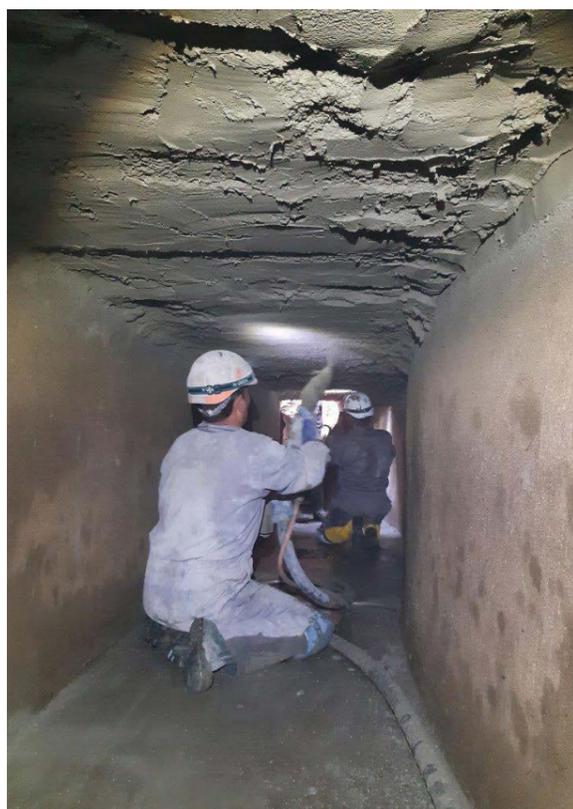
In a context of this kind it is fundamental to take care of the professionalism of the collaborators.

## Main activities carried out in 2021 by the Civil Engineering Division

### Interventions on the shunt channels

During 2021, 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 2.4 million.

In particular, work was done on the channels of the Hone II (Euro 945 thousand) Chavonne (Euro 830 thousand), Hone I (Euro 433 thousand), and Valpelline (Euro 234 thousand) plants.



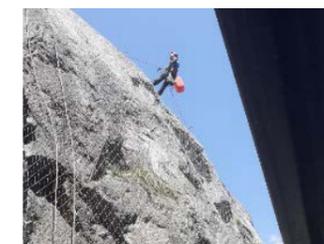
### Works for obtaining the CPI

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 Isollaz, Perreres and Verrès power plants was completed in 2021.

Interventions at the Avise, Covalou, Hone I and Issime power plants are scheduled for 2022, given their complexity in both implementation and permitting.

### Interventions for the safety of sites considered on the DVR for geological risk



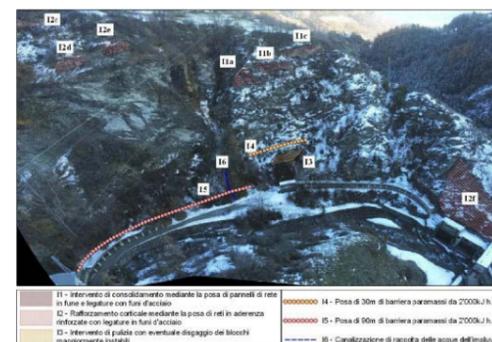
In order to reduce the risk of rockfalls on some of the sites included in the geological risk DVR (risk assessment document), studies and safety measures have been implemented. At the hydroelectric power plant of the Pont Saint Martin, work was carried out for the safety of the rock face adjacent to the building. The activities, completed in 2021, involved netting 1,600 square meters of rock outcrop and installing a 120-m-long rockfall barrier

to contain phenomena from upstream sectors. The works involved an expenditure of Euro 150 thousand.

At the Quincinetto II plant intake work, the installation of the rockfall barrier and active wall work have been completed. The amount of the intervention was Euro 150 thousand.

On the Artanavaz intake, Signayes plant, a project was studied to secure

the site and its access. Reinforcement works with adhering nets are foreseen on the walls. Along the access track, in addition to actively intervening in individual sectors, a rockfall barrier will be installed. Having obtained permits in 2021, the interventions will be carried out in 2022.



On the Mecosse intake work, Grand Eyvia plant, hazard mitigation works along the access path to the work began in 2021. The intervention includes the consolidation of the existing walls, the detachment of the elements isolated not in a equilibrium and the installation of a rockfall barrier. The works will be completed in 2022, the total amount of which is Euro 110 thousand.



On the loading tank and the access road to the tank at the Montjovet plant, fall hazard mitigation measures have been defined. The final design of the interventions is expected in 2022. Also at the Montjovet plant, near the intake structure, an intervention to implement the existing mitigation works is being evaluated.

A study to mitigate the risk from rockfall has been initiated at the Hone 1 plant. From an initial analysis, it is thought that a good degree of protection can be achieved through the installation of a row of rockfall barriers placed upstream of the power plant. The executive design of the interventions will be developed in 2022.



### Avalanche safety work at the Place Moulin dam guardhouse.

In 2021, the installation of the snow-stopping umbrellas on the slope upstream of the guardhouse aimed at securing with respect to avalanche risk the artefact, the forecourt in front of it, and the path up to the dam face was completed. The amount incurred was Euro 1,600 thousand.



### Chavonne plant renovation

In November 2021, the design and environmental impact study of the Chavonne plant renovation project was awarded to an RTP with principal firm Eng. G. Pietrangeli S.r. for a total amount of approximately Euro 2.2 million. The assignment includes analysis and development of design choices identified by CVA technical units, 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 end of 2021, with the delivery of the "Outline Project and Design Plan" documents confirming the validity of the choices identified.

### Hone II plant renewal

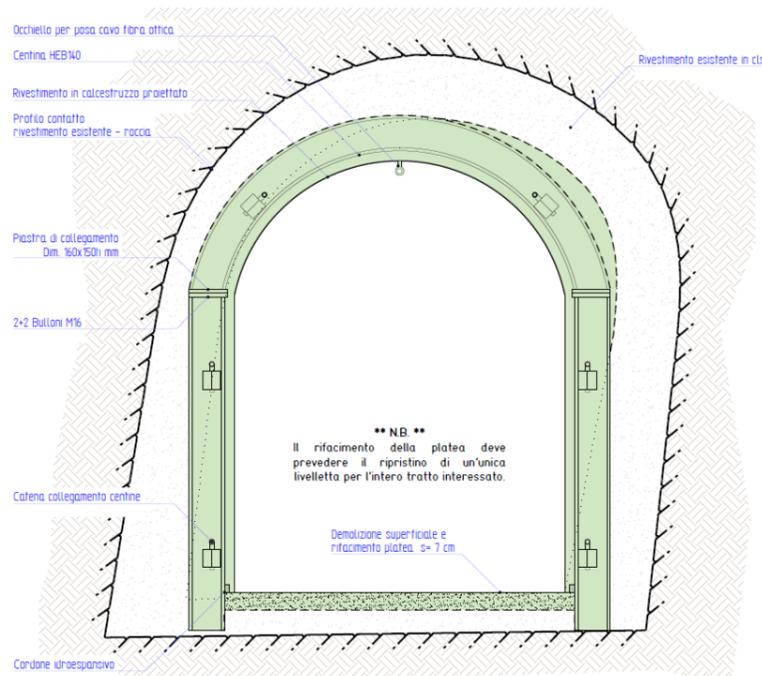
During 2021, the final design and Environmental Impact Study for the plant renovation were completed.

In October 2021, an Environmental Impact Assessment application was filed with the relevant offices of the Autonomous Region of Valle d'Aosta. This was followed by publication in the BUR to give public notice of the project; publication will end in early January 2022, and the EIA process will continue with the Services Conference.

## Tunnel diversion channel - NUS hydroelectric plant

The diversion channel of the Nus plant is affected, on the Comba Dèche stream, by a gravitational phenomenon that has caused, over the years, important deformations and cracks on the diversion tunnel and the closure of the expansion joint present on the pipe bridge crossing the stream. Based on the feasibility study prepared in 2020 and the inspections carried out, the final design for permissions and the executive design for procurement were completed in 2021. The work, amounting to Euro 330 thousand, is scheduled between September and November 2022 with an out-of-service of the plant of 50 days.

The work involves demolition in the tunnel to insert metal ribs and subsequent concrete projection to reconstruct the sections; a PVC membrane will then be laid to accommodate future deformation. It will also restore the useful life of the bridge-pipe expansion joint.



## 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. Following this survey, interventions will be recalibrated in 2022 to carry out the work in 2023.

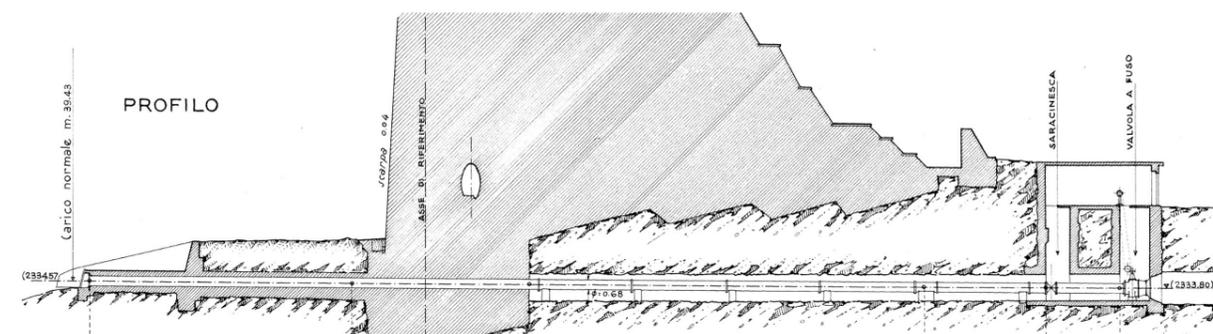
## Gabiet dam bottom outlet - Gressoney hydroelectric plant

The bottom outlet of Lake Gabiet dam consists of a 0.70 m-diameter metal pipeline crossing the upstream nail of the dam; the pipeline then continues in a rock culvert; downstream the pipeline is intercepted by a gate valve and a spindle valve in a special maneuvering cabin.

Following the supervisory visit on 30/09/2019, the Turin Dam Technical Office prescribed to "carry out restoration work on the section of the bottom outlet pipeline where the leak was found" and to "submit the project of the work, planned by the Concessionaire, of extraordinary maintenance of the bottom outlet".

Having carried out the necessary inspections, surveys and verifications, it was found that the ferrule included between the gate valve and the spindle valve disassembly socket had a leak. In the section upstream of the gate valve, considering the reduced pressure and pipe thicknesses detected, the stress state of the pipeline is acceptable. Dents were found on the top of the pipe due to releases of stone elements from the vault.

In view of the positive stress tests and in the section of pipe upstream of the gate valve, the project involves only the replacement of the deteriorated section of pipe and the securing of the section upstream of the gate valve by means of a protective structure made of metal profiles; a slab is also to be built to collect and remove seepage water. Implementation is planned for the summer 2022 season.



## 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.

In 2022, after the drafting of the design for the contract is completed, construction activities are scheduled to begin.

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

Work on upgrading the "Guard House" building and the "Valve Room" building to current seismic standards was completed and tested in 2021.

The total amount of work is Euro 554 thousand.



## Reconstruction work on the Lillaz plant intake

In 2021, refurbishment work on the intake work of the Lillaz plant was completed.

Half of the weir was completed in 2020; the actual sleeper on the left side of the riverbed as well as all the power supply and automation part of the intake was built in 2021.

The work was completed on schedule in 2021 for a total amount of Euro 800 thousand.



## Building in Aosta - Via Festaz - Former Deval headquarters



### Maintenance and upgrading work on bodies "A", "B" and "C"

A design assignment was awarded for the rehabilitation and adaptation of bodies A and B and part of body C of the building located on Festaz Street - former Deval headquarters - with the aim of redeveloping them for office use.

During 2021, the feasibility study was submitted; subsequent design phases and the tender for construction are scheduled for 2022.

The presumed amount of the work is approximately Euro 2,500 thousand, 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

The work consists of the construction of rockfall defense works (rockfall barriers) to be placed on the left bank of the Cignana dam, so as to intercept the fall of rocks from the rock face. The protection work involves the installation of two rows of barriers with a height of 7.00 m and linear development 40 m each. In 2021, work began; in addition to the execution of the protections stipulated in the safety plan, the track to reach the barrier-laying area was made, and the drilling and laying of the barrier anchors was carried out. During 2022, all work will be completed. The presumed amount of work is about Euro 415 thousand; in 2021, Euro 135 thousand were accounted for.

## Cleaning the basins

The presence of an artificial dam alters the natural balance of the watercourses, creating an area characterised by lower speeds and, consequently, favours sedimentation of the solid material transported.

Artificial lakes, with the passage of time, lose part of their storage capacity due to the sedimentation of solid material carried by the water. For this reason, in the modulation basins, mechanical bleeding operations are scheduled cyclically, taking into account the historical material input. The management of the material resulting from mechanical excavation is considered waste management (special non-hazardous waste)

As such, they can be delivered and treated in a plant that allows reuse and re-introduction into another production cycle, or they can acquire product status through the end-of-waste process.

Currently, the end-of-waste procedure as envisaged by the amendments to Law 152/2006 is quite complex and more difficult than in the past. These critical issues have led to the rescheduling of slurry programs, especially on reservoirs with a high amount of material. In 2021, the cleaning of the Artanavaz intake of the Signayes plant was carried out. The reservoir created by the barrage on the creek is cleaned periodically every 8 years. The extracted materials, amounting to about 1,000 m<sup>3</sup>, were recovered in a licensed quarry in order to put them back into another production cycle (reuse).



## Main activities carried out in 2021 by the Electromechanical Engineering Division

The year 2021 saw the continuation of some existing maintenance projects and the commissioning of new and substantial maintenance and repowering interventions. See as reported in the Sustainability Report.

### Water Mist: an eco-friendly solution to protect production transformers

In compliance with current legislation in terms of fire prevention and protection, CVA intends to equip the production transformer park with highly innovative extinguishing systems.

In order to increase plant safety, the Group has decided to replace its previous CO<sub>2</sub> inert gas-based systems with high-pressure water mist (Water Mist) fire-fighting systems, starting in 2018 with a three-year plan. Due to the fractionation of water into a myriad of microscopic-sized droplets, the cooling surface area increases significantly (1 litre of water corresponds to 1,700 litres of fog). Compared to inert gas systems, Water Mist systems therefore reduce water consumption and block the ability to displace oxygen from the heat source. Since it has no emissions whatsoever, it is a totally environmentally friendly solution. By the end of 2021, there are 8 power plants equipped with water-mist fire-fighting systems.

### Asset control and preventive diagnostics

Checks on the functionality of the electrical protections of the generators are essential to be able to safely operate the machinery. During 2021, more than 90 checks were performed on group protection devices and more than 22 checks were performed on line protection devices, transformers, and Breaker Failure devices.

A census of the protection systems was also carried out, in order to plan the correct intervention strategies. A total of 38 thermographic analyses were carried out on the main electrical components of hydroelectric plants and more than 40 inspections of high voltage capacitive voltage reducers were carried out as well.

39 manual surveys of the vibrational phenomena of hydroelectric units were carried out, and ON-LINE analysis of the available data was started. During 2021, the preventive diagnostics campaign on generators continued, with 10 specialised internal machine inspections, 17 electrical diagnostic measurements, 3 off-line partial discharge surveys and 4 performed on-line.

In addition, the campaign to equip machines with on-line instrumentation continued: 3 generators have been equipped with fixed sensors aimed at measuring and controlling the magnetic flux and 5 with instrumentation to detect partial discharges. The monitoring of the condition and reliability of the oil production transformers is ensured by the multi-year plan of periodic analysis of the insulating oil: 55 laboratory analyses were carried out in 2021, which enabled the early identification and prevention of as many failures.

During 2021, surveys of vibrational phenomena were carried out on all hydroelectric groups, giving priority to setting up ON-LINE analysis. Initial feedback is encouraging, and 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 2022 and 2023 are as follows:

- Year 2022: upgrading vibration monitoring/protection units on 4 plants;
- Year 2023: upgrading vibration monitoring/protection units on 5 plants.

### In-house software formore smart and resilient plants

Also in 2021, 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.

## Risks and uncertainties

### Risks related to Climate Change and the availability of renewable resources

A source of uncertainty for the Group stems from the possibility that climate changes may have impacts on the CVA Group's business 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). Other consequences may include, for example, potential damage to facilities and/or infrastructure, reduced performance of facilities, increased O&M costs, and increased insurance costs.

The risk management strategy is aimed at both the implementation of meteorological models that allow for more accurate production plans by improving risk management in the short term and the prevention of potential calamitous events that could affect plants (mainly the Group's hydroelectric plants whose positioning along waterways significantly exposes them to risks related to hydrogeological disruption). In addition, the risk mitigation strategy calls for greater technological diversification of power generation facilities from renewable sources with the strategic plan provision for the construction of new wind and photovoltaic power plants with a capacity of more than 400 MW.

### 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 confrontation and timely evaluation of regulatory changes that have occurred, working to minimise the economic impact resulting from them. Details of the regulatory impacts of the exercise can be found in the specific chapter on "Evolution of the Regulatory Framework" in this report.

## Financial risks

### Market risks on commodity prices

The Company is exposed to market risks on electricity prices for all generation plants for which market sales are planned and for the volumes of electricity delivered to end customers. 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 risk has recently been exacerbated due to the significant increase in energy commodity prices recorded in all markets, domestic, European and international, in 2021 and which peaked in December of that year.

The activities of management, mainly by entering into financial derivative contracts, and control of this risk are governed by the Energy Risk Policies, which provide for the adoption of specific risk limits in terms of Economic Capital, conjugated both in terms of variability (VaR) and in terms of maximum Mark to Market Loss, and the use of instruments commonly used in the market in order to contain exposure within the limits established mainly through financial derivatives. The policy of the CVA Group is aimed at limiting exposure to market volatility and operations are directed towards the goal of tuning the price structures of the purchase and sale energy, signing, wherever possible, supply and/or sale contracts structured in such as to reduce the exposure to the risk of volatility of energy prices.

At 31 December 2021, the Company holds financial and physical derivative contracts aimed at hedging the risk of fluctuations in the price of electricity generated by the purchases and sales portfolio; in addition, it holds in the 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 2021 in CCC auctions with value 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 regards 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 risk that the Company's available financial resources be insufficient to meet the Group's financial obligations pursuant to the contractual terms and conditions set.

The Company's liquidity risk management policy can be defined as prudent in that an appropriate strategy is adopted aimed at avoiding critical issues and achieving the minimum objective, which is to provide the Company 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 and, as a rule, does not resort to short-term credit lines to meet possible financial needs generated by working capital management.

In December 2021, for the first time, the Group considered activating and using short-term credit lines of about Euro 113 million with hot-money and commercial paper operations, which were necessary to cope with the phenomenon of margin calls related to the extraordinary increase in energy commodity prices. Also since December, with a view to guaranteeing in a short time frame of 12 to 18 months an adequate financial availability to ensure the fulfilment of financial commitments even in the presence of extreme and disruptive events, the Group has taken action with the main credit institutions by requesting the issuance of new committed credit lines for a maximum duration of 18 months, obtaining the provision of credit facilities for approximately Euro 500 million including those already in place at the end of 2021. It should be noted that this amount, considered insignificant in relation to the Group's creditworthiness, was necessary to equip itself with financial instruments commensurate with the exceptional volatility experienced in energy futures markets.

## Interest rate risk

The Group, with particular reference to the Sales company, appears to be exposed to interest rate risk arising from market rate volatility mainly with reference to the Centralised Treasury position and security deposit receivables for commodity-linked futures operations, both of which are indexed to floating rates. The above exposures are considered short-term.

## Exchange rate risk

The Group's operations in currencies other than the Euro are significantly limited with the result that no risk is confirmed as a result of exchange rate fluctuations.

# Risks connected to the commercial activity and to the competitiveness of the Market

## Market Risk

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, who 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. In the context of wholesale energy markets, in order to mitigate the risk deriving from fluctuations in energy purchase prices, risk hedging policies have been implemented through the stipulation of energy derivative contracts. The abnormal growth in electricity prices in the markets recorded towards the end of the year 2021 and current projections have increased CVA Energie exposure to the markets; the company operates jointly with the CVA Group by implementing ordinary and extraordinary planning and coordination activities designed to monitor and deal with risks arising from its operations in the markets.

## Counterparty Risk

Counterparty risk is linked to the possibility that a counterparty does 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

As of the date of these financial statements, a risk is identified for the Group with reference to the company CVA Energie with respect to the possibility, albeit at the moment considered remote, of the application of the provisions of the Revenue Agency, which, in Resolution no. 1 of 3 January 2022, took a position on the treatment, for VAT purposes, of the monetary differentials to be settled in the execution of contracts related to derivative financial instruments linked to the variation in the price of electricity, affirming, in particular, that these differentials constitute the consideration, and therefore the taxable base, of an exempt transaction. The current situation sees all those involved expecting the Revenue Agency to reconsider its conclusions as requested, among other things, by Assonime in its Circular 6/2022, saying that such differentials are the object of the transaction and can never constitute the consideration for a service, given the uncertainty of the underlying transactions. 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 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 in the continuation of the report in the Notes to the Financial Statements.

# 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 - ask the governing bodies for the appropriate updates of the same.

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 C.V.A. 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 are 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 approach is now consolidated as followed by the companies of the CVA Group, which have integrated the anti-corruption and transparency measures within their respective Models 231 and, in the course of 2021, 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.

For the sake of completeness, it is noted that the CVA Group is also subject to the application of transparency obligations imposed by the regional legislation of Valle d'Aosta, and in particular by Regional Law 23 July 2010, no. 22 (so-called "Opération Transparence"). By virtue of this provision, the companies of the CVA Group publish the data and information required by the regional regulations in the section called "Other Contents" - subsection "Additional data" of the website, updating them according to the scheduled frequency.

## Processing of confidential information

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 Data Controllers of the companies of the CVA Group with their own employees have appointed a DPO and several Privacy Reference Persons. 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.

# Human Resources and Industrial Relations

The CVA Group consisted of 600 employees at 31 December 2021 (583 employees at 31 December 2020, 574 employees at 31 December 2019), of whom 3 executives, 63 managers, 352 white collars and 182 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 2021, the number of employees was as follows:

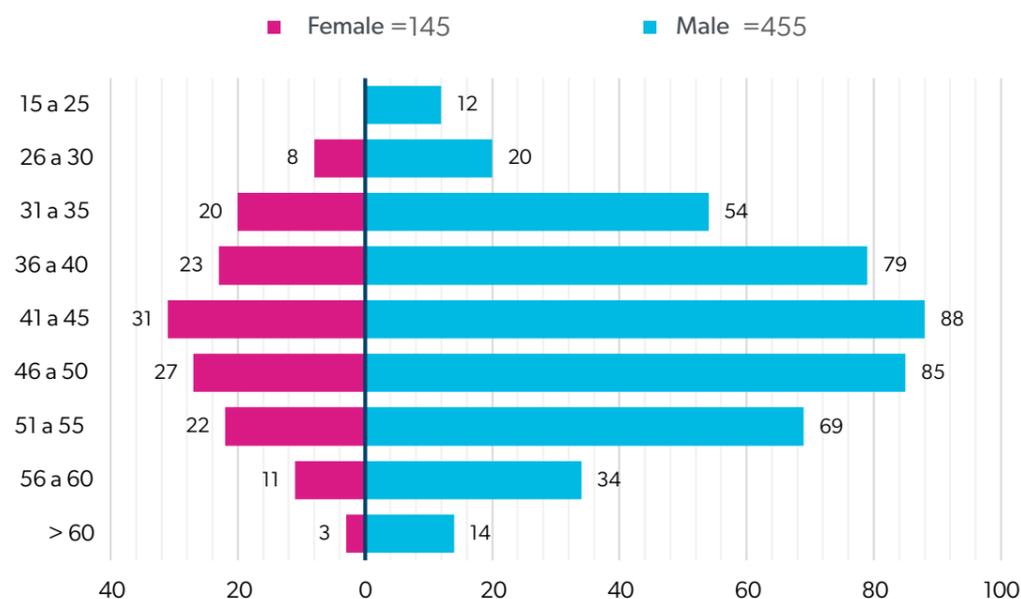
- 398 at CVA (386 in 2020 and 378 in 2019);
- 61 at CVA ENERGIE (61 in 2020 and 61 in 2019);
- 3 at CVA EOS (0 in 2020 and 0 in 2019);
- 138 at DEVAL (136 in 2020 and 135 in 2019).

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

	Balance at 31 December 2021	Balance at 31 December 2020	Balance at 31 December 2019
Executives	3	2	2
Managers	63	62	58
White collars	352	347	338
Blue collars	182	172	176
<b>Total</b>	<b>600</b>	<b>583</b>	<b>574</b>

The increase in personnel in 2020 is due to the difference between 18 hires and 9 terminations in 2021 is due to the difference between 31 hires and 14 terminations. During 2020, within the companies of the CVA Group, there were 18 hires, no intra-group contract transfer and 9 job terminations. During 2021, within the companies of the CVA Group, there were 31 hires, 4 intra-group contract transfers and 14 job terminations. Between 2020 and 2021, the increase was 17 units, from 583 employees at 31 December 2020 to 600 employees at 31 December 2021. The breakdown by age and gender at 31 December 2021 is as follows:

## CVA Group employees at 31/12/2021 by age and gender ranges



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

## CVA Group – Personnel Data



## 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 2019-2021 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 the CVA Group level: economic agreements, result bonus years 2019-2021, welfare-work-life balance, overcoming electricity tariff concession, minutes and integration COVID-19 - Non-remote workers and solidarity of the CVA Group, industrial relations model, Arca loans, integration minutes result bonus years 2019 - 2021, agile work;
- minutes at the individual company level: company safety training 2019 integration, company safety training 2019-2020 and integration, aggression risk training 2020, teamwork training and conflict management, safety at work training 2020-2021, agreement on recording, storing and making available for re-listening recorded conversations in the Retail Libero customer office, JARVIS warning system, effective communication training in customer relations, safety training plan 2020, result bonus year 2019 cash 2020, result bonus year 2020 cash 2021, result bonus year 2021 cash 2022, organisational functioning model and regulation of career progressions and professional awards, minutes integration of career progressions, 2021-2022 company safety training and integration, company training plan, departmental administrative flexible hours, Fopen agreement, Fondemain agreement for silent.

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, during 2021 the Protocols for the regulation of measures to combat and contain the spread of the COVID-19 virus in workplaces were signed for the companies of the CVA Group.

# C.V.A. S.p.A. a s.u.

During 2021, the average number of CVA personnel was 390 people (389 people in 2020 and 363 people in 2019). At 31 December 2021, the CVA workforce was of 398 people (386 people at 31 December 2020 and 378 at 31 December 2019). Below is a breakdown of the changes occurred in the number of CVA employees between 31 December 2019 and 31 December 2021:

	Balance at 31 December 2019	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2020
Executives	2	-	-	-	-	-	2
Managers	41	1	(1)	-	4	-	45
White collars	207	16	(4)	-	-	(4)	215
Blue collars	128	-	(4)	-	-	-	124
<b>Total</b>	<b>378</b>	<b>17</b>	<b>(9)</b>	<b>-</b>	<b>4</b>	<b>(4)</b>	<b>386</b>

	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
<b>Total</b>	<b>386</b>	<b>24</b>	<b>(8)</b>	<b>(4)</b>	<b>1</b>	<b>(4)</b>	<b>398</b>

In 2020, there were 17 hires, no positive contract termination by the Group, no negative termination to the Group and 9 work terminations.

In 2021, there were 24 hires, no positive contract termination by the Group, 4 negative terminations to the Group and 8 work terminations. The 24 hires (1 executive, 12 white collars and 11 blue collars), of which 23 permanent (1 executive, 11 white collars and 11 blue collars) and 1 fixed-term (1 white collar):

- for the stabilisation of positions held by contract personnel for 2 employees;
- for incremental needs for 13 employees;
- for the replacement of personnel terminated/being terminated/transferred/unqualified for 9 employees.

Recruitment took place at the following Operating Units:

Description of Operating Unit	Strategic Plan Increments	Strategic Plan Turnover	Replacements terminations 2021_2025	Protected categories	Old Budget Increments	Old budget Replacements*	Old Budget Stabilisations	General total
DAFCS-CFO/Equity and Services Function/Equity Office	1	-	-	-	-	-	-	1
DAFCS-CFO/Finance Office	-	-	-	-	-	-	1	1
GM-GM/AALS-CLO/Legal Affairs Function	1	-	-	-	-	-	-	1
GM-GM/Energy Efficiency and Open Innovation Function	1	-	-	-	1	-	-	2
GM-GM/Human Resources Function	1	-	-	-	-	1	-	2
GM-GM/Sustainability, Marketing and External Relations Function	-	-	-	-	-	-	1	1
GM-GM/Strategic Analysis Office	1	-	-	-	-	-	-	1
General Management-General Manager	1	-	-	-	-	-	-	1

Description of Operating Unit	Strategic Plan Increments	Strategic Plan Turnover	Replacements terminations 2021_2025	Protected categories	Old Budget Increments	Old budget Replacements*	Old Budget Stabilisations	General total
DO-COO/Operations Division/RO High Valley	-	-	-	-	1	1	-	2
DO-COO/Operations Division/RO High Valley/HW DistValpelline	-	-	1	-	-	-	-	1
DO-COO/Operations Division/RO Low Valley	-	-	1	-	2	-	-	3
DO-COO/Operations Division/RO Medium Valley	-	-	1	-	3	1	-	5
DO-COO/Civil Engineering Division	-	1	-	-	-	-	-	1
DO-COO/Electromechanical Engineering Division	-	-	-	-	-	1	-	1
DO-COO/Quality, Safety and Environment Department	-	-	-	-	-	1	-	1
<b>Total</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>24</b>

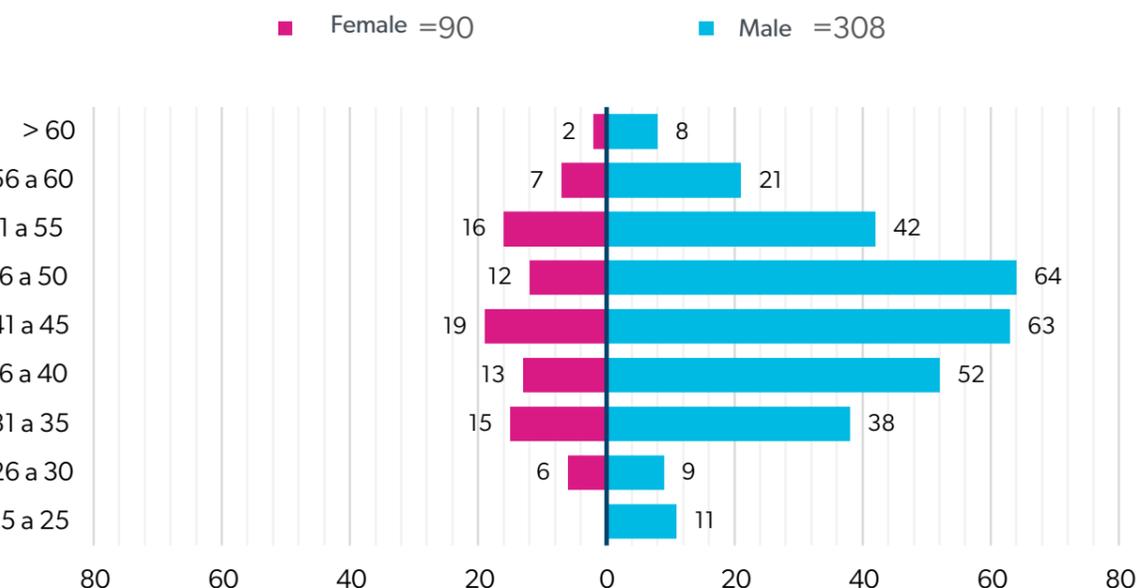
\* included 2 positions - related to the 2020 budget - included in early 2021 and not included in the 2021/2025 hiring budget

Between 2019 and 2020, the increase in workforce was 26 employees, while the actual increase was of 8 units, resulting in a shift from 378 employees at 31 December 2019 to 386 employees at 31 December 2020, of whom 2 have a managerial qualification and are governed by the National Collective Labour Contract of executives of companies producing goods and services and 384 (as follows: 45 managers, 215 employees and 124 blue collars) are regulated by the National Collective Labour Contract for workers in the electricity sector.

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.

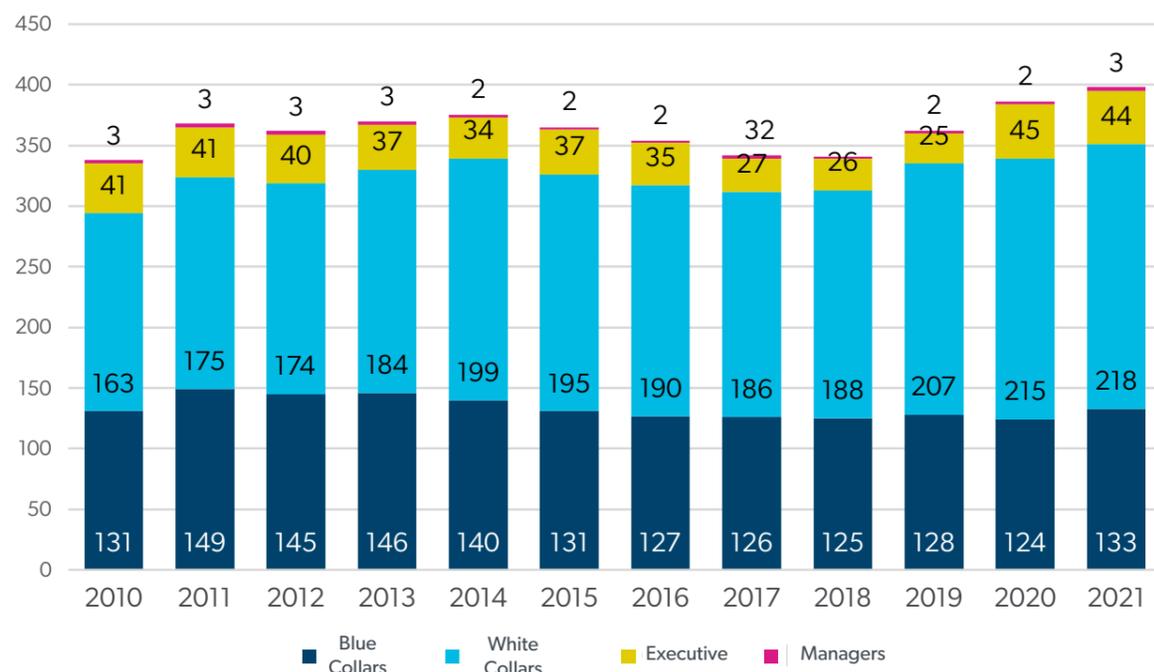
The breakdown of CVA employees at 31 December 2021 by age and gender ranges is as follows:

## CVA employees at 31/12/2021 by age and gender ranges



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

### CVA – Personnel Data



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 2020, a total of 627,342 hours (606,773 regular and 20,569 overtime) corresponding to 1,620 hours (1,560 regular and 60 overtime) average hours were worked by each employee in the CVA workforce.

In 2019, hours worked totalled 581,001 hours (559,877 ordinary and 21,124 overtime) corresponding to 1,608 hours (1,542 ordinary and 66 overtime) average worked by each employee in force at CVA.

Of the 398 employees in service at 31 December 2021, 325 (322 at the end of 2020 and 305 at the end of 2019) opted for a full contribution to a complementary pension fund, 28 (29 at the end of 2020 and 29 at the end of 2019) for the partial transfer to a complementary pension fund and 30 (33 at the end of 2020 and 30 at the end of 2019) for the maintenance of employee severance indemnity (TFR) at the company and 15 new hires (2 at the end of 2020 and 14 at the end of 2019), having 6 months to express their intentions, have not yet made their choice.

In the three-year period 2019-2021, 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 2021 is indicated below:

- health and safety training - 308 employees;
- periodic department training - 88 employees;
- environmental training - 2 employees;
- professional training - 196 employees;
- meetings, conferences, workshops - 28 employees.

## Organisation Chart

The approval of the CVA Group's Strategic Plan 2021-2025 in January 2021 resulted in the revision of the corporate organisational structure. The revision was implemented during the year 2021 at different times. Due to the rapid development expected for the production of energy from "Other RES" and with the aim of increasing the value of knowledge and skills of the company's staff, it was deemed necessary to reorganise the activities of the Operations Department by business chain by dividing its organisation on the two main lines, "Hydroelectric" and "Other RES". In June 2021, within the Operations Department, the "Other Fer Function" was established, which absorbed the employees of the Electromechanical Engineering Function assigned to manage wind and photovoltaic plants. The broad multi-year horizon of the Strategic Plan 2021-2025 made it imperative to ensure adequate managerial oversight to provide continuity for the action taken. In August 2021, following the induction of the General Manager, the corporate organisational chart was integrated with the creation of the new Department, which was followed in September 2021 by the appointment of the new Chief Executive Officer. Since November 2021, the revision of the CVA organisational structure envisaged in the Strategic Plan 2021-2025 has continued, involving several lines of action:

### General Management

The establishment of the General Management made it necessary to organise through direct coordination the Functions and Offices that in the 2021-2025 time frame will work in complete synergy to achieve the goals related to the Strategic Plan. Therefore, the Functions/Offices placed hierarchically under the direct control of the General Management are:

- Management Secretariat Office;
- Strategic Analysis Office'
- Energy Efficiency and Open Innovation Function (formerly hierarchically subordinate to the Operations Department with the exception of the TLC Office which remained within the coordination of the Operations Department);
- Risk Management - Risk Management Function (formerly hierarchically dependent on the Legal and Corporate Affairs Area);
- IT Services Function;
- Sustainability, Marketing and External Relations Function (formerly called the Marketing and External Relations Function);
- Human Resources Function (formerly hierarchically subordinate to the Administration Finance and Human Resources Department).

### Operations Department

The "Power Generation" line of action, which aimed to establish three divisions, was made operational:

- Operations Division;
- Electromechanical Engineering Division;
- Civil Engineering Division

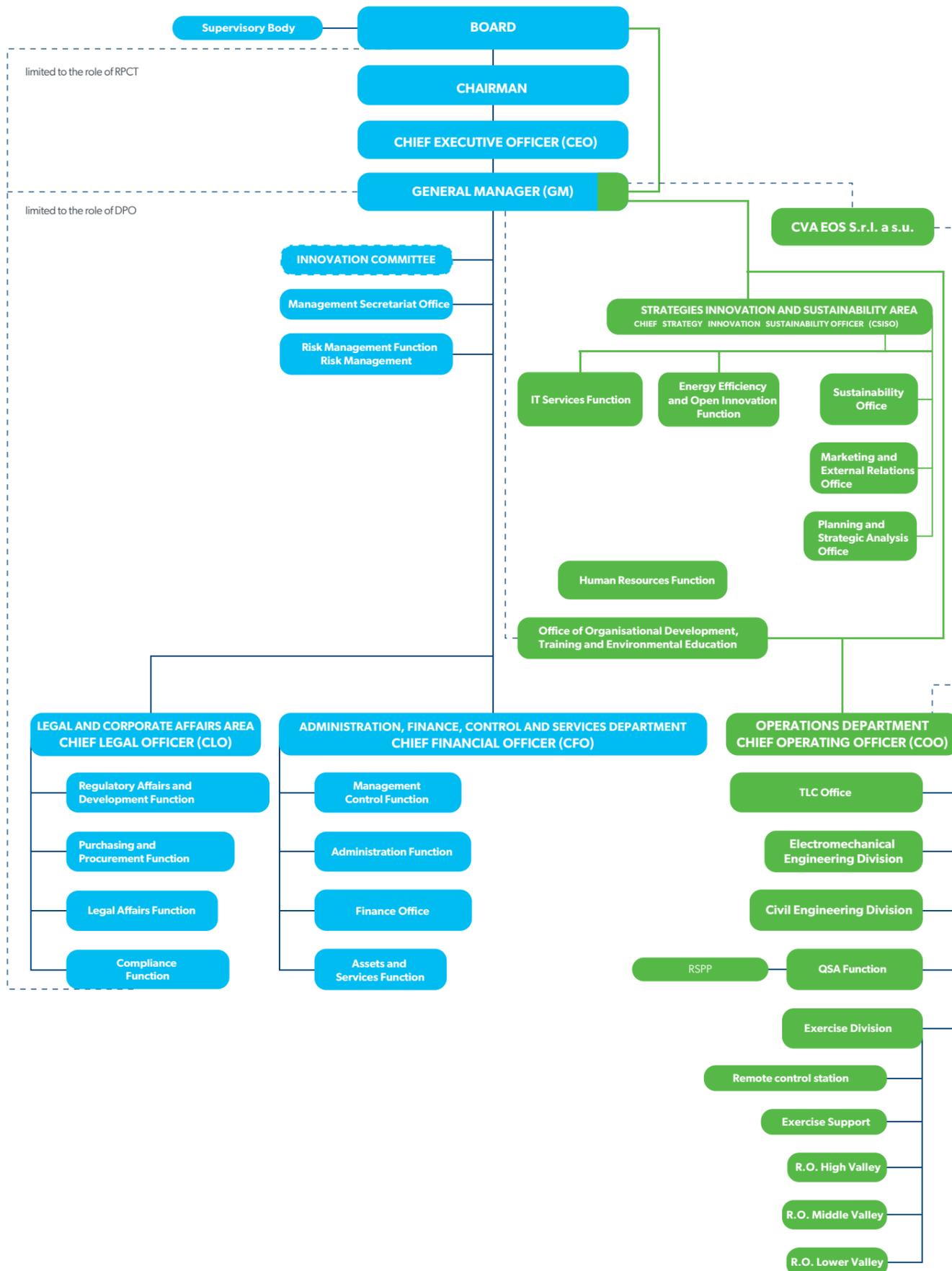
The redesign of organisational units - in charge of the industrial management of the Hydro Divisions is aimed, primarily, at enabling CVA to:

- present itself as a key player in the eventual tenders for the renewal of hydroelectric concessions expiring in 2029;
- increase the installed capacity of its plants starting with plant development (analysis of the potential of the area, selection of the most suitable areas for plant construction, development of the entire permitting process, design and construction);
- internalise in the organisation the plant operation and maintenance activities hitherto entrusted to outside vendors;
- enhance design and more general project management skills in the electromechanical and civil fields.

### CVA Eos - Other Res Function

The Strategic Plan 2021-2025 anticipates that the management of plants powered by "Other RES" will become increasingly important, and therefore, given the connotation, dedicated personnel have been transferred from CVA / Operations Department - Other RES Function to CVA Eos. Specifically, the company CVA Vento, with the merger of Wind Farm Monteverde, became CVA Eos.

At 31 December 2021, the organisation chart of the Company was as follows:



## Recruitment plan

At its meeting on 21 April 2021, the CVA Board of Directors resolved, in view of the significant repercussions on the organisational structure resulting from the implementation of the CVA Group Strategic Plan 2021-2025, a redefinition of the Hiring Budget, which saw the time horizon (2021-2025) extended. The 2021-2025 Hiring Budget composed of a total of 117 resources is detailed as follows:

- 34 positions already authorised in previous Hiring Budgets and not yet filled (29 CVA - 5 CVA Energie) of which 13 are for stabilisation of positions held by contract staff (10 CVA - 3 CVA Energie), 7 for replacement of terminated/transferred/unqualified staff (7 CVA) and 14 incremental positions (12 CVA and 2 CVA Energie);
- 47 positions for increased staffing for development initiatives (40 CVA - 1 CVA Energie - 6 CVA Eos) related to the Strategic Plan;
- 9 shadowing positions for turnover (8 CVA - 1 CVA Energie) related to the Strategic Plan;
- 17 positions for replacements of workers with expected termination dates by 2025 (13 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 the transfer of wind power and photovoltaic plant management activities to CVA Eos, 3 of the positions authorised under the CVA 2021-2025 Hiring Budget and related to these activities were assigned to the new company:

- 1 position for stabilisation of position held by contract staff descending from previous Hiring Budget;
- 2 positions for increased workforce for development initiatives related to the Strategic Plan.

During 2021, a total of 24 hires were made, attributable to:

- 13 incremental positions including 6 from Strategic Plan and 7 from old Hiring Budget;
- 9 positions to replace terminated/cessation/transferred/unqualified staff of which 1 from Strategic Plan, 3 from terminations expected in the period 2021-2025, 3 from old Hiring Budget and 2 positions referred to the old Budget but not included in the 2021-2025 Hiring Budget analysis as they were already included at the approval of 21 April 2021;
- 2 positions for stabilisation of positions held by contract staff from the old Hiring Budget.

The impossibility of conducting in-person selective tests as a result of the limitations imposed by the legislature, and the need to speed up the timing of selective procedures, also in relation to the ambitious hiring budget, led to the adoption of a new platform for procedures for conducting telematic selections in mid-2021.

The new interface has proven to be more performing than those used up to that point and has significantly improved the handling of telematic selections.

## 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 2019-2021 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 the CVA Group level: economic agreements, result bonus years 2019-2021, welfare-work-life balance, overcoming electricity tariff concession, minutes and integration COVID-19 - Non-remote workers and solidarity of the CVA Group, industrial relations model, Arca loans, integration minutes result bonus years 2019 - 2021, agile work;
- minutes at the individual company level: company safety training 2019 integration, company safety training 2019-2020 and integration, safety at work training 2020-2021, agreement on recording, storing and making available for re-listening recorded conversations in the Retail Libero customer office, JARVIS warning system, result bonus year 2019 cash 2020, result bonus year 2020 cash 2021, result bonus year 2021 cash 2022, organisational functioning model and regulation of career progressions and professional awards, minutes integration of career progressions, 2021-2022 company safety training and integration, departmental administrative flexible hours.

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, on 28 April and 6 August 2021, the Protocols for the regulation of measures to combat and contain the spread of the COVID-19 virus in workplaces for the companies CVA and CVA Energie were signed.

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

During 2021, the average number of the CVA Energie workforce was 61 people (61 people in 2020 and 59 people in 2019). At 31 December 2021, the CVA Energie workforce was of 61 people (61 at 31 December 2020 and 61 at 31 December 2019).

Below is a breakdown of the changes occurred in the number of CVA Energie employees between 31 December 2019 and 31 December 2021:

	Balance at 31 December 2019	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2020
Executives	-	-	-	-	-	-	-
Managers	6	-	-	-	-	-	6
White collars	55	-	-	-	-	-	55
Blue collars	-	-	-	-	-	-	-
<b>Total</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61</b>

	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	-	-	-	-	-	-	-
<b>Total</b>	<b>61</b>	<b>3</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61</b>

In 2020, there were 0 hires, 0 positive contract terminations by the Group, 0 negative terminations to the Group and 0 work terminations.

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

3 work terminations. The 3 hires (3 white collars) on permanent contracts were made to stabilise positions held by contract staff.

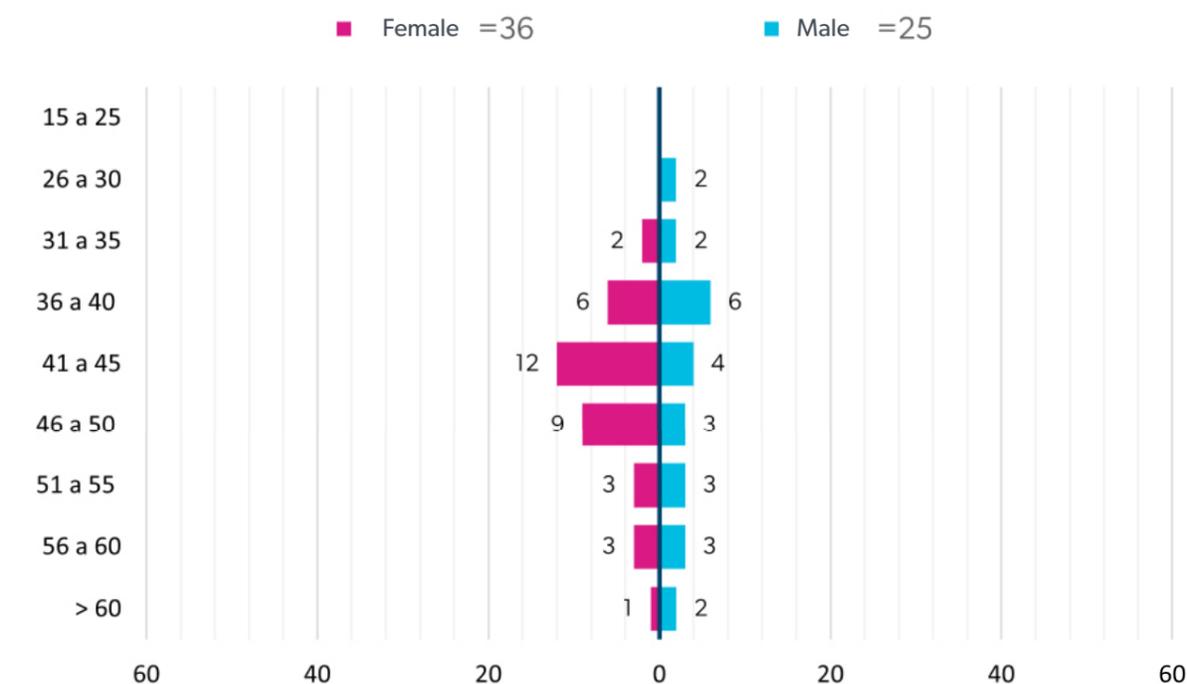
Recruitment took place at the following Operating Units:

Description of Operating Unit	Strategic Plan Increments	Strategic Plan Turnover	Replacements terminations 2021-2025	Protected categories	Old Budget Increments	Old Budget Replacements	Old Budget Stabilisations	General total
CEO/Sales Area Office Retail Customers Free	-	-	-	-	-	-	1	1
CEO/Credit Management Function	-	-	-	-	-	-	1	1
CEO/Greater Protection Service Function	-	-	-	-	-	-	1	1
	-	-	-	-	-	-	<b>3</b>	<b>3</b>

Between 2019 and 2020, the increase of the average workforce was 2 units, while the effective number remained constant, going from 61 employees at 31 December 2019 to 61 employees at 31 December 2020 (as follows: 6 managers, 55 employees) regulated by the National Collective Labour Contract for workers in the electricity sector.

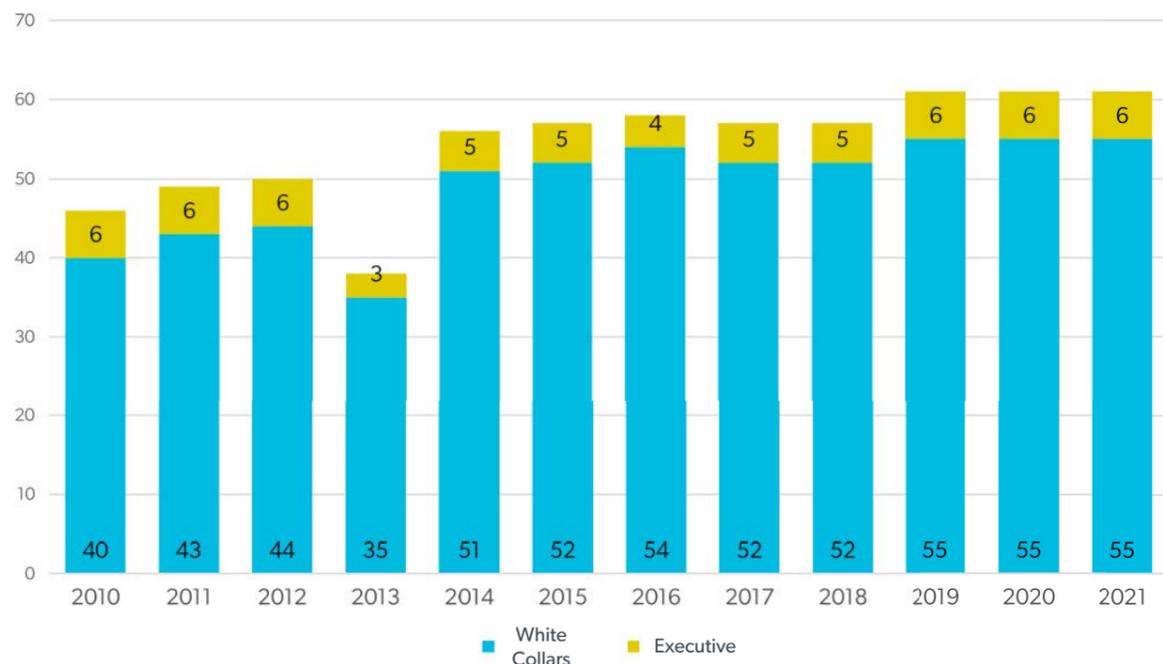
There was no change in average and actual workforce between 2020 and 2021. Therefore, at 31 December 2021, there continue to be 61 employees (composed as follows: 6 managers, 55 employees) regulated by the National Collective Labour Contract for workers in the electricity sector. The breakdown of CVA Energie employees at 31 December 2021 by age and gender ranges is as follows:

### CVA Energie - employees at 31/12/2021 by age and gender ranges



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

### CVA Energie – Personnel Data



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.

In 2019, hours worked totalled 94,312 hours (92,144 ordinary and 2,168 overtime) corresponding to 1,599 hours (1,557 ordinary and 42 overtime) average worked by each employee in force at CVA Energie.

Of the 61 employees in service at 31 December 2021, 49 (49 at the end of 2020 and 45 at the end of 2019) opted for a full contribution to a complementary pension fund, 4 (7 at the end of 2020 and 7 at the end of 2019) for the partial transfer to a complementary pension fund and 7 (5 at the end of 2020 and 7 at the end of 2019) for the maintenance of employee severance indemnity (TFR) at the company and 1 new hire (0 at the end of 2020 and 2 at the end of 2019), having 6 months to express intentions, has not yet made a choice.

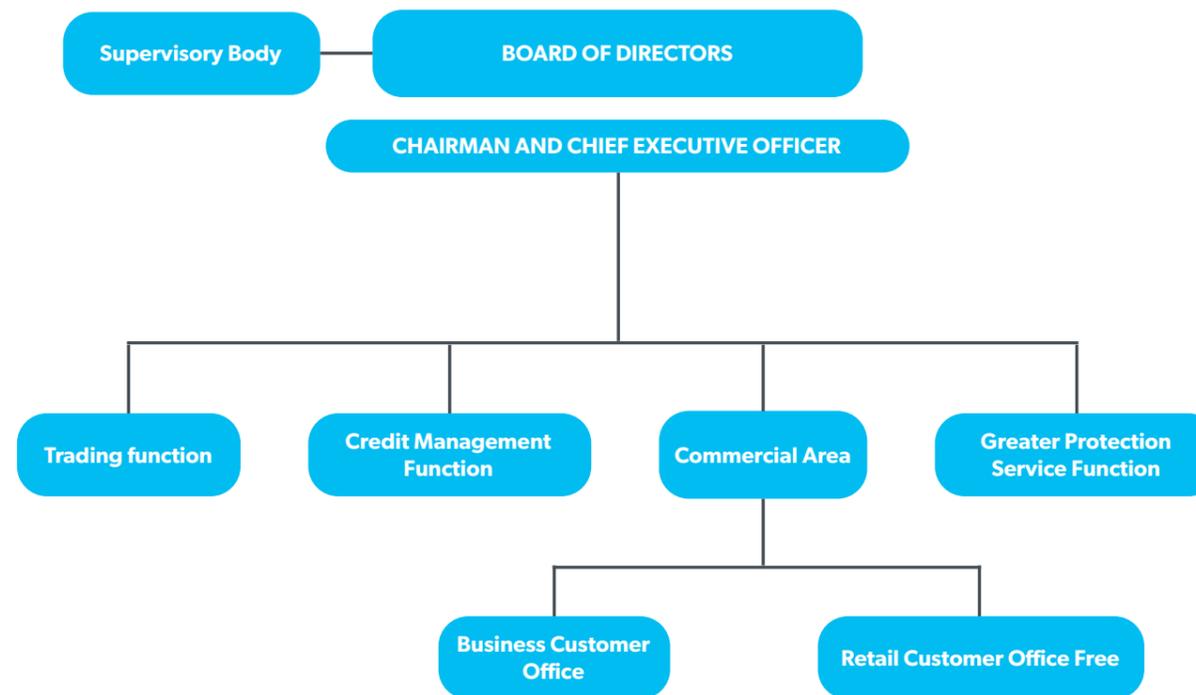
In the three-year period 2019-2021, in addition to the normal entry training activity that involved the newly hired staff, training courses were offered to employees, both at company headquarters and outside.

The number of people trained in the year 2021 is indicated below:

- health and safety training - 41 employees;
- professional training - 38 employees;
- meetings, conferences, workshops - 1 employee.

### Organisation Chart

At 31 December 2021, the organisation chart of CVA Energie was as follows:



### Recruitment plan

At its meeting on 9 June 2021, the Board of Directors of CVA Energie confirmed what the parent company CVA had resolved regarding the 2021-2025 Hiring Budget approved by the parent company on 21 April 2021.

The CVA Energie 2021-2025 Hiring Budget consisting of a total of 12 resources is detailed as follows:

- 5 positions already authorised in previous Hiring Budgets and not yet included in the staffing of which 3 are for stabilisation of positions held by contract staff and 2 incremental positions;
- 1 position 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 2021, a total of 3 hires were made, which can be attributed to stabilisation of positions held by contract staff from the old Hiring Budget.

The impossibility of conducting in-person selective tests as a result of the limitations imposed by the legislature, and the need to speed up the timing of selective procedures, also in relation to the ambitious hiring budget, led to the adoption of a new platform for procedures for conducting telematic selections in mid-2021. The new interface has proven to be more performing than those used up to that point and has significantly improved the handling of telematic selections.

## 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 2019-2021 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 the CVA Group level: economic agreements, result bonus years 2019-2021, welfare-work-life balance, overcoming electricity tariff concession, minutes and integration COVID-19 - Non-remote workers and solidarity of the CVA Group, industrial relations model, Arca loans, integration minutes result bonus years 2019 - 2021, agile work;
- minutes at individual company level: 2020 aggression risk training, teamwork training and conflict management, agreement on recording, storing and making available for re-listening recorded conversations in the free Retail customer office, JARVIS warning system, result bonus year 2019 cash 2020, result bonus year 2020 cash 2021, result bonus year 2021 cash 2022, organisational functioning model and regulation of career progressions and professional awards, minutes integration of career progressions.

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, on 28 April and 6 August 2021, the Protocols for the regulation of measures to combat and contain the spread of the COVID-19 virus in workplaces for the companies CVA and CVA Energie were signed.

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

During 2021, the average number of the CVA Eos workforce was 1 person (0 people in 2020 and 0 people in 2019).

At 31 December 2021, the CVA Eos workforce was of 3 people (0 at 31 December 2020 and 0 at 31 December 2019). Below is a breakdown of the changes occurred in the number of CVA Eos employees between 31 December 2020 and 31 December 2021:

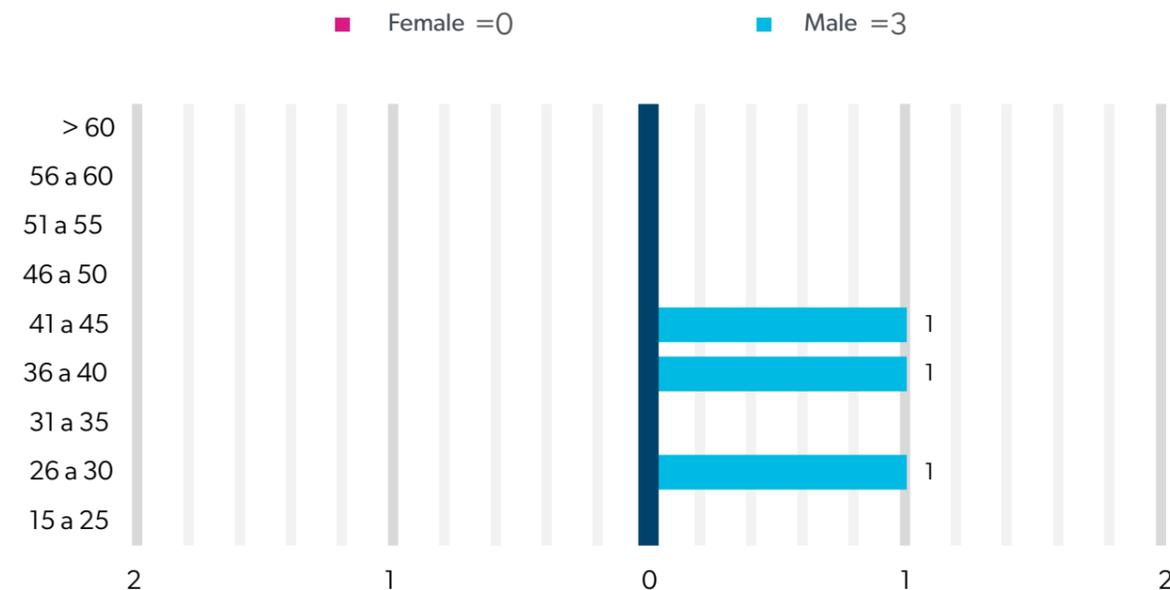
	Balance at 31 December 2020	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2021
Executives	-	-	-	-	-	-	-
Managers	-	-	-	1	-	-	1
White collars	-	-	-	2	-	-	2
Blue collars	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>3</b>	-	-	<b>3</b>

In 2021, there were no hires, 3 positive contract terminations by the Group, no negative terminations to the Group and no work terminations.

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.

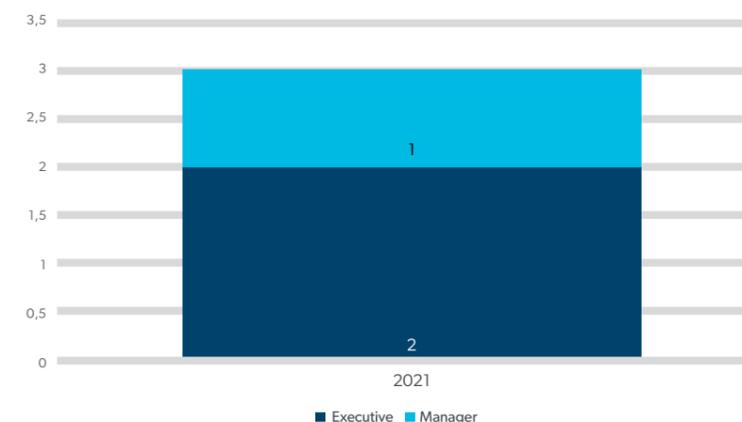
The breakdown of CVA Eos employees at 31 December 2021 by age and gender ranges is as follows:

### CVA Eos - employees at 31/12/2021 by age and gender ranges



The composition by occupational category (managers and white collars) is shown below:

### CVA Eos – Personnel Data



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 3 employees in service at 31 December 2021, 2 opted for a full contribution to a complementary pension fund, and 1 for the maintenance of employee severance indemnity (TFR) at the company. In 2021, training courses were offered to employees, both at the company's operating sites and outside.

The number of people trained in the year 2021 is indicated below:

- health and safety training - 3 employees.

## Organisation Chart

CVA Eos has been populated with employees as of November 2021. In previous months, the activity referable to the company was allocated within the parent company; at first under the responsibility of the Electromechanical Engineering Function and since June 2021, in order to divide the business between two main chains, "Hydroelectric" and "Other RES", it had been transferred to a newly established Function called the Other RES Function.

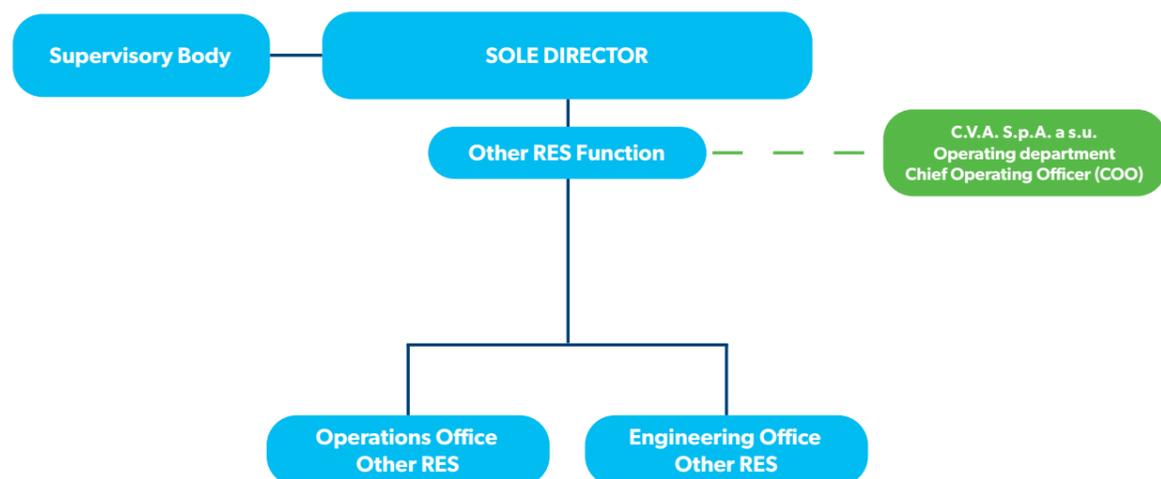
Under the forecasts of the CVA Group's Strategic Plan 2021-2025, the management of plants powered by "Other RES" will become increasingly important, and therefore, given the connotation, the dedicated staff was transferred, effective 1 November 2021, from CVA /Operations Department - Other RES Function to CVA Eos. Specifically, the company CVA Vento, with the merger of Wind Farm Monteverde, became CVA Eos.

The new Function is structured into two offices to which the following activities are assigned:

- Other RES Operations Office: the office has the task of internalising the asset management activities of the Group's plants in operation (activities currently entrusted to external suppliers) as well as equipping itself with the organisation and know-how necessary to carry out these activities also for the plants that might enter the Group's production perimeter;
- Other RES Engineering Office: the office is responsible for acquiring and developing the knowledge and skills needed to develop, authorise and implement new production facilities from "Other RES" also making use of the external support of co-developers and/or technical specialists also with the aim of internalising and managing EPC (Engineering Procurement Contracting) activities during the implementation of new facilities and follow up on industrial collaboration projects in the region to test initiatives to facilitate the decarbonisation of industry and transportation through the use of green hydrogen.

At 31 December 2021, the organisation chart of the Company was as follows:

### Recruitment plan



The Board of Directors of the parent company CVA, as part of its management and coordination activities over its subsidiaries, at its meeting on 21 April 2021, also resolved on Hiring Budget 2021-2025 for the company CVA Eos. The 2021-2025 Hiring Budget of CVA Eos is composed of 6 resources for workforce increase for development initiatives related to the CVA Group's Strategic Plan 2021-2025.

In addition, against the transfer of wind and photovoltaic plant management activities to CVA Eos, the 3 positions authorised under the CVA 2021-2025 Hiring Budget were assigned to the new company:

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

In 2021, no personnel was hired.

## Industrial relations

CVA Eos started 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 last two months of 2021, which saw the entry of employees, the activity aimed at standardising the treatment of personnel present in the company with those of the CVA Group was undertaken in accordance with 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;
- minutes at individual company level: integration minutes performance bonus year 2021 cash 2022, Fopen agreement, Fondemain agreement for silent.

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, at the beginning of 2022, the Protocol for the regulation of measures to combat and contain the spread of the COVID-19 virus in workplaces were signed for the companies CVA, CVA Energie and CVA Eos.

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

At 31 December 2021, labour costs, referring to an average workforce of 135 employees, amounted to Euro 8,654 thousand, an increase of Euro 209 thousand compared to the figure recorded at 31 December 2021, which showed a cost of Euro 8,445 thousand.

Between 2020 and 2021, the average decrease in the workforce was 1 employee, while the actual was an increase of 2 units, resulting in a shift from 136 employees at 31 December 2020 to 138 employees at 31 December 2021 regulated by the National Collective Labour Agreement for workers employed in the electricity sector, of which 12 managers, 77 white collars and 49 blue collars.

## Consistency and movement of personnel

At 31 December 2021, labour costs, referring to an average workforce of 135 employees, amounted to Euro 8,654 thousand, an increase of Euro 209 thousand compared to the figure recorded at 31 December 2021, which showed a cost of Euro 8,445 thousand.

Between 2020 and 2021, the average decrease in the workforce was 1 employee, while the actual was an increase of 2 units, resulting in a shift from 136 employees at 31 December 2020 to 138 employees at 31 December 2021 regulated by the National Collective Labour Agreement for workers employed in the electricity sector, of which 12 managers, 77 white collars and 49 blue collars.

At 31 December 2021, the Deval workforce was of 138 (136 at 31 December 2020).

Below is a breakdown of the changes occurred in the number of Deval employees between 31 December 2020 and 31 December 2021:

	Balance at 31 December 2020	Hires	Terminations	Intra-group mobility	Incoming category changes	Outgoing category changes	Balance at 31 December 2021
Executives	-	-	-	-	-	-	-
Managers	11	-	-	-	1	-	12
White collars	77	2	(2)	1	-	(1)	77
Blue collars	48	2	(1)	-	-	-	49
<b>Total</b>	<b>136</b>	<b>4</b>	<b>(3)</b>	<b>1</b>	<b>1</b>	<b>(1)</b>	<b>138</b>

In 2021, there were 4 hires, 1 contract termination entry by the Group and 3 work terminations.

The 4 hires (2 white collars and 2 blue collars), of which 2 permanent (2 blue collars) and 2 fixed-term (2 white collars), were carried out:

- for new needs for 2 staff related to the meter replacement project and start-up of new remote control system;
- for replacement for 2 employees.

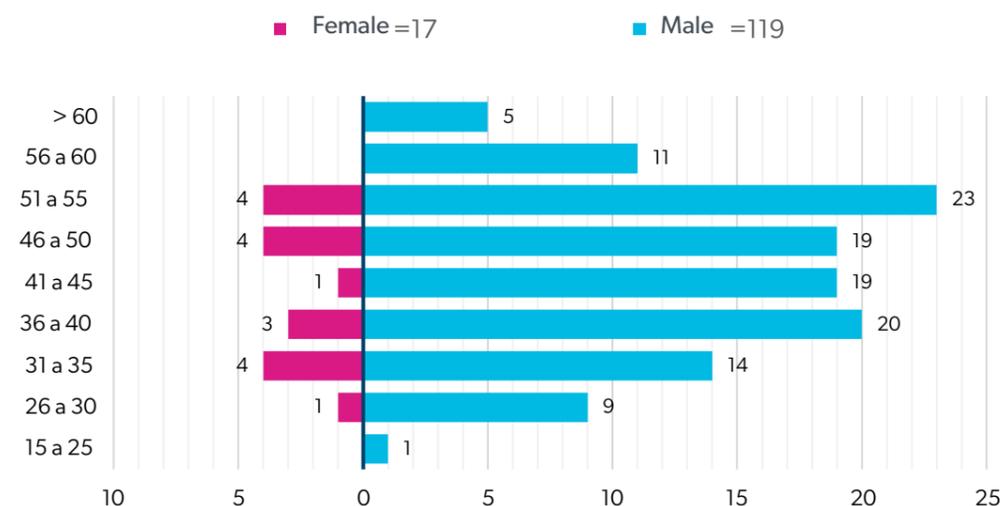
Recruitment took place at the following Operating Units:

Description of Operating Unit	Protected categories	Replacement	Increase	General total
CEO/AT/FE/UTRCP/Telecommunications Office	-	-	2	2
CEO/AT/FMS/UOA/Aosta Team	-	1	-	1
CEO/AT/FMS/UOV/Verres Team	-	1	-	1
	-	2	2	4

The breakdown by age and gender is as follows:

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

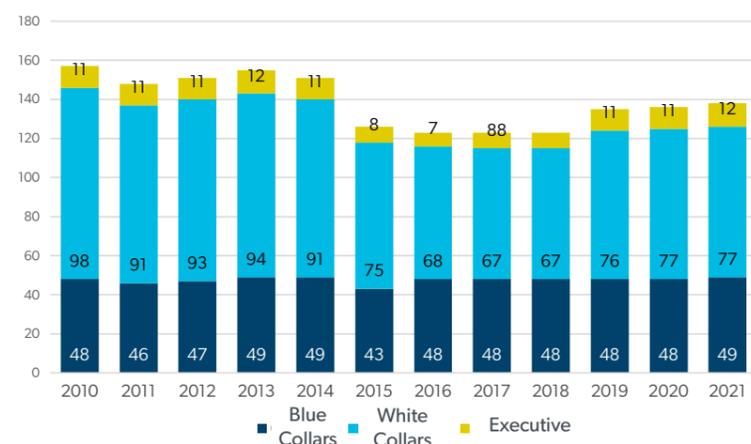
**Deval - employees at 31/12/2021 by age and gender ranges**



In 2021, hours worked totalled 219,273.54 hours (214,285.32 ordinary and 4,988.22 overtime) corresponding to 1,623.88 hours (1,583.43 ordinary and 40.45 overtime) average worked by each employee in force at Deval.

Of the 138 employees in service at 31 December 2021, 113 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 2 new hires, having 6 months to express their intentions, have not yet made their choice.

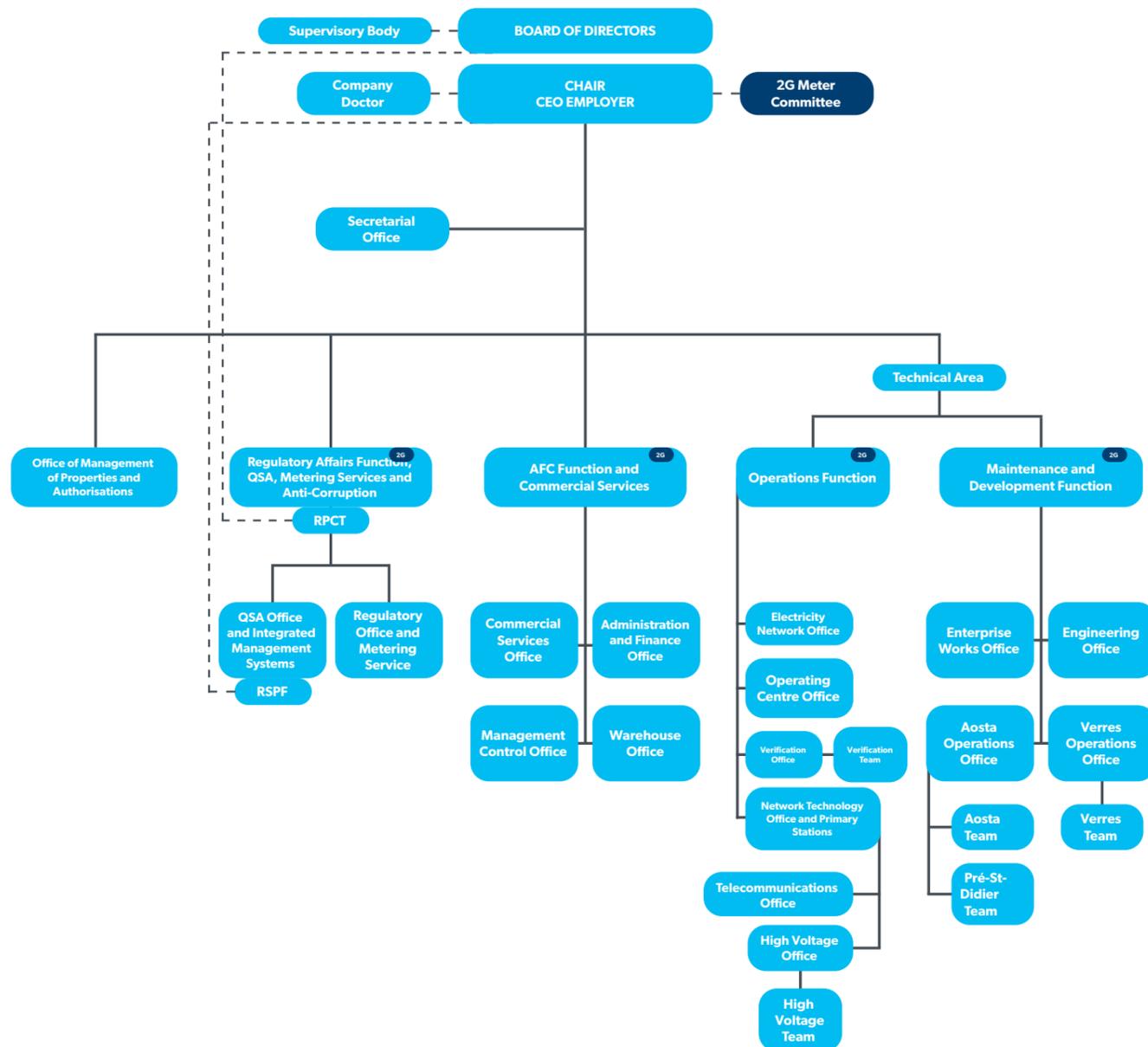
**Deval – Personnel Data**



## Organisation

During 2021, the planned completion of the organisational model was partially implemented, essentially with the establishment of the Technical Area, the Regulatory Affairs Function, QSA, Metering Service and Anti-Corruption, and the relocation of the High Voltage Office within the Operations Function.

At 31 December 2021, the organisation chart of the Company was as follows:



During 2022, the organisational model will be completed with the establishment of the Design Office, which will be in charge of all design activities pertaining to the HV, MV and LV network. In view of the challenging goals Deval will face in the coming years, possible internal growth and staffing increases may be necessary to introduce new, adequately trained forces.

## Recruitment plan

At its meeting on 26 March 2021, the Board of Directors approved the addition of 8 resources, including 4 to replace terminated/being terminated staff (1 resource AFC Function and Commercial Services - 3 resources Maintenance and Development Function) and 4 to strengthen the structure Regulatory Affairs Function, QSA, Metering Service and Anti-Corruption Function (2 resources) and to increase the staffing of the Operations Function (2 resources) for the start of the project to replace meters with 2G smart metering.

A total of 4 hires were made during 2021, detailed as follows:

- 2 resources with white collar fixed-term qualification placed within the Operations Function for implementation activities of the new generation of electronic meters;
- 2 resources with blue collar qualification placed within the Maintenance Development Function to replace terminated staff.

A contract transfer from CVA was used to replace the terminated resource within the AFC and Commercial Services Function.

## 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 2021, 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 minutes of the agreement relating to the following topics were signed with the trade unions at the CVA Group level: economic agreements, Arca loans, industrial relations model, minutes integration of the 2019-2021 performance bonus, agile work.

At the company level, the following minutes have been signed for Deval: minutes integration of career progressions, 2021 result bonus 2022 cash, company training plan.

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 28 April 2021, the regulatory protocol was signed 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 Autonomous Region of Valle d'Aosta 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.

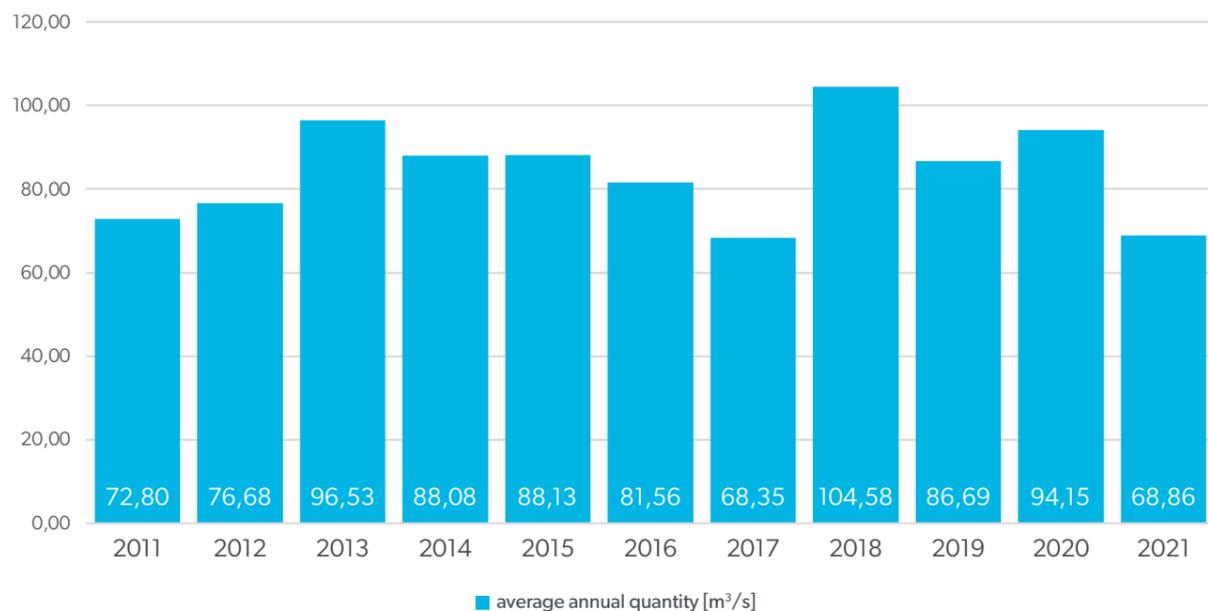
As part of the participatory process, CVA indicated in particular the need for the new Water Protection Plan to make more evident any conflicts it would entail with other competing planning such as the National Integrated Energy and Climate Plan (NIPEC) and the Regional Environmental Energy Plan (PEAR), 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.

## 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 20% lower in the last year than the average recorded in the previous 10 years.

**Dora Baltea - Pont-Saint-Martin section**



## Hydro-weather portal

Beyond the aspects related to the COVID-19 emergency, the QSA Function has also maintained effective for 2021 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 2021 are shown below:

- periodic inspections of third-category personal protective equipment and hearing protectors continue by QSA Function personnel, checking devices, rope snatchers, helmets already in use and helmets as new registrations;
- the QSA Function carried out 25 inspections during 2021 to verify the status of CVA workplaces. For any non-conformities found, solutions were proposed for adoption, which were then assigned by the employers of CVA, CVAE, and CVA EOS to the functions responsible for the various areas;
- two-way radios have been assigned to employees who work in places where the telephone signal is absent or intermittent, enabling them to send a distress call directly to the Single Relief Center. They can also be used within CVA channels equipped with slit cable or directly as communication between them on the CVA radio network;
- six months of November and December 2021, a number of off-road safe driving course sessions were again organised to illustrate to workers who need to access the facilities, proper driving techniques in difficult situations with company vehicles;
- also with a view to increasing the professional training of employees in health and safety, the QSA Function oversaw the first edition of the 120-hour training course for safety coordinators at construction sites, aimed at CVA Operations Department personnel who have to manage construction sites and works that fall under Title IV of Legislative Decree 81/2008 and subsequent amendments and integrations.

## Safety and Accident Trends

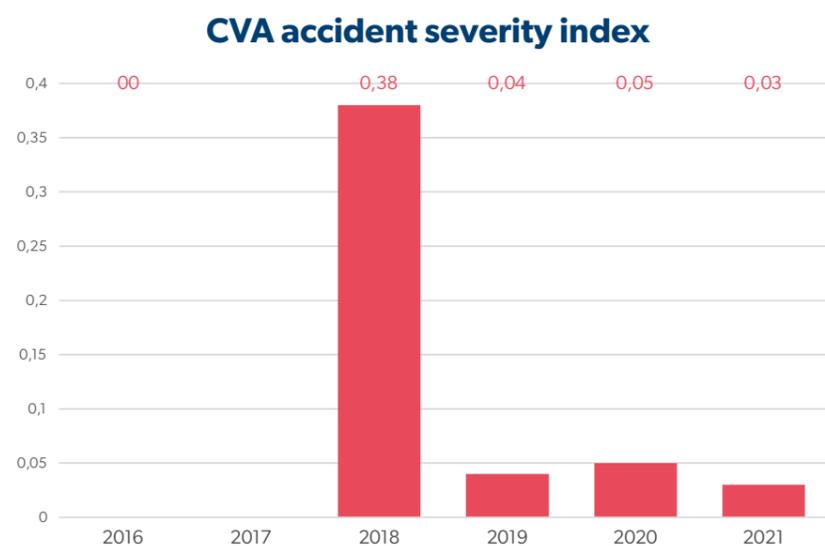
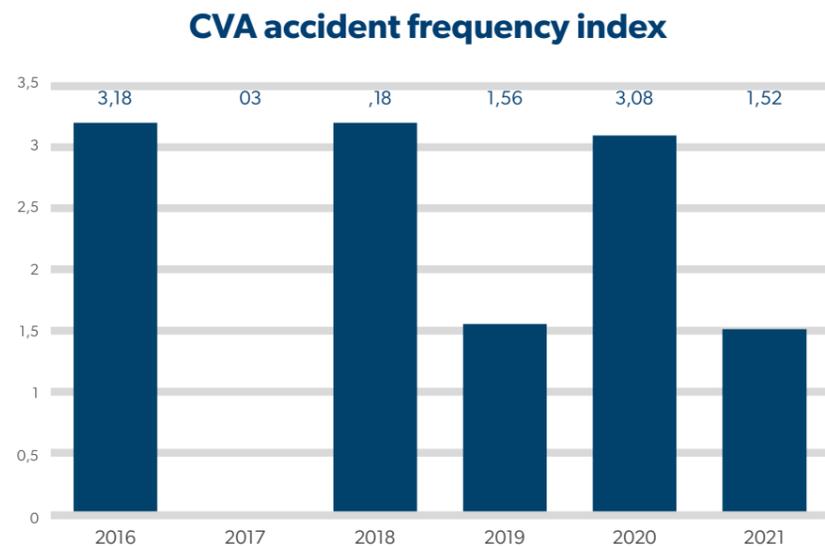
Beyond the aspects related to the COVID-19 emergency, the QSA Function has also maintained effective for 2021 all the periodic safety management activities already carried out in previous years, such as, for example, the organisation of training, inspections, audits, coordination meetings, the drafting 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 2021 are shown below:

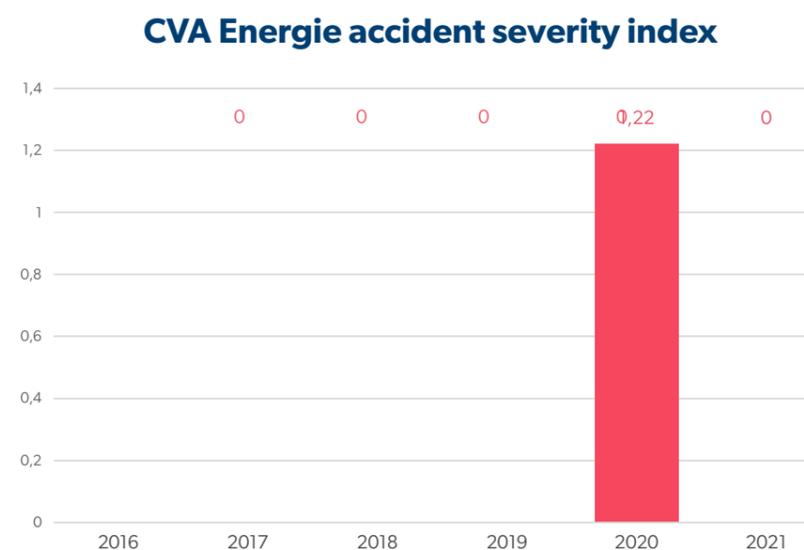
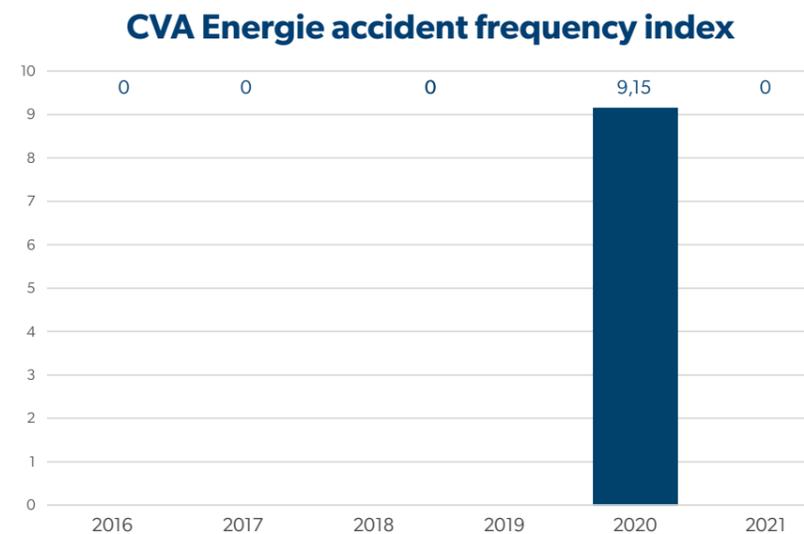
- periodic inspections of third-category personal protective equipment and hearing protectors continue by QSA Function personnel, checking devices, rope snatchers, helmets already in use and helmets as new registrations;
- the QSA Function carried out 25 inspections during 2021 to verify the status of CVA workplaces. For any non-conformities found, solutions were proposed for adoption, which were then assigned by the employers of CVA, CVAE, and CVA EOS to the functions responsible for the various areas;
- two-way radios have been assigned to employees who work in places where the telephone signal is absent or intermittent, enabling them to send a distress call directly to the Single Relief Center. They can also be used within CVA channels equipped with slit cable or directly as communication between them on the CVA radio network;
- six months of November and December 2021, a number of off-road safe driving course sessions were again organised to illustrate to workers who need to access the facilities, proper driving techniques in difficult situations with company vehicles;
- also with a view to increasing the professional training of employees in health and safety, the QSA Function oversaw the first edition of the 120-hour training course for safety coordinators at construction sites, aimed at CVA Operations Department personnel who have to manage construction sites and works that fall under Title IV of Legislative Decree 81/2008 and subsequent amendments and integrations.

## Accidents

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, for the company C.V.A. S.p.A, there were 2 injuries, one occurring during maintenance activities on the plants and the other commuting. Below are graphs of frequency and severity indexes over the period 2016-2021 in which commuting injuries are excluded. The trend continues to prove erratic over the years, essentially due to the small absolute numbers detected.



As for CVA Energie, on the other hand, no accidents were recorded during 2021. Below are graphs with frequency and severity index values calculated again over the five-year period 2016-2021, again excluding, as is good practice, commuting injuries.



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 2021, no occupational diseases were reported for either CVA S.p.A. or CVA ENERGIE, confirming the figure for the past 5 years.

## Safety training and information

As of April 2021, attendance training activities, which were halted in 2020 due to the pandemic, also gradually resumed.

In particular, the QSA Function was responsible for conducting fire-fighting training and refresher courses, first aid and BLS refresher courses, training and refresher courses for ropeway workers and supervisors, training in the use of Category III anti-fall PPE, refresher courses for managers, supervisors and workers, and RLS refresher courses, in addition to new-hire training conducted directly by qualified personnel from the QSA Function. For the use of specific work equipment, the sessions, scheduled for 2020, of refresher courses for the use of Elevating Work Platforms (AWP) and crane truck were recovered.

In any case, as provided for in the current legislative provisions, until the end of the current health emergency, the failure to complete the professional and/or qualifying training update within the deadlines provided for all company roles/functions in the field of health and safety in the workplace, due to the current emergency and therefore due to force majeure, does not result in the inability to continue the performance of the specific role/function (by way of example: the emergency worker, whether fire-fighting or first aid, may continue to act as needed; the forklift operator may continue to work as a forklift operator).

In detail, the safety training of CVA S.p.A. during the year 2021 was as follows (figure updated at 31/12/2021):

- Total number of participants: 665
- Total training hours provided: 637
- Number of employees trained: 325

Training related to CVA ENERGIE, on the other hand, is summarised with the following data:

- Total number of participants: 70
- Total training hours provided: 207
- Number of employees trained: 43

## Integrated Management Systems (SGI)

In the year 2021, the companies certified in environment (ISO14:0001:2015), quality (ISO90001:2015) and health and safety (ISO45001:2018 which complements and replaces the old OSHAS 18:0001:2007) were subject to recertification by the new contracting body for the service, for the years 2021- 2023, the DNV (Det Norske Veritas®).

The visit, by the agency, took place during the period from 26 May to 23 June, for a total of 18 man-days. An effort dictated by the need to complete the recertification process, which takes place every 3 years and includes a more in-depth analysis of legislative (on health, safety and environment) and system compliance through additional dedicated audit moments. The sites covered by certification have remained unchanged from 2020 and include as scope, the companies C.V.A. , C.V.A. Energie and Valdigne Energie.

The operational sites and functional processes examined were as follows:

- Management
- Quality Management / Environment / OSH
- Human Resources
- Marketing and Sales through CVA Energie
- Purchasing and Procurement Function
- Electromechanical Engineering Function
- Civil Engineering
- Operations 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)

Operational sites:

- Visit Gressoney Hydroelectric Power Plant
- Visit Zuino Hydroelectric Power Plant
- Visit Bard Hydroelectric Power Plant
- Visit Pont Saint Martin Hydroelectric Power Plant
- Visit Issime Hydroelectric Power Plant
- Photovoltaic Plant La Tour
- Wind Plant Ponte Albanito

Verifying in addition the presence of mandatory requirements such as:

- Background of the organisation
- Actions to address recommendations and observations
- Leadership (including Q/A/S Policy), Objectives and Communication
- Internal Audits & Review by Management
- Document and data control
- Changes to the SdG (activities and documents)
- Monitoring, measurement, analysis and evaluation
- Improvement, including NC management, AACC and complaints
- Actions on previous findings

The Audit process, concluded on 23 June 2021, provided evidence of the excellent level achieved by our work orders both as a detail of the work to be performed and as a consumptive account of environmental and health and safety aspects. Risk assessment is highly articulated and based on Business and system needs as well as project risks. Attention was highlighted to the operational management of the safety of personnel operating solo by means of the introduction of a specific application "Jarvis" capable of detecting any negative situations and initiating the rescue chain. Finally, the certifying body found a high level of staff awareness of their duties and aspects of environmental management and occupational health and safety. Overall, the certification process found 4 observations<sup>10</sup> and 2 opportunities for improvement<sup>11</sup>. Within the process of tendering for certifications, 3 ISO were also included according to which certification is expected in the next three years:

Year 2022:

- ISO/IEC 27001, information security management system (ISMS)
- ISO/IEC 27701 privacy information management system (PIMS)
- 2023
- UNI EN ISO 22301 Business Continuity Management

Relative to what is budgeted for the year 2022, the following certification steps for 27001 and 27701 have been set by the heads of Functions directly affected by the new standards:

- step 1 - documentary - starting in early September 2022
- step 2 - obtaining certification by November 2022.

<sup>10</sup> An observation is not a non-conformity, but something that could lead to a non-conformity if it continues to be incorrect, or is an existing condition without adequate supporting evidence to verify that it constitutes a non-conformity.

<sup>11</sup> Opportunities for Improvement address areas and/or processes in the organisation that meet the minimum requirement of the standard but could be improved.

# Key environmental indicators

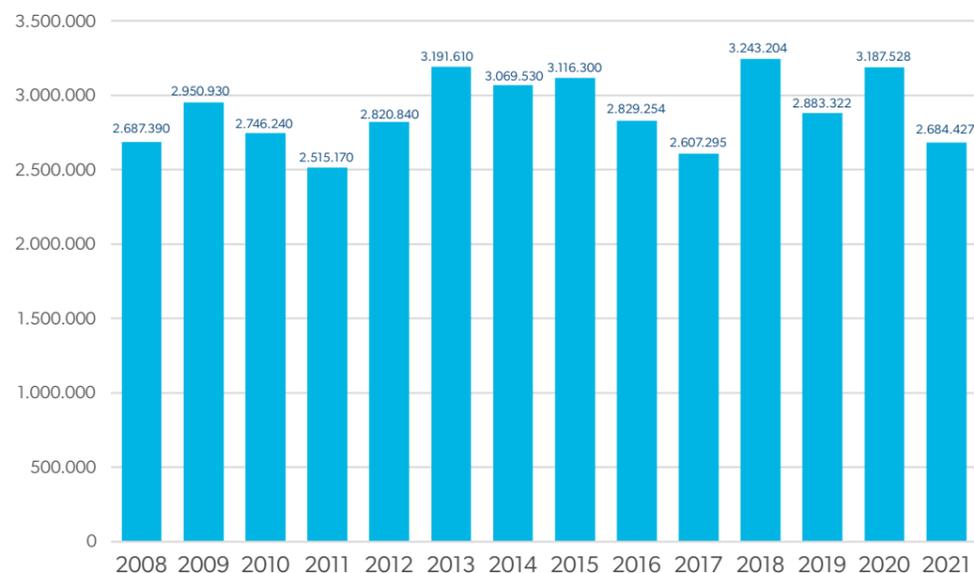
The environmental performance of the companies was evaluated taking into consideration the following aspects:

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

## Production of electricity from renewable sources

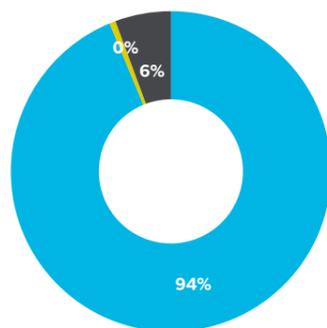
Companies' activities, in terms of energy production, are carried out exclusively using renewable sources: sun, wind, water. The graph below takes into account the totality of production from the three sources mentioned above, which took over the production process at different times (hydroelectric Faubourg 2010, photovoltaic La Tour and Valencia in 2010; hydroelectric Torrent 2012, wind Saint Denis and Piansano and photovoltaic Alexandria in 2012; wind Ponte Albanito in 2015). Gross production<sup>13</sup> of energy from renewable sources for 2021 is about 2,848,352.71 MWh. For the year 2021, the influence of wind and photovoltaic on total production is confirmed to be around 4% the former and 1% the latter, respectively. It should be noted that gross production figures, starting from 2020, are cumulative of the total production of all Group plants.

### Gross energy production from renewables sources



The environmental benefit of companies' renewable energy production can be assessed by two different conversions:

- relating the MWh produced to the equivalent in TOE (tons of oil equivalent) that were saved;
- converting the MWh produced into tons of CO<sub>2</sub> not released into the atmosphere due to the primary source used for its production.



\*CVA + Valdigne Energie

<sup>12</sup> gross figure, that is, including self-consumed energy.

Taking into account that the following conversion factors were used for conversion:

- 0.187 TOE for each MWh produced (MISE circular of 18/12/2014),
- 315 gr of CO<sub>2</sub> per kWh produced (TERNNA 2021 national energy mix data),

it can be said that, for the year 2021, the production of energy from renewable sources has saved money:

### Group total production data

Data calculated on GROSS production

	2017	2018	2019	2020*	2021*
TOE	487,564	606,479	539,181	632,549	532,642
CO <sub>2</sub>	821,298	1,021,609	908,246	1,065,524	897,231

## Energy efficiency

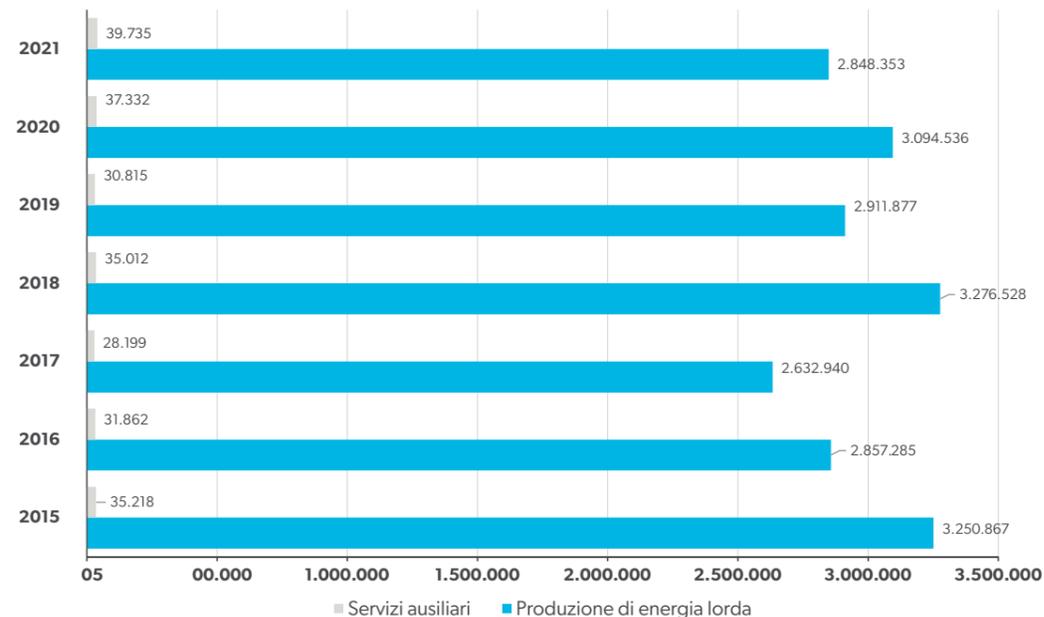
The energy efficiency of the plants was evaluated in relation to the formula:

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

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. From the analysis of the following data, related only to hydroelectric plants, changes are observed from 2020 due to the Hone I plant shutdown that increased SA consumption due to required maintenance work.

	Gross energy production	Ancillary services	Consumption/Production	%
2015	3,250,867	35,218	0.01	1.08
2016	2,857,285	31,862	0.01	1.12
2017	2,632,940	28,199	0.01	1.07
2018	3,276,528	35,012	0.01	1.07
2019	2,911,877	30,815	0.01	1.06
2020	3,094,536	37,332	0.01	1.21
<b>2021</b>	<b>2,848,353</b>	<b>39,735</b>	<b>0.01</b>	<b>1.40</b>

## Waste destination



**897,231**  
Tons of CO<sub>2</sub>  
avoided  
2021



**532,642**  
TOE saved  
2021



## Raw material consumption

Two macro-groups are discussed within this section:

- d. Electricity for services;
- e. Waste.

**39,791 MWh**  
Of energy used by auxiliary services

### 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 2020 onward, data were collected and analysed in greater detail, which is why the comparison data report only the 2020-2021 comparison:



**1,526 MWh**  
Of energy used by offices

data in MWh

	2020	2021
Energy Offices	1,520	1,526
Energy AS taken from the grid	8,130	8,616
Energy AS in self-consumption	38,232	31,175

\*total consumption data for AS

### 2. Waste

During 2021, the management of activities in national emergency due to the ongoing pandemic continued. Throughout the year, there continued to be a succession of different decrees involving both extensions of deadlines and changes to the way temporary storage facilities are managed, all to meet the new operating conditions that have come about.

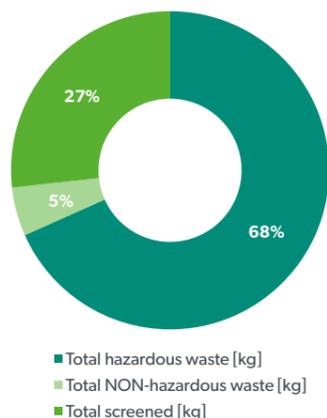
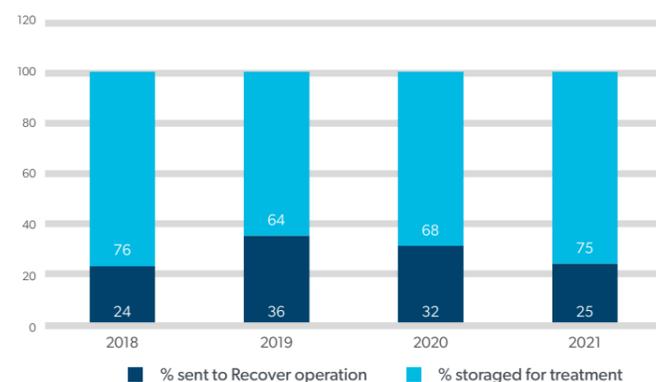
During 2021, 541,408 kilograms of waste were handled through 462 loading and unloading movements, broken down as follows:



**541 ton**  
Waste/year

	2015	2016	2017	2018	2019	2020	2021
<b>Total special waste [kg]</b>	<b>379,485</b>	<b>450,791</b>	<b>474,663</b>	<b>737,989</b>	<b>495,193</b>	<b>397,672</b>	<b>541,408</b>
of which							
Total hazardous waste [kg]	91,687	28,550	34,963	30,567	18,158	63,648	25,424
Total NON-hazardous waste [kg]	287,798	422,241	439,700	707,422	477,035	334,024	515,984
Total Screened [kg]	283,910	363,420	312,030	499,350	346,540	295,207	371,600
Non-hazardous net screened [kg]	3,888	58,821	127,670	208,072	130,495	38,817	144,384

### Waste destination



Of this waste, 25% of the total produced was sent directly to recovery operations, with the remaining 75% in storage at transfer centres authorised for treatment prior to recovery.

	% waste sent to R	% waste sent to D
2018	24	76
2019	36	64
2020	32	68
<b>2021</b>	<b>25</b>	<b>75</b>

## 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, called CVA 2022, 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 set up its own organisational unit, which reports to a control room made up of the companies' top management and whose activities in 2021 were reported in the Energy Efficiency Business Unit.

## Other disclosures

### Disclosure required by Article 19 of the TUSP and the resolution of the Regional Council of Valle d'Aosta no. 184/XVI of 16 December 2020

It should be noted that the Resolution of the Regional Council of Valle d'Aosta no. 184/XVI of 16 December 2020 established to "identify for the year 2021 and for the subsequent three-year period 2021-2023 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 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 24 February 2022, after a gradual deterioration of relations between the two nations sharpened in this early 2022, armed conflict between the two nations began with Russia's invasion of Ukraine. Following this event, the United States, the European Union and many other countries enacted sanctions and export controls against Russia and Belarus that mainly affected energy products of which Russia is an exporter.

The European and world economies, have been affected by these events recording significant increases in the prices of energy products and raw materials as well as increased volatility in the same. However, Ukraine's war conflict may lead to further negative consequences for the European and global economy that are not foreseeable as of today and whose possible medium/long-term effects on the Group's business plan cannot be determined at this time.

The effect of greatest significance to date for the Group has been the continuation of the volatility and high level of electricity prices that began in 2021, exacerbated from the end of 2021 before the onset of the conflict, with an impact on the cash absorption generated by the liquid deposits made to guarantee the settlement of derivative transactions in fulfilment of the margining obligations assumed with the participation in the energy futures markets and whose return will occur alternatively or at the time of the physical sale of the energy produced by the Group's plants (so-called delivery), or, if it occurs, at the time of any decrease in prices in the energy futures markets.

To cope with this event, the Group, as early as December 2021, promptly took action by requesting and obtaining large increases in bank credit lines as explained in the section "Financial Risk Management Objectives and Criteria".

It should be noted that the Group has no direct dealings with Russian counterparts, notwithstanding that any unavailability of gas supplies from Russia, either as a sanctioning decision by the European Union or as a retaliatory measure by Russia, would inevitably result in indirect repercussions on the Group due to wider systemic impacts. In this scenario, the Group's Directors monitor the evolving situation on a daily basis, defining possible risk scenarios for its activities and identifying risk mitigation actions where possible.

It should be noted that in the Official Gazette of 27 January 2022, Decree-Law no. 4 of 27 January 2022, known as "Support-ter", regarding "Urgent measures in support of companies and economic operators, labour, health and territorial services, connected with the emergency from COVID-19, as well as for the containment of the effects of price increases in the electricity sector", was published and came into force. Verifications are underway regarding the implementation methods, and in light of their definition, the economic impacts on the Company will be assessed.

It should also be noted that on 21 March 2022, the measure containing urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis was published in the Official Journal, which under Title VI - Final and Financial Provisions, article 37 Extraordinary contribution against high utility bills, provides for the year 2022 an extraordinary contribution from energy companies, including electricity retailers.

The taxable base of the extraordinary 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 subsidy is applied at the rate of 10% in cases where the above increase

exceeds 5,000,000. The contribution is not due if the increase is less than 10%. The Group made assessments on the basis of the mechanism defined above from which a total negative impact of Euro 4.6 million emerged.

### 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;
- Hone (AO) - Centrale snc area;
- Hone (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) - Beauregard 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

As provided for in article 2364 of the Civil Code, as well as in the company's Articles of Association, the company made use of the option to postpone the approval of the CVA Annual Financial Statements in the longer term of 180 days, in view of the need to delve into the economic and equity effects resulting from the application of the revaluation and realignment rule, as per Law no. 126 of 13 October 2020.

Châtillon, 17 May 2022

CEO  
**Giuseppe Argirò**



The Chair  
**Marco Cantamessa**



# Consolidated Annual Financial Report of the CVA Group at 31 December 2021

## Consolidated Income Statement

Amounts in Euro thousands		Year 2021	Year 2020
<b>REVENUES</b>			
Revenues from sales and services	(1)	661,790	480,662
Other revenues and income	(2)	48,855	55,520
<b>TOTAL REVENUES (A)</b>		<b>710,645</b>	<b>536,182</b>
of which: impact of non-recurring items	(2)	3,761	-
<b>OPERATING COSTS</b>			
Costs for raw materials and services	(3)	440,041	319,371
Personnel costs	(4)	39,521	38,469
Other operating costs	(5)	42,605	43,963
Capitalised days of work	(6)	(4,933)	(4,554)
<b>TOTAL OPERATING COSTS (B)</b>		<b>517,233</b>	<b>397,249</b>
of which: impact of non-recurring items	(3)-(5)	10,985	(9,123)
<b>EBITDA (A-B)</b>		<b>193,412</b>	<b>138,933</b>
of which: impact of non-recurring items	(2)-(3)-(5)	(7,224)	9,123
<b>AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS</b>			
Amortisation/depreciation	(7)-(13)	52,660	51,059
Provisions and write-downs	(8)	8,683	677
<b>TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)</b>		<b>61,342</b>	<b>51,735</b>
of which: impact of non-recurring items	(8)	9,050	-
<b>EBIT (A-B+/-C)</b>		<b>132,069</b>	<b>87,198</b>
of which: impact of non-recurring items	(2)-(3)-(5)-(8)	(16,274)	9,123
<b>FINANCIAL MANAGEMENT</b>			
Financial income	(9)	3,674	3,115
Financial expenses	(9)	8,751	5,824
<b>TOTAL FINANCIAL BALANCE (D)</b>		<b>(5,077)</b>	<b>(2,708)</b>
of which: impact of non-recurring items	(9)	(6,244)	-
<b>PRE-TAX RESULT (A-B+/-C+/-D)</b>		<b>126,992</b>	<b>84,489</b>
of which: impact of non-recurring items	(2)-(3)-(5)-(8)-(9)	(22,518)	9,123
Gains/(losses) for income taxes	(10)	(8,267)	23,260
Net result of continuing operations		135,259	61,230
Net result of discontinued operations		-	-
<b>PERIOD NET RESULT</b>		<b>135,259</b>	<b>61,230</b>
Profit/(loss) attributable to the Group		133,441	59,977
Profit/(loss) attributable to non-controlling interests		1,819	1,253
Basic earnings per share (Euro)		0.34	0.15
Diluted earnings per share (Euro)		0.34	0.15

# Consolidated Statement of Other Comprehensive Income

Amounts in Euro thousands	Notes	Year 2021	Year 2020
<b>Result of the period (A)</b>	(27)	<b>135,259</b>	<b>61,230</b>
<b>Other components of the Comprehensive Income Statement that can be reclassified to the Income Statement in subsequent periods (net of the tax effect)</b>			
- Effective portion of changes in fair value of cash flow hedges	(27)	(84,859)	2,187
- Share of change in fair value attributable to cost of cash flow hedging (cost of hedging)	(27)	(6,993)	-
<b>Total other components of Comprehensive Income that can be reclassified to the Income Statement in subsequent periods (net of the tax effect) (B)</b>		<b>(91,852)</b>	<b>2,187</b>
<b>Other components of Comprehensive Income that cannot be reclassified to the Income Statement in subsequent periods (net of taxes)</b>			
- Remeasurement of liabilities for defined benefit plans for employees	(27)	(80)	(136)
<b>Total other components of the Comprehensive Income Statement that cannot be reclassified to the Income Statement in subsequent periods (net of taxes) (C)</b>		<b>(80)</b>	<b>(136)</b>
<b>Total profit/(loss) recognised directly in equity (B+C)</b>		<b>(91,933)</b>	<b>2,051</b>
<b>TOTAL PROFIT RECOGNISED IN THE YEAR (A+B+C)</b>		<b>43,327</b>	<b>63,281</b>

# Consolidated Balance Sheet: Asset

Amounts in Euro thousands		Year 2021	Year 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	(11) - (13)	623,165	641,374
Intangible assets	(12) - (13)	12,587	12,525
Goodwill	(14)	228,976	238,026
Equity investments	(15)	2,362	2,048
Deferred tax assets	(16)	66,883	26,364
Derivatives	(23)	4,659	3,227
Non-current financial assets	(17)	93,731	134,294
Trade receivables	(20)	8,619	1,308
Other non-current assets	(18)	4,510	4,604
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,045,492</b>	<b>1,063,771</b>
<b>Current assets</b>			
Inventories	(19)	3,262	3,399
Trade receivables	(20)	87,384	67,384
Receivables for income taxes	(21)	4,850	7,285
Other tax receivables	(22)	13,350	19,904
Derivatives	(23)	96,235	2,480
Other current financial assets	(24)	675	730
Other current assets	(25)	173,431	19,581
Cash and cash equivalents	(26)	226,831	195,103
<b>TOTAL CURRENT ASSETS</b>		<b>606,019</b>	<b>315,866</b>
<b>Assets classified as held for sale</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>1,651,511</b>	<b>1,379,637</b>

# Consolidated Balance Sheet: Liabilities

Notes	Year 2021	Year 2020
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	395,000	395,000
Other reserves	243,128	309,265
Accumulated Profits/(Losses)	43,134	45,451
Net result of the year	133,441	59,977
Shareholders' equity attributable to the Group	814,703	809,694
Shareholders' equity - Minority interests	9,495	7,650
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>824,197</b>	<b>817,344</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Employee benefits (28)	5,723	5,893
Provisions for risks and charges (29)	34,431	28,849
Deferred tax liabilities (16)	7,663	55,990
Derivatives (23)	49,736	1,464
Non-current financial liabilities (13) - (30)	215,642	302,496
Other non-current liabilities (31)	22,637	22,190
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>335,832</b>	<b>416,882</b>
<b>Current liabilities</b>		
Employee benefits (28)	1,032	976
Provisions for risks and charges (29)	221	212
Trade payables (32)	73,107	60,210
Payables for income taxes (33)	20,611	989
Other tax payables (33)	4,587	920
Derivatives (23)	118,554	20,120
Other current financial liabilities (13) - (30)	252,279	40,545
Other current liabilities (34)	21,091	21,438
<b>TOTAL CURRENT LIABILITIES</b>	<b>491,481</b>	<b>145,411</b>
<b>Liabilities related to assets held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,651,511</b>	<b>1,379,637</b>

# 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
<b>At 1 January 2020</b>	<b>395,000</b>	<b>335,338</b>	<b>(1,543)</b>	<b>(8,529)</b>	<b>-</b>	<b>75,103</b>	<b>795,369</b>	<b>6,917</b>	<b>802,286</b>
<b>Allocation of 2019 profits/(losses)</b>									
- profits carried forward	-	27,309	-	-	-	(27,309)	-	-	-
- distribution of dividends	-	-	-	-	-	(47,795)	(47,795)	(550)	(48,345)
<b>Comprehensive profit/(loss) recognised in the year</b>									
- profits and losses recognised directly in equity	-	-	(136)	2,187	-	-	2,051	-	2,051
- profit for the year	-	-	-	-	-	59,977	59,977	1,253	61,230
<b>Other changes</b>	<b>-</b>	<b>91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91</b>	<b>30</b>	<b>121</b>
<b>At 31 December 2020</b>	<b>395,000</b>	<b>362,738</b>	<b>(1,679)</b>	<b>(6,342)</b>	<b>-</b>	<b>59,977</b>	<b>809,694</b>	<b>7,650</b>	<b>817,344</b>
<b>At 1 January 2021</b>									
<b>At 1 January 2021</b>	<b>395,000</b>	<b>362,738</b>	<b>(1,679)</b>	<b>(6,342)</b>	<b>-</b>	<b>59,977</b>	<b>809,694</b>	<b>7,650</b>	<b>817,344</b>
<b>Allocation of 2020 profits/(losses)</b>									
- profits carried forward	-	23,400	-	-	-	(23,400)	-	-	-
- distribution of dividends	-	-	-	-	-	(36,577)	(36,577)	-	(36,577)
<b>Comprehensive profit/(loss) recognised in the year</b>									
- 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
<b>Other changes</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>26</b>	<b>104</b>
<b>At 31 December 2021</b>	<b>395,000</b>	<b>386,216</b>	<b>(1,760)</b>	<b>(91,201)</b>	<b>(6,993)</b>	<b>133,441</b>	<b>814,703</b>	<b>9,495</b>	<b>824,197</b>

# Consolidated Cash Flow Statement

Amounts in Euro thousands	Year 2021	Year 2020
<b>A. Cash flows from operating activities (indirect method)</b>		
Profit (loss) of the year	135,259	61,230
Income taxes	(8,267)	23,260
Net financial interest expenses	5,391	2,788
Allocations and income provisions for risks and charges	10,658	2,573
Allocations and income employee severance indemnity (TFR) and other benefits	529	486
Amortisation/Depreciation of fixed assets	52,660	51,059
Bad debts	(157)	785
Write-downs, revaluations and gains/losses	9,504	288
Result from shareholdings carried at equity	(320)	(83)
Other adjustments for non-monetary elements	(75,701)	4,706
<b>CASH FLOW AFTER ADJUSTMENTS OF NON-MONETARY ITEMS</b>	<b>129,556</b>	<b>147,092</b>
Changes in NWC		
Decrease/(increase) in trade receivables net of write-downs	(27,155)	50,579
Increase/(decrease) in payables to suppliers	12,897	(35,381)
Increase/(decrease) in other current assets/liabilities	(166,014)	(34,940)
of which: net taxes (paid)/reimbursed	(18,962)	(20,223)
<b>Changes in NWC</b>	<b>(180,272)</b>	<b>(19,742)</b>
Cash flow after changes in NWC	(50,715)	127,350
Other changes not included in changes in NWC		
Net change in provisions for risks and charges	(4,695)	(1,529)
Net change in Employee severance indemnity (TFR) and other employee benefits	(780)	(2,046)
Change in other assets and liabilities not included in NWC	541	2,538
<b>Other changes not included in changes in NWC</b>	<b>(4,934)</b>	<b>(1,038)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(55,649)</b>	<b>126,312</b>
<b>B. Cash flows from investment activities</b>		
(Investments)/divestments - Tangible assets	(33,219)	(31,416)
(Investments)/divestments - Intangible assets	(2,142)	(1,184)
(Investments)/divestments - Equity investments and goodwill	-	-
(Investments)/divestments or repayments - Short-term and other financial assets	40,191	(25,528)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES (B)</b>	<b>4,830</b>	<b>(58,128)</b>
<b>C. Cash flows from financing activities</b>		
Interest collected/(paid)	(6,544)	(4,154)
<b>Borrowed capital</b>	<b>125,647</b>	<b>(36,126)</b>
Increase/(decrease) in financial assets/liabilities centralised treasury	60	-
New/(Repayment of) loans	125,587	(36,126)
<b>Equity</b>	<b>(36,555)</b>	<b>(47,795)</b>
Other capital increases (decreases)	22	0
Dividends (and interim dividends) paid	(36,577)	(47,795)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>82,547</b>	<b>(88,074)</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>31,728</b>	<b>(19,890)</b>
Of which net cash and cash equivalents from extraordinary transactions	-	-
Cash and cash equivalents at 1 January	195,103	214,993
Cash and cash equivalents at 31 December	226,831	195,103

# 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 2021 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 01 January 2021", 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 2021 consist of the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Statement of the other components of the Consolidated Comprehensive Income Statement, 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 2021. 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 2021 are shown below.

#### List of companies included in the Consolidated Financial Statements on a line-by-line basis at 31 December 2021

Company Name	Registered Office	Share capital at 31/12/2021	% Possession of the Group
Compagnia Valdostana delle Acque Compagnie Valdôtaine des Eaux S.p.A. a s.u.	Via Stazione, 31 Chatillon (Aosta)	Euro 395,000,000	Parent Company
CVA Energie S.r.l. a s.u.	Via Stazione, 31 Chatillon (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 Clavalitè, 8 Aosta	Euro 38,632,000	100%
CVA EOS S.r.l. a s.u.	Via Stazione, 31 Chatillon (Aosta)	Euro 100,000	100%

## List of equity investments not fully consolidated at 31 December 2021

### Associated companies

At 31 December 2021, 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 2021, 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 year 2021

There were no changes in the scope of consolidation. It is noted only that CVA Smart Energy was merged by incorporation into CVA EOS on 30 September 2021 with backdated effect to 1 January 2021.

# Summary of the main accounting standards adopted in preparing the Consolidated Financial Statements at 31 December 2021

## 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%	9.76%
Freely transferable works	0.37%	50.00%
Plants and machinery	0.21%	50.00%
Industrial and commercial equipment	0.83%	50.00%
Other assets	0.42%	50.00%
Leasehold improvements	4.46%	32.14%

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%	20.00%

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 debt 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 profit or loss. 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 profit or loss. 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;
- 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;
- 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. The 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 using the tax rates that are expected to be applied in the year in which said assets will be realised or said liabilities will be settled, considering the rates currently in force and those already enacted, or substantially in force, 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

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRS in force from 01 January 2021 are briefly described below.

### Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform - Phase 2

Regulation (EU) no. 2021/25 implemented the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 issued by the IASB in August 2020. These amendments complement those made in 2019 ("IBOR - Phase 1") and focus on the effects on entities when an existing interest rate benchmark index is replaced with a new benchmark rate as a result of the reform. Amendments in this final phase include:

- amendments to contractual cash flows - an entity will not have to eliminate or adjust the carrying value of financial instruments as a result of the changes required by the reform, but will instead have to update the effective interest rate to reflect the change in the alternative reference rate;
- hedge accounting - an entity will not have to stop hedge accounting just because it makes reform-required changes to the hedging documentation if the hedge continues to meet the other criteria for hedge accounting;
- disclosure: an entity will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative reference rates.

The adoption of these amendments had no impact on the financial statements as at 31 December 2021.

## Amendments to IFRS 16 - Leases, for concessions related to COVID-19

On 9 October 2020, Regulation (EU) no. 2020/1434 was issued, which implemented certain amendments to IFRS 16 to provide simplification for lessees in accounting for reductions in lease payments due to COVID-19. As a practical expedient, a lessee may choose not to consider whether a rent reduction granted by the lessor constitutes a lease modification. The practical expedient for 2020 was available for rent reductions that affected only payments originally due by 30 June 2021.

On 31 March 2021, the IASB issued the amendment "Covid 19-Related Rent Concessions beyond 30 June 2021", which extended the eligibility period for the practical expedient from 30 June 2021 to 30 June 2022. This amendment is effective for annual reporting periods beginning on or after 1 April 2021. The extension of these amendments had no impact on the financial statements at 31 December 2021.

## Standards issued by the IASB but not yet applicable

At the date of preparation of these separate 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
Changes to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvement Cycle 2018-2020	01/01/2022
IFRS 17 (Insurance Contracts), including amendments to IFRS 17	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
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	01/01/2023
Amendments to IAS 12 Income taxes: Deferred taxes related to assets and liabilities arising from a single transaction	01/01/2023
Amendments to IFRS 17 Insurance Contracts: First application of IFRS17 and IFRS 9 - Comparative information	01/01/2023

The potential impacts on the separate financial statements from application of these new standards and interpretations are currently being assessed.

## Significant accounting estimates

The preparation of the Consolidated Financial Statements, drawn-up 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 recognised. 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 realisable 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 activity carried out by the Group may entail a related obligation for future activities and interventions required for the dismantling of plants (renewable energy production) and/or restoration of the site on which they are located. The estimate of future expenses depends on the type of generation adopted and is based on financial and engineering assumptions that depend on the existing technology at the valuation date, as well as the laws and regulations in force. 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 payment

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 debt, 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 2021 and 2020 (for comparative purposes):

## 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
<b>Economic data by business sector</b>								
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)
<b>Gross Operating Margin (EBITDA)</b>	<b>128,631</b>	<b>15,887</b>	<b>12,125</b>	<b>58,062</b>	<b>(226)</b>	<b>(20,581)</b>	<b>(487)</b>	<b>193,412</b>
% of revenues	68.7%	46.7%	1.9%	84.9%	-4.0%	-707.8%	0.2%	27.2%
Amortisation, depreciation, provisions and write-downs	(23,612)	(17,580)	200	(17,670)	(0)	(3,118)	437	(61,342)
<b>Operating Result (EBIT)</b>	<b>105,020</b>	<b>(1,693)</b>	<b>12,325</b>	<b>40,392</b>	<b>(226)</b>	<b>(23,699)</b>	<b>(49)</b>	<b>132,069</b>
% of revenues	56.1%	-5.0%	2.0%	59.1%	-4.0%	-815.1%	0.0%	18.6%
Result from non-recurring transactions	-	(9,050)	(10,530)	3,306	-	-	-	(16,274)
<b>Adjusted Operating Result (Adjusted EBIT)</b>	<b>105,020</b>	<b>7,357</b>	<b>22,854</b>	<b>37,086</b>	<b>(226)</b>	<b>(23,699)</b>	<b>(49)</b>	<b>148,343</b>
% of revenues	56.1%	21.6%	3.7%	54.2%	-4.0%	-815.1%	-	20.9%
Financial balance	-	-	-	-	(12)	(7,415)	2,351	(5,077)
<b>PRE-TAX RESULT</b>	<b>105,020</b>	<b>(1,693)</b>	<b>12,325</b>	<b>40,392</b>	<b>(239)</b>	<b>(31,114)</b>	<b>2,302</b>	<b>126,992</b>
Expenses for income taxes	-	-	-	-	-	8,271	(5)	8,267
<b>PERIOD NET RESULT</b>	<b>105,020</b>	<b>(1,693)</b>	<b>12,325</b>	<b>40,392</b>	<b>(239)</b>	<b>(22,842)</b>	<b>2,297</b>	<b>135,259</b>
<b>Equity data by business sector</b>								
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	77,977	14,544	1,340	2,240	(39,800)	87,384
Trade payables	11,158	7,125	85,094	2,590	2,588	5,331	(40,779)	73,107

## Summary data by Business Unit at 31 December 2020

Amounts in Euro thousands		For the year ended 31 December 2020							
	Hydro	Distribution	Sales	Other RES	Energy efficiency	Corporate	Eliminations	Total	
<b>Economic data by business sector</b>									
Revenues	152,941	33,419	461,416	38,854	-	3,653	(154,101)	536,182	
Personnel cost	(13,845)	(6,826)	(4,114)	(301)	(23)	(13,360)	1	(38,469)	
Other operating costs	(43,211)	(10,518)	(440,744)	(7,721)	(125)	(10,086)	153,625	(358,780)	
<b>Gross Operating Margin (EBITDA)</b>	<b>95,884</b>	<b>16,076</b>	<b>16,558</b>	<b>30,831</b>	<b>(149)</b>	<b>(19,793)</b>	<b>(475)</b>	<b>138,933</b>	
% of revenues	62.7%	48.1%	3.6%	79.4%	N.A.	-541.8%	0.3%	25.9%	
Amortisation, depreciation, provisions and write-downs	(22,667)	(7,904)	(768)	(17,783)	-	(3,046)	434	(51,735)	
<b>Operating Result (EBIT)</b>	<b>73,217</b>	<b>8,171</b>	<b>15,791</b>	<b>13,048</b>	<b>(149)</b>	<b>(22,839)</b>	<b>(41)</b>	<b>87,198</b>	
% of revenues	47.9%	24.5%	3.4%	33.6%	N.A.	-625.2%	0.0%	16.3%	
Result from non-recurring transactions	-	-	9,123	-	-	-	-	9,123	
<b>Adjusted Operating Result (Adjusted EBIT)</b>	<b>73,217</b>	<b>8,171</b>	<b>6,667</b>	<b>13,048</b>	<b>(149)</b>	<b>(22,839)</b>	<b>(41)</b>	<b>78,075</b>	
% of revenues	47.9%	24.5%	1.4%	33.6%	N.A.	-625.2%	-	14.6%	
Financial balance	(0)	-	-	-	-	1,165	(3,874)	(2,709)	
<b>PRE-TAX RESULT</b>	<b>73,217</b>	<b>8,171</b>	<b>15,791</b>	<b>13,048</b>	<b>(149)</b>	<b>(21,674)</b>	<b>(3,915)</b>	<b>84,489</b>	
Expenses for income taxes	-	-	-	-	-	(23,250)	(9)	(23,260)	
<b>PERIOD NET RESULT</b>	<b>73,217</b>	<b>8,171</b>	<b>15,791</b>	<b>13,048</b>	<b>(149)</b>	<b>(44,924)</b>	<b>(3,924)</b>	<b>61,230</b>	
<b>Equity data by business sector</b>									
Investments	16,064	12,584	17	823	1	3,110	-	32,599	
Tangible assets	320,062	106,183	616	183,017	-	34,669	(3,172)	641,374	
Intangible assets	174,766	21,918	-	51,168	1	2,698	-	250,552	
Trade receivables	13,412	8,028	62,180	3,474	-	539	(20,250)	67,384	
Trade payables	10,591	9,793	53,807	2,416	87	6,389	(22,874)	60,210	

For further details regarding results by Business Unit, reference is made to as illustrated in the Report on Operations.

## Notes to the 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

Amounts in Euro thousands

	Year 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	Total
<b>REVENUES FROM SALES AND SERVICES</b>	<b>169,814</b>	<b>(169,302)</b>	<b>31,904</b>	<b>(15,772)</b>	<b>623,169</b>	<b>(3,695)</b>	<b>41,351</b>	<b>(21,361)</b>	<b>5,676</b>	<b>-</b>	<b>9,185</b>	<b>(9,180)</b>	<b>661,790</b>
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	-	-	-	-	(18,296)	-	-	-	-	-	-	-	(18,296)
Income from commodities trading activities	-	-	-	-	3,913	-	-	-	-	-	-	-	3,913
Income from commodities hedging activities	-	-	-	-	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 sales and services totalled Euro 661,790 thousand in 2021 (Euro 480,662 thousand in 2020). A breakdown of revenues by nature is provided below:

Amounts in Euro thousands

	Year 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	
<b>REVENUES FROM SALES AND SERVICES</b>	<b>130,058</b>	<b>(129,783)</b>	<b>31,219</b>	<b>(16,000)</b>	<b>460,531</b>	<b>(2,432)</b>	<b>10,891</b>	<b>(3,829)</b>	-	-	<b>9,146</b>	<b>(9,140)</b>	<b>480,662</b>
Sale of electricity	128,379	(128,104)	-	-	259,106	(624)	10,154	(3,665)	-	-	-	-	265,247
To wholesale customers	128,379	(128,104)	-	-	113,393	-	10,154	(3,665)	-	-	-	-	120,158
To end customers - Free market	-	-	-	-	130,030	(459)	-	-	-	-	-	-	129,571
To end customers - Greater Protection market	-	-	-	-	5,561	(165)	-	-	-	-	-	-	5,396
Income from energy hedging instruments	-	-	-	-	10,123	-	-	-	-	-	-	-	10,123
Income from commodities trading activities	-	-	-	-	2,507	-	-	-	-	-	-	-	2,507
Income from commodities hedging activities	-	-	-	-	670	-	-	-	-	-	-	-	670
Fees for use of the system	-	-	-	-	31,248	(144)	-	-	-	-	-	-	31,104
Revenues for energy transport	-	-	29,579	(15,819)	162,692	(753)	-	-	-	-	-	-	175,698
Connection fees and fixed fees	-	-	1,326	(178)	3,108	(905)	-	-	-	-	-	-	3,350
Disposal of energy certificates/securities	1,392	(1,392)	-	-	715	(5)	124	(124)	-	-	-	-	710
Provisions of services	287	(287)	314	(2)	485	-	612	(39)	-	-	9,146	(9,140)	1,375

For further details regarding the breakdown and performance of 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 of Euro 3,913 thousand (Euro 2,507 thousand at 31 December 2020) as shown in the table below:

Amounts in Euro thousands	Year 2021	Year 2020
<b>RESULT FROM TRADING ACTIVITIES</b>	<b>3,913</b>	<b>2,507</b>
Income from trading activities	398,037	29,425
Expenses from trading activities	(394,124)	(26,918)

## 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	Year 2021	Year 2020
<b>OTHER REVENUES AND INCOME</b>	<b>48,855</b>	<b>55,520</b>
GRIN (former Green Certificates)	30,647	33,051
Energy account photovoltaic plants	4,896	4,655
Incentive tariffs	4,831	11,896
Contribution for the purchase of TEE securities	1,246	1,421
Other operating contributions	709	830
Penalties and insurance reimbursements	4,598	1,495
Other income	1,929	2,172

- The item "GRIN" amounted to Euro 30,647 thousand in 2021 (Euro 33,051 thousand in 2020) and refers to the contribution received from the GSE on the basis of the incentive mechanism replacing "green certificates". The decrease is due to the lower production of the incentivised plants (hydroelectric and wind), partially mitigated by the increase in the unit value of the GRIN incentive, from Euro 99.05/MWh in 2020 to Euro 109.36/MWh in 2021 (the value of the incentive is established annually by the GSE on the basis of as provided by Ministerial Decree 6 July 2012, as amended).
- The item "Energy account photovoltaic plants" amounted to Euro 4,896 thousand in 2021 (Euro 4,655 thousand in 2020) 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 incentives on photovoltaic production is mainly attributable to an increase in the production of the photovoltaic segment and the increase in the unit energy account incentive for the Alessandria plant.
- The item "Incentive tariffs" amounted to Euro 4,831 thousand in 2021 (Euro 11,896 thousand in FY 2020) 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 reduction in the average tariff value is due to the sharp rise in energy market prices.
- The item "TEE securities", amounting to Euro 1,246 thousand in FY 2021 (Euro 1,421 thousand in FY 2020) refers to Euro 1,046 thousand to the contribution received for the cancellation of the securities purchased in FY 2021 to cover the obligations of 2020 and previous, which ended in July 2021 for Euro 200 thousand to the recording of the estimated cancellation value of the securities purchased to cover the 2021 obligation, which expires in May 2022.
- "Other operating contributions", amounting to Euro 709 thousand in FY 2021 (Euro 830 thousand in FY 2020), 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 584 thousand (Euro 571 thousand in 2020). The award relates to service continuity levels realised in 2021 and determined based on the number and duration of outages.

Overall, the contributions received on hydroelectric production amount to Euro 17,472 thousand, those on wind production to Euro 18,085 thousand, those on photovoltaic production to Euro 4,896 thousand and those on energy distribution to Euro 1,830 thousand.

- Penalties and insurance reimbursements, which amounted to Euro 4,598 thousand in 2021 as compared with Euro 1,495 thousand in 2020, 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).
- The increase in the item is mainly due to the compensation received from Renexia, a subsidiary of Toto Holding, from which CVA purchased the shares of Ponte Albanito S.r.l.; after the acquisition, a dispute arose with E.T.S. In a December 2016 agreement, Renexia agreed to hold CVA, in the event of condemnation, harmless from all costs, damages, and expenses. CVA was ordered by the Court of Appeals of L'Aquila on 23 June 2021 to pay Euro 3,679 thousand in favour of E.T.S., and Renexia indemnified CVA as per the agreements by also recasting all ancillary costs incurred by CVA for a total of Euro 3,761 thousand. This item is to be considered as non-recurring given the extraordinary nature and amount.
- At 31 December 2021, the item "Other income" amounted to Euro 1,929 thousand (Euro 2,172 thousand at 31 December 2020) and mainly refers to the following types:
  - income from leases of properties amounted to Euro 896 thousand in 2021 (Euro 880 thousand in 2020). This item mainly refers to the lease income of the real estate units owned by CVA site in various Municipalities of Valle d'Aosta. Pursuant to IFRS 16, the contracts have all been classified as operating leases;
  - income for reimbursements obtained by the management companies of the ski lifts to draw the water needed for artificial snow (for Euro 121 thousand);
  - income from a settlement agreement signed with a supplier common to CVA and CVA EOS totalling Euro 120 thousand;
  - 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 S. André, Cogne and Issogne (for Euro 113 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 105 thousand in 2021 (Euro 373 thousand in 2020);
- income from fees received from TIM S.p.A: for the maintenance of fiber 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 totalled Euro 440,041 thousand in 2021 (Euro 319,371 thousand in 2020).

Their breakdown by type is shown in the table below:

Amounts in Euro thousands	Year 2021	Year 2020
<b>COSTS FOR RAW MATERIALS AND SERVICES</b>	<b>440,041</b>	<b>319,371</b>
Costs for raw materials	215,380	107,531
Expenses for energy transport	94,316	152,738
Expenses from commodities hedging activities	76,314	2,843
Costs for services	31,987	24,077
Expenses for use of the system	20,689	30,227
Connection fees and similar	1,176	1,797
Costs for rents and leases	179	158

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 394,124 thousand (Euro 26,918 thousand at 31 December 2020), 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.

#### Costs for raw materials

The item "Costs for raw materials" totalled Euro 215,380 thousand in 2021 (Euro 107,531 thousand in 2020). The detail of costs for raw materials is as follows:

Amounts in Euro thousands	Year 2021	Year 2020
<b>COSTS FOR RAW MATERIALS</b>	<b>215,380</b>	<b>107,531</b>
Wholesale electricity	211,049	103,054
Raw and ancillary materials and consumables	2,556	2,912
Energy securities/certificates	1,539	1,486
Vehicle power sources	236	197
Energy for auxiliary services of generating plants	-	(117)

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 provision, amounting to Euro 11,204 thousand, following the opening of a new proceeding against CVA ENERGIE by ARERA (initiated on 31 May 2021 with Resolution 217/2021/e/eel) aimed at verifying whether, as a result of the alleged non-diligent imbalances recorded in 2016, there was an actual violation 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 litigation that was positively closed, with the Council of State ruling filed on 26 October 2020. By virtue of this ruling, all prescriptive measures taken had been annulled. Therefore, in view of the risk of new prescriptive measures, the maximum amount of which is set by the ARERA resolution in the value of the cancelled measures in 2020, i.e. Euro 11,204 thousand, an allocation has been made to a provision for charges. The item should be regarded as **non-recurring**.

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.

It should be noted that energy for auxiliary services represents the cost incurred towards third parties with respect to the Group. Almost all generation plants, in fact, use energy supplied by Group companies. The amounts recorded in 2020 referred to contingent assets recorded against the reversal to income of the provision for charges allocated for energy costs for auxiliary services at the Monteverde plant for which invoices had not been received. The contingency represented the release of the surplus in the provision. The plant is being supplied with Group companies from December 2019.

#### Costs for services

The item "Costs for services" totalled Euro 31,987 thousand in 2021 (Euro 24,077 thousand in 2020). Details are shown in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>COSTS FOR SERVICES</b>	<b>31,987</b>	<b>24,077</b>
Maintenance	8,386	7,510
Services for energy efficiency interventions	5,403	72
Commercial, legal, administrative and professional consultancy	4,272	3,761
Insurance	3,096	2,827
Telephone and data transmission services	1,871	1,806
Costs for Information & Communication Technology services - IT services	1,850	1,701
Regarding personnel	1,319	981
Advertising	927	550
Fees for Directors, Auditors, SB and Independent Auditors	660	672
Costs for bank and postal services	607	675
Trips and transfers, representation	588	613
Car park management expenses	397	410
Miscellaneous utilities	129	166
Other costs for services	2,483	2,331

Maintenance costs, up by Euro 876 thousand, are attributable for Euro 2,199 thousand to the maintenance of the hydroelectric plant park, for Euro 4,642 thousand to the wind and photovoltaic plant park, and for Euro 1,164 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.

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.

The cost of consultancy increased compared to last year (Euro +511 thousand) mainly due to the increase in expenses for research studies, projects and technical consultancy related to two potential investment projects, in the hydroelectric and photovoltaic areas respectively, which, not having had the desired developments, were discontinued and expensed in the income statement.

Personnel-related expenses increased by Euro 338 thousand mainly attributable to two dynamics. On the one hand, costs for canteen replacement service, which had fallen sharply in 2020 due to the pandemic, returned to a higher level (Euro +145 thousand). On the other hand, there is the increase in costs incurred for the services of temporary employment companies (Euro +127 thousand) related to the involvement of these service providers in personnel selection processes.

Other service costs mainly include:

- Fees for access to portals and telematic markets (Euro 770 thousand);
- Charges to GSE for the management of incentives (Euro 354 thousand);
- Services on plant areas such as snow removal, green area maintenance, etc... (Euro 235 thousand);
- Transportation of goods by helicopters and/or other special vehicles (Euro 166 thousand);
- Waste disposal (Euro 153 thousand);
- Security services (Euro 141 thousand);
- Expenses for obtaining a rating (Euro 102 thousand).

## Costs for rents and leases

The item "Costs for rents and leases" amounted to Euro 179 thousand in 2021 (Euro 158 thousand in 2020) and the breakdown is as follows:

Amounts in Euro thousands	Year 2021	Year 2020
<b>COSTS FOR RENTS AND LEASES</b>	<b>179</b>	<b>158</b>
Rents and leases	(61)	1
Car park rental fees	7	5
License and software fees	189	133
Other costs for rents and leases	44	19

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" mainly refers to the reversal to income of the surplus of Euro 61,450 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	Year 2021	Year 2020
<b>PERSONNEL COSTS</b>	<b>39,521</b>	<b>38,469</b>
Wages and salaries	27,948	27,131
Social security contributions	8,763	8,575
Employee severance indemnity and others	1,796	1,760
Other personnel costs	1,014	1,003

The item "Personnel costs" totalled Euro 39,521 thousand in 2021 (Euro 38,469 thousand in 2020). 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 amount of managers and executives;
  - the increase in the integrated contractual minimums effective June 2021 provided for in the renewal of the National Collective Bargaining Agreement for Electrical Workers signed on 09/10/2019 for white collars-blue collars;
  - the increase in the amount of the performance bonus;
- social security charges: INPS contribution rates remained unchanged between 2020 and 2021;
- severance pay and other employee benefits: there was a slight increase in provisions to funds.

It should be noted that category transitions had no significant impact during 2021.

The table below shows the average number of employees during the years under review, broken down by category and the related changes:

	Year 2021	Year 2020	Change
Executives	3	2	+1
Managers	63	60	+3
White collars	347	349	-2
Blue collars	173	175	-2
<b>TOTAL</b>	<b>586</b>	<b>586</b>	<b>-</b>

## 5. Other operating costs

In 2021, other operating costs amounted to Euro 42,605 thousand (Euro 43,963 thousand in 2020) and are detailed as follows:

Amounts in Euro thousands	Year 2021	Year 2020
<b>OTHER OPERATING COSTS</b>	<b>42,605</b>	<b>43,963</b>
Fees for the diversion of water for hydroelectric use, contributions, licenses and other fees	37,104	37,178
Indemnities and penalties	2,593	1,275
Stamp duties, levies and various taxes	1,874	1,755
Other sundry expenses	1,034	3,755

The item "Fees for the diversion of water for hydroelectric use, contributions, licenses and other fees", equal to Euro 37,104 thousand in 2021 (Euro 37,178 thousand in 2020), 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.

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 427 thousand in 2021, increased by Euro +204 thousand compared to the previous year;
- Environmental compensation due to the municipalities where the Group's wind plants are located (Euro 1,497 thousand, Euro +596 thousand compared to the previous year);
- an indemnity payable disbursed as a result of a dispute of CVA with E.T.S. and accounted for in the amount of Euro 454 thousand, equal to the difference between the amount due of Euro 3,641 thousand, and the amount already set aside through a specific provision in previous years, amounting to Euro 3,189 thousand (see note on provisions for risks and charges). The item should be regarded as **non-recurring**.

The item "Stamp duties, levies and various taxes" amounted to Euro 1,874 thousand in 2021 (Euro 1,755 thousand in 2020) and includes municipal taxes and fees, including IMU, TASI, TOSAP, COSAP and stamp and registration duties.

The item "Other sundry expenses" amounted to Euro 1,034 (Euro 3,755 thousand in 2020) and mainly includes losses on disposals of assets (Euro 466 thousand), membership fees pertaining to Group companies (Euro 448 thousand), expenses for fish restocking (Euro 351 thousand), various donations (Euro 190 thousand), contingencies and non-existent liabilities (Euro 58 thousand). This item also includes "fines, penalties and sanctions", which in the current year showed a negative value of Euro -670 thousand while last year they amounted to Euro 2,151 thousand. The considerable difference between the two years is mainly due to the negative amount for penalties, on CVA ENERGIE, amounting to Euro 722 in the current year (Euro 2,078 thousand positive in 2020) and referring to two main components:

- the partial reversion to income of the provision allocated last year (amounting to Euro 2,078) and relating to contingent liabilities dependent on the probable administrative fine against the Company resulting from the closure of the sanction proceedings pending before the ARERA Offices. This reversion has a value of Euro 673 thousand. The item should be regarded as **non-recurring**;
- the reimbursement of Euro 49 thousand of a penalty received from the Aosta Customs Agency following a second-degree ruling in the context of an excise tax dispute.

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 2021, capitalised days of work amounted to Euro 4,933 thousand (Euro 4,554 thousand in 2020). Capitalised costs refer to the materials used and hours of employees involved in the realisation of assets. Capitalised work in progress refers mainly to DEVAL for Euro 3,433 thousand. The residual portion of 1,500 refers to CVA.

## 7. Amortisation/depreciation

Amortisation/depreciation can be detailed as follows:

Amounts in Euro thousands	Year 2021	Year 2020
<b>AMORTISATION/DEPRECIATION</b>	<b>52,660</b>	<b>51,059</b>
Proprietary tangible assets	49,761	48,220
Rights of use on tangible assets	818	807
Proprietary intangible assets	2,034	1,985
Rights of use for intangible assets	47	47

Depreciation of proprietary tangible assets amounted to Euro 49,761 thousand in 2021 (Euro 48,220 thousand in 2020) 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	Year 2021	Year 2020
<b>DEPRECIATION OF PROPRIETARY TANGIBLE ASSETS</b>	<b>49,761</b>	<b>48,220</b>
Buildings	4,756	4,714
Plants and machinery	43,469	42,199
Industrial and commercial equipment	216	204
Other assets	1,164	963
Leasehold improvements	156	139

Amortisation of proprietary intangible assets amounted to Euro 2,034 thousand in 2021 (Euro 1,985 thousand in 2020). They are detailed below:

Amounts in Euro thousands	Year 2021	Year 2020
<b>AMORTISATION OF PROPRIETARY INTANGIBLE ASSETS</b>	<b>2,034</b>	<b>1,985</b>
Industrial patents and intellectual property rights	1,413	1,358
Concessions, licences, trademarks and similar rights	93	93
Other intangible assets	527	534

The amortisation of rights of use are recognised in accordance with IFRS 16 for a total of Euro 865 thousand, including Euro 818 thousand for rights of use of property, plant and equipment (land, buildings, vehicles and equipment) and Euro 47 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 8,683 thousand (Euro 677 thousand in 2020); in fact, in the current year as well, provisions and write-downs exceeded the reversion of provisions. Specifically, the increase from last year is essentially due to the impairment of goodwill recorded on distribution assets in DEVAL (amounting to Euro

9,050 thousand), 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.

Reversion of provisions for bad debts in the amount of Euro 157 thousand and reversion of provisions for risks in the amount of Euro 214 thousand were also recorded.

Below are details:

Amounts in Euro thousands	Year 2021	Year 2020
<b>PROVISIONS AND WRITE-DOWNS</b>	<b>8,683</b>	<b>677</b>
Net write-downs		
Ordinary	(155)	785
Extraordinary	-	-
Net provisions		
Ordinary	(213)	(108)
Extraordinary	9,050	-

A breakdown of the item "write-downs" is provided in the table below:

Amounts in Euro thousands	Year 2021	Year 2020
<b>ORDINARY WRITE-DOWNS</b>	<b>(155)</b>	<b>785</b>
Write-downs of fixed assets	2	1
Write-downs of receivables	191	785
Proceeds from provisions for bad debts	(348)	-
<b>EXTRAORDINARY WRITE-DOWNS</b>	<b>9,050</b>	<b>-</b>
Impairment of goodwill	9,050	-

In the current year, the item consists mainly of the extraordinary impairment of goodwill in DEVAL, while the balance of ordinary write-downs is negative for Euro 155 thousand. The latter value derives from the net negative balance between the ordinary write-down of other receivables (Euro 191 thousand) and the reversion of trade receivables (Euro 348 thousand). The write-down of "Other receivables", in the amount of Euro 188 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 (as amply described above). These receivables were written down in line with the estimated risk ratio on all litigation. This provision is balanced by the reversion described below. In 2020, the item "impairment" consisted primarily of ordinary impairment of receivables.

The following table provides a breakdown of "Provisions":

Amounts in Euro thousands	Year 2021	Year 2020
<b>ORDINARY PROVISIONS</b>	<b>(213)</b>	<b>(108)</b>
Provisions at source for risks and charges	1	26
Proceeds from provisions for sundry risks and charges	(214)	(134)
<b>EXTRAORDINARY PROVISIONS</b>	<b>-</b>	<b>-</b>

Ordinary items include the following:

- the previously mentioned proceeds of Euro 188 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 reversion of the Provision for Risks in CVA SPA in the amount of Euro 26 thousand (excess of the provision for administrative penalties by the Autonomous Region of Valle d'Aosta on the power overruns of the hydroelectric plants inherent in the Cignana plant compared to the actual penalty).

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 negative margin of Euro 5,077 thousand (negative margin of Euro 2,708 thousand in the previous year). The breakdown of the margin is shown in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>FINANCIAL MANAGEMENT</b>	<b>(5,077)</b>	<b>(2,708)</b>
Financial income	3,354	3,033
Financial expenses	(8,745)	(5,821)
Results from investments	314	80

### Financial income

Financial income amounted to Euro 3,354 thousand in 2021 (Euro 3,033 thousand in 2020). The following table provides a breakdown of this item:

Amounts in Euro thousands	Year 2021	Year 2020
<b>INCOME</b>	<b>3,354</b>	<b>3,033</b>
Interest income and income from financial investments	2,678	2,241
Interest income on trade receivables	292	222
Interest income and income on financial receivables from related parties	265	285
Interest income on bank deposits	97	202
Other income	22	81

Interest income from financial investments consists of income accrued on capitalisation policies and on the securities portfolio for Euro 1,367 thousand and Euro 1,311 thousand respectively. Interest income and financial income from related parties represent the income from the loan granted to the associate TELCHA valued at amortised cost.

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.

### Financial expenses

The breakdown of financial expenses is shown in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>EXPENSES</b>	<b>(8,745)</b>	<b>(5,821)</b>
Interest and expense on bank loans	(8,206)	(5,447)
Interest expense on rights of use (IFRS16)	(212)	(220)
Interest expense on bonds	(50)	-
Other financial expenses	(277)	(154)

The item "Interest and expense on bank loans", equal to Euro 8,206 thousand in 2021 (Euro 5,447 thousand in 2020) includes interest due on mortgages and loans payable, the flows relating to the change in fair value of the IRS stipulated in relation to these liabilities and the charges deriving from the application of the amortised cost. The increase from the previous year is mainly due to the increase in the change in the fair value of IRS on loans payable (Euro +5,371 thousand), partially mitigated by the decrease in interest expenses on loans. The change in the fair value of IRS on loans payable was affected by charges incurred for the early termination of some IRS contracts for the early repayment of the underlying loan (Euro 6,244 thousand). The item should be regarded as **non-recurring**.

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.

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.

The item "Other financial expenses" has a value of Euro 277 thousand in 2021 (Euro 154 thousand in 2020) and includes charges for discounting provisions (specifically provisions for plant decommissioning and provisions for employee benefits) and miscellaneous interest expenses.

### 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	Year 2021	Year 2020
<b>RESULTS FROM INVESTMENTS</b>	<b>314</b>	<b>80</b>
Write-backs/(write-downs) of equity investments	314	80
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 2021. 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 31.12.2021, the value of the investment in TELCHA increased by Euro 320 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 6 thousand.

## 10. Income taxes

Income taxes have a positive value on the net result equal to Euro 8,267 thousand in 2021 (they were a cost equal to Euro 23,260 thousand in 2020) and the breakdown is as follows:

Amounts in Euro thousands	Year 2021	Year 2020
<b>INCOME TAXES</b>	<b>(8,267)</b>	<b>23,260</b>
Current IRES	34,007	16,437
Current IRAP	4,538	1,423
IRES deferred tax assets	(4,808)	159
IRAP deferred tax assets	(671)	81
IRES deferred tax liabilities	(40,885)	4,646
IRAP deferred tax liabilities	(6,172)	849
Taxes from previous years	(50)	(335)
Substitute taxes	5,775	-

The antithetic value of taxes in the year 2021 is mainly due to the value of IRES and IRAP deferred taxes that exceed the value of current taxes, although the current tax burden is up from the previous year.

The increase in current taxes can be attributed, in addition to an increase in the pre-tax result, to the elimination of the tax deduction of goodwill amortisation on CVA, which exhausted its tax liability at the end of 2020. During the year, the GROUP adhered to the statutory/fiscal value realignment scheme pursuant to article 110 of Decree Law 104/2020, converted with amendments by Law 126/2020. This adhesion resulted in the possibility of eliminating the misalignment between the book value and tax value of goodwill at 31.12.2019 upon payment of a substitute tax of 3% of the realigned value. This was possible both for goodwill for which the misalignment had arisen as a result of the normal tax amortisation process and for that which had never received tax recognition. The realigned value, in accordance with the provisions of the current rule, will be deducted in 50ths starting in 2021. Looking at the numbers, this translates, for the Group, into the ability to deduct charges for IRES and IRAP purposes of approximately Euro 3.85 million annually. The substitute tax due for realignment is shown in its entirety in current taxes in the amount of Euro 5,775 thousand.

Net deferred tax assets and liabilities IRES and IRAP are positive for Euro 52,536 thousand in 2021 (negative for Euro 5,734 thousand in 2020); Deferred taxation was significantly impacted by the release of deferred taxes allocated against the fiscally recognised goodwill amortisation and realigned as described above. This impact generated positive effects of Euro 48,286 thousand.

It should be noted that the Region has approved an ordinary IRAP rate reduced to 3.1% for the three-year period 2019-2021. The rate reduction affected all Group companies except for DEVAL, which is subject to a tax rate of 4.2% because it operates under a concession. As of 2022, it is currently planned to return to the regular rate of 3.90%.

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.

IRES - Reconciliation between theoretical and effective tax expense	Notes	Year 2021
<b>Pre-tax result</b>	<b>A</b>	<b>126,992</b>
<b>Theoretical tax expense</b>	<b>B</b>	<b>30,478</b>
Temporary differences taxable in subsequent years	C	(3,748)
Temporary differences deductible in subsequent years	D	26,787
Reversal of temporary differences taxable from previous years	E	142
Reversal of temporary differences deductible from previous years	F	(6,631)
Permanent differences	G	(1,848)
<b>Taxable amount</b>	<b>[A+C+D+E+F+G]</b>	<b>141,694</b>
<b>Current taxes</b>	<b>[I]</b>	<b>34,007</b>
<b>Effective rate</b>	<b>[L]</b>	<b>26.78%</b>

## Notes to the Consolidated Balance Sheet items

The breakdown of the main items of the consolidated statement of financial position at 31 December 2021 is provided here below.

### 11. Proprietary tangible assets

Tangible assets totalled Euro 623,166 thousand at 31 December 2021 (Euro 641,374 thousand at 31 December 2020).

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	1,180,100	10,397	1,190,498
Provisions for depreciation	(547,688)	(1,436)	(549,124)
<b>Net value at 31.12.2020</b>	<b>632,413</b>	<b>8,962</b>	<b>641,374</b>
Increases	33,379	604	33,983
Decreases due to contract termination	-	(234)	(234)
Amortisation/depreciation	(49,763)	(818)	(50,581)
Change Accumulated depreciation for concluded contracts	-	136	136
Change Right of use for concluded contracts	-	(136)	(136)
Reclassifications	25	-	25
Disposals	(1,038)	-	(1,038)
Other changes	(401)	35	(366)
<b>Total net changes in 2021</b>	<b>(17,797)</b>	<b>(413)</b>	<b>(18,211)</b>
Historical cost	1,210,408	10,667	1,221,074
Provisions for depreciation	(595,790)	(2,118)	(597,909)
<b>Net value at 31.12.2021</b>	<b>614,617</b>	<b>8,548</b>	<b>623,166</b>



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	9,438	137,020	1,000,852	4,456	11,505	2,953	13,876	1,180,100
Provisions for depreciation	(29)	(48,024)	(487,183)	(3,414)	(8,218)	(819)	-	(547,688)
<b>Net value at 31.12.2020</b>	<b>9,409</b>	<b>88,996</b>	<b>513,669</b>	<b>1,042</b>	<b>3,287</b>	<b>2,134</b>	<b>13,876</b>	<b>632,413</b>
Increases	8	145	10,552	34	9	21	22,610	33,379
Amortisation/depreciation	-	(4,756)	(43,470)	(215)	(1,165)	(157)	-	(49,763)
Reclassifications	17	1,198	14,635	197	607	74	(16,701)	25
Disposals	(1)	(204)	(348)	(4)	(4)	(1)	(476)	(1,038)
Other changes	-	-	(401)	-	-	-	-	(401)
<b>Total net changes in 2021</b>	<b>24</b>	<b>(3,617)</b>	<b>(19,031)</b>	<b>11</b>	<b>(553)</b>	<b>(63)</b>	<b>5,432</b>	<b>(17,797)</b>
Historical cost	9,462	138,107	1,023,759	4,633	12,090	3,048	19,309	1,210,408
Provisions for depreciation	(29)	(52,728)	(529,121)	(3,580)	(9,355)	(976)	-	(595,790)
<b>Net value at 31.12.2021</b>	<b>9,433</b>	<b>85,378</b>	<b>494,638</b>	<b>1,053</b>	<b>2,734</b>	<b>2,071</b>	<b>19,309</b>	<b>614,617</b>

## 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 Lamacrovotta 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 2021, there was a net decrease in tangible assets mainly due to the combined effect of the ordinary depreciation process (Euro 49,763 thousand), investments during the year (Euro 33,379 thousand), and divestments (Euro 1,038 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.

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
Hone 1 plant - plant modernisation (main object: Revis generator Revis turbine overhaul and purchase hub+blades transformer)	1,440	3,916	(540)	-	4,815
Place Moulin plant - extraordinary maintenance (main object: redoing of protective barriers)	133	1,625	(1,758)	-	-
Signayes plant - extraordinary maintenance (main object: redoing of plant unit 2)	733	1,613	(2,007)	-	339
Hone 2 plant - extraordinary maintenance (main object: shunt channel)	1,061	1,251	(959)	-	1,353
Chavonne plant - extraordinary maintenance	1,215	1,201	(874)	-	1,542
Monjovet plant - extraordinary maintenance (main object: rebuilding of turbine and alternator unit)	48	692	-	-	740
Aymaville plant - extraordinary maintenance (main object: revision turbine and generators)	57	664	(491)	-	230
Avisse plant - extraordinary maintenance (main object: new impellers)	559	621	(942)	-	237
Hone 1 plant - extraordinary maintenance shunt channel	-	451	(451)	-	-
Lillaz plant - redoing intake Les Goilles	543	448	(991)	-	-
IT services - hardware software implementation (main object: Technological refresh of server rooms)	-	411	(411)	-	-
Headquarters building - Chatillon - extraordinary maintenance - main activity Revamping air conditioning system	174	364	(85)	-	454
Other hydroelectric plants - Fire-fighting transformers	63	363	(417)	-	9
Trigeneration plant	-	345	-	-	345
Valpelline plant - extraordinary maintenance shunt channel	-	237	(237)	-	-
Verres plant - extraordinary maintenance (main object: purchase and replacement impellers)	68	229	-	-	297
Chatillon plant - extraordinary maintenance (main object: new impellers)	127	228	(6)	-	349
Quart plant - extraordinary maintenance (main object: redoing of plant)	457	202	(78)	-	581
Saint Clair plant - extraordinary maintenance (main object: automation)	265	199	(307)	-	157
Instrumental building - Aosta (via Clavalité) - extraordinary maintenance	3	133	(30)	-	106
Gabiet Dam - main object: seismic retrofitting guard house and valve room	599	95	(692)	-	1
Pont Saint Martin plant - extraordinary maintenance (main object: new impellers)	176	94	-	-	270
Covalou plant - plant refurbishment (main object: GRI Impeller purchase - pipeline)	478	87	(547)	-	18
Champagne 1 plant - extraordinary maintenance (main object: pipeline, spillway, intake works)	212	76	(284)	-	4
Beauregard dam - works on dam (main object: Automation and Control)	276	65	(247)	-	94
Perreres plant - extraordinary maintenance (main object: pipeline)	144	55	(134)	-	64
Other hydroelectric power plants - extraordinary incremental maintenance	536	2,752	(2,033)	-	1,255
Plants Other RES	836	2,121	(77)	-	2,879
High voltage network	-	3,543	(3,543)	-	-
Medium voltage network	246	3,168	(2,864)	-	550
Low voltage network	316	3,701	(3,502)	-	515
Other distribution systems	788	1,846	(2,405)	-	229
Advances on investments	1,429	557	-	(1,215)	771
Other investments	897	1,242	(1,034)	-	1,105

## 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	36,508	733	37,241
Provisions for amortisation	(24,622)	(93)	(24,716)
<b>Net value at 31.12.2020</b>	<b>11,886</b>	<b>640</b>	<b>12,526</b>
Increases	2,154	26	2,180
Decreases due to contract termination	-	(3)	(3)
Amortisation/depreciation	(2,034)	(47)	(2,081)
Change Accumulated amortisation for concluded contracts	-	8	8
Change Right of use for concluded contracts	-	(8)	(8)
Reclassifications	(25)	-	(25)
Disposals	-	-	-
Other changes	-	(10)	(10)
<b>Total net changes in 2021</b>	<b>95</b>	<b>(33)</b>	<b>61</b>
Historical cost	38,637	739	39,376
Provisions for amortisation	(26,657)	(132)	(26,789)
<b>Net value at 31.12.2021</b>	<b>11,981</b>	<b>607</b>	<b>12,587</b>

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	22,984	2,166	966	10,392	36,508
Provisions for amortisation	(19,834)	(836)	-	(3,953)	(24,622)
<b>Net value at 31.12.2020</b>	<b>3,150</b>	<b>1,330</b>	<b>966</b>	<b>6,439</b>	<b>11,886</b>
Increases	418	132	1,604	-	2,154
Amortisation/depreciation	(1,334)	(173)	-	(527)	(2,034)
Reclassifications	1,185	-	(1,246)	36	(25)
Disposals	-	-	-	-	-
Other changes	-	-	-	-	-
<b>Total net changes in 2021</b>	<b>270</b>	<b>(41)</b>	<b>358</b>	<b>(491)</b>	<b>95</b>
Historical cost	24,587	2,298	1,324	10,428	38,637
Provisions for amortisation	(21,167)	(1,009)	-	(4,480)	(26,657)
<b>Net value at 31.12.2021</b>	<b>3,420</b>	<b>1,289</b>	<b>1,324</b>	<b>5,948</b>	<b>11,981</b>

### 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 2021 is essentially due to the combined effect of the ordinary amortisation process (Euro 2,034 thousand) and investments for the year (Euro 2,154 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 830 thousand) and for the acquisition of patent rights and licenses (increases totalling Euro 497 thousand), all referring to DEVAL. Added to these are the capitalisation of charges related to technological and functional SAP Upgrade activities by CVA (in the amount of Euro 602 thousand) and the acquisition of surface rights and easements related to the construction of future photovoltaic plants (Euro 173 thousand in CVA EOS).

## 13. Rights of use of tangible and intangible assets and related financial liabilities

At 31 December 2021, rights of use on tangible and intangible assets amounted to Euro 9,155 thousand (Euro 9,601 thousand at 31 December 2020).

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	
<b>Net value at 31.12.2019</b>	<b>683</b>	<b>8,185</b>	<b>34</b>	<b>590</b>	<b>9,492</b>
Increases for new contracts	-	124	-	645	769
Decreases due to contract termination	-	-	-	(262)	(262)
Amortisation/depreciation	(47)	(485)	(20)	(302)	(854)
Change in provision for amortisation/depreciation	-	2	-	236	238
Reclassifications	-	-	-	-	-
Other changes	4	205	-	9	219
<b>Total net changes in 2020</b>	<b>(43)</b>	<b>(154)</b>	<b>(20)</b>	<b>326</b>	<b>110</b>
Closing value of right of use	733	8,983	54	1,361	11,131
Provisions for amortisation	(93)	(952)	(39)	(445)	(1,529)
<b>Net value at 31.12.2020</b>	<b>640</b>	<b>8,031</b>	<b>14</b>	<b>916</b>	<b>9,601</b>
Increases for new contracts	26	174	93	336	630
Decreases due to contract termination	(3)	-	-	(234)	(237)
Amortisation/depreciation	(47)	(493)	(21)	(305)	(865)
Change Accumulated amortisation for concluded contracts	8	31	-	105	144
Change Right of use for concluded contracts	(8)	(31)	-	(105)	(144)
Reclassifications	-	-	-	-	-
Other changes	(10)	18	-	17	25
<b>Total net changes in 2021</b>	<b>(33)</b>	<b>(301)</b>	<b>73</b>	<b>(186)</b>	<b>(447)</b>
Closing value of right of use	739	9,144	147	1,376	11,405
Provisions for amortisation	(132)	(1,413)	(60)	(645)	(2,250)
<b>Net value at 31.12.2021</b>	<b>607</b>	<b>7,731</b>	<b>87</b>	<b>731</b>	<b>9,155</b>
<b>Financial liabilities</b>					
Closing financial liability 2019	680	7,808	30	580	9,097
Increases for new contracts	-	-	-	697	697
Decreases due to contract termination	-	-	-	(57)	(57)
Changes in fees	4	206	-	(15)	195
Instalments paid	(56)	(541)	(20)	(311)	(929)
of which:					
principal share	(40)	(350)	(20)	(294)	(704)
interest	(16)	(191)	(1)	(17)	(225)
Liabilities instalments	636	7,539	10	911	9,096
accrued interest	8	120	-	-	128
<b>Closing financial liability 2020</b>	<b>643</b>	<b>7,659</b>	<b>10</b>	<b>911</b>	<b>9,224</b>
Increases for new contracts	26	29	93	336	484
Decreases due to contract termination	(2)	(2)	-	(234)	(238)
Changes in fees	(10)	20	-	17	28
Instalments paid	(57)	(602)	(17)	(316)	(992)

	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	
of which:					
principal share	(42)	(419)	(16)	(297)	(775)
interest	(15)	(182)	-	(20)	(217)
Liabilities instalments	609	7,167	87	731	8,594
accrued interest	8	114	-	-	122
<b>Closing financial liability 2021</b>	<b>616</b>	<b>7,281</b>	<b>87</b>	<b>731</b>	<b>8,716</b>
Residual instalments					
CURRENT	58	632	24	288	1,001
NON CURRENT	684	9,053	65	474	10,276
accrued interest					
	(15)	(177)	-	(20)	(212)
Non lease component					
	-	-	-	(3)	(3)
<b>Total costs on the income statement 2021</b>	<b>(62)</b>	<b>(670)</b>	<b>(21)</b>	<b>(328)</b>	<b>(1,080)</b>

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	1,001	3,383	6,893
Financial liabilities	691	2,107	5,796

## 14. Goodwill

At 31 December 2021, goodwill amounted to Euro 228,976 thousand (Euro 238,026 thousand at 31 December 2020).

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	Year 2021	Year 2020
Hydroelectric	173,544	173,544
Other RES	44,125	44,125
Distribution	11,307	20,357
Total goodwill	228,976	238,026

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 as at 31/12/2021 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	Year 2021	Year 2020
Hydroelectric	4.36%	4.46%
Other RES	4.36%	4.46%
Distribution	3.98%	3.47%

## Hydroelectric CGU

The value of goodwill, equal to Euro 173,544 thousand at 31 December 2021, 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 2021, 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 S.r.l. a s.u.). There were no changes in goodwill attributable to this CGU compared to the previous year.

## Distribution CGU

At 31 December 2021, the goodwill attributable to this CGU amounted to Euro 11,307 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 9,050 thousand was recorded as a result of its impairment determined through the impairment test. The recoverable value of the CGU was impacted mainly by ARERA Resolution 614/2021/R/com (TIWACC), which established a regulatory WACC for the year 2022 that was lower than estimates in past years, thus leading to a contraction in the expected remuneration for distribution activities extended over the entire span of the plan. Second, the recoverable value was also negatively affected by the increase in the WACC rate with which the expected cash flows are discounted compared to the test performed at 31/12/2020.

With reference to goodwill, it should be noted that this was the subject of an exclusively tax-related transaction during the year. Pursuant to article 110 of Decree Law 104/2020 (so-called "August Decree"), converted into Law 126/2020, it was possible to zero out the mismatch between the book value and tax value of goodwill at 31.12.2019. Realignment involves the payment of a substitute IRES and IRAP tax equal to 3% of the realigned value itself. The transaction resulted in the realignment of a total value of Euro 192,424 thousand to which corresponds a substitute tax of Euro 5,775 thousand to be paid in three equal annual instalments, the first of which was paid in August 2021. This tax is fully shown in current taxes for the year and for the portion still to be paid in taxes payable.

The realigned value will be depreciable for tax purposes in fiftieths from tax year 2021. The total non-discounted benefit, calculated on the basis of current tax rates, is a total of Euro 53,747 thousand.

As a result of the realignment, IRES and IRAP deferred tax liabilities allocated in previous years totalling Euro 47,561 were released to the income statement against the solely tax-related amortisation of goodwill.

## 15. Equity investments

At 31 December 2021, equity investments amounted to Euro 2,362 thousand (Euro 2,048 thousand at 31 December 2020). 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 2,200 and represents 10.98% of the shareholders' equity. Ownership dropped from 15.31% following the failure to subscribe to a capital increase offered in pre-emption to shareholders. At 31 December 2021, TELCHA showed a profit of Euro 2,759 thousand; shareholders' equity, at the same date, amounted to Euro 20,037 thousand. During the financial year, the shareholding, measured using the equity method, was revalued by Euro 320 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 2021 consisting solely 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 investment amounts to Euro 154 thousand and represents 13.70% of the shareholders' equity. At 31 August 2021 (end of the corporate year), LE BRASIER showed a loss of Euro 43 thousand; shareholders' equity, at the same date, amounted to Euro 1,127 thousand. During the year, the equity investment was written down by Euro 6 thousand. In the absence of better indicators, equity is considered the best estimate of fair value;
- 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	Year 2021	Year 2020
<b>Deferred tax assets for:</b>		
Differences in value on tangible and intangible assets	15,207	11,802
Write-down of trade and other receivables	1,288	1,342
Charges, bonuses and other employee benefits	1,054	1,037
Provisions for risks and charges	5,884	3,582
Non-deductible interest	-	-
Application of IFRS 15	4,613	4,875
Valuation of financial instruments	38,505	3,520
Other items	333	206
<b>Total deferred tax assets</b>	<b>66,883</b>	<b>26,364</b>
<b>Deferred tax liabilities for:</b>		
Differences in value on tangible and intangible assets	(7,045)	(54,096)
Charges, bonuses and other employee benefits	(129)	(113)
Default interest not collected	-	-
Valuation of financial instruments	(407)	(1,676)
Other items	(82)	(105)
<b>Total deferred tax liabilities</b>	<b>(7,663)</b>	<b>(55,990)</b>
<b>Total net deferred tax assets/(liabilities)</b>	<b>59,220</b>	<b>(29,626)</b>
Net change	88,846	(6,665)
of which:		
Ø Adjustments in statement	-	-
Ø Change in scope of consolidation	-	-
Ø In Income Statement	52,536	(5,734)
Ø In Shareholders' Equity	36,310	(931)

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 66,883 thousand at 31 December 2021 (Euro 26,364 thousand at 31 December 2020). The increase in the value of deferred tax assets recognised during 2021 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 7,663 thousand at 31 December 2021 (Euro 55,990 thousand at 31 December 2020). The decrease, as explained in Note 14 commenting on the value of goodwill, is a result of the release of deferred liabilities allocated in previous years against the tax-only amortisation of goodwill (Euro 48,286) following the realignment of the statutory fiscal value of such goodwill in accordance with article 110 of Decree Law 104/2020, converted with amendments by Law 126/2020. There was then a decrease related to a reduction in accrued income on hedging derivatives accounted for in Hedge Accounting.

The Region granted an ordinary concessional rate of 3.1% for the three-year period 2019-2020-2021 (concession valid for all the companies of the Group, excluding DEVAL subject, instead, to a rate of 4.2%). Since the facility ended with 2021, deferred taxation was calculated at the ordinary tax rate of 3.90%.

## 17. Non-current financial assets

At 31 December 2021, non-current financial assets amounted to Euro 93,731 thousand (Euro 134,294 thousand at 31 December 2020).

The item is detailed in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>93,731</b>	<b>134,294</b>
Insurance policies	86,784	85,420
Loan to associate	6,947	7,558
Portfolio of securities	-	41,316

Capitalisation insurance policies, which amounted to Euro 86,784 at 31 December 2021 (Euro 85,420 thousand at 31 December 2020), 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 6,947 thousand at 31 December 2021 (Euro 7,558 thousand at 31 December 2020).

The securities portfolio was liquidated early during the year to meet the Group's cash needs related to the turbulence in the energy futures markets.

For further details, the following table summarises the composition and size of the policies portfolio:

Amounts in Euro thousands	INSURED CAPITAL	CAPITAL REVALUED AT 31.12.2021	EXPIRY
<b>INSURANCE POLICIES</b>	<b>83,612</b>	<b>86,784</b>	
Cardif Vita S.p.A.	4,500	4,664	09/01/2025
Credem Vita S.p.A.	14,613	14,858	20/12/2023
HDI Assicurazioni S.p.A.	2,991	3,056	n.a.
Alleanza Assicurazioni S.p.A.	2,500	2,559	31/10/2029
Alleanza Assicurazioni S.p.A.	2,500	2,595	n.a.
Alleanza Assicurazioni S.p.A.	2,500	2,559	20/11/2029
Alleanza Assicurazioni S.p.A.	2,500	2,595	n.a.
AXA Assicurazioni S.p.A.	3,980	4,097	n.a.
AXA Assicurazioni S.p.A.	495	505	14/01/2029
AXA Assicurazioni S.p.A.	495	505	14/01/2029
AXA Assicurazioni S.p.A.	495	505	14/01/2029
AXA Assicurazioni S.p.A.	495	505	14/01/2029
Aviva S.p.A.	1,231	1,295	n.a.
Aviva S.p.A.	5,307	5,584	n.a.
Aviva S.p.A.	5,307	5,584	n.a.
Aviva S.p.A.	5,307	5,584	n.a.
UnipolSai Assicurazioni S.p.A.	7,948	8,435	30/11/2028
UnipolSai Assicurazioni S.p.A.	7,948	8,371	23/05/2029
Eurovita S.p.A.	10,000	10,419	n.a.
Generali Italia S.p.A.	2,500	2,511	29/12/2025

## 18. Other non-current assets

This item, which amounted to Euro 4,510 thousand at 31 December 2021 (Euro 4,604 thousand at 31 December 2020), 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	Year 2021	Year 2020
<b>OTHER NON-CURRENT ASSETS</b>	<b>4,510</b>	<b>4,604</b>
Security deposits	3,130	3,188
Receivables from employees	1,369	1,405
Other assets	11	11

## 19. Inventories

At 31 December 2021, inventories amounted to Euro 3,262 thousand (Euro 3,399 thousand at 31 December 2020). Inventories, mainly attributable to DEVAL (Euro 1,876 thousand at 31 December 2021) 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 plant fleet. Any obsolete materials are constantly written down during the year.

## 20. Current and non-current trade receivables

At 31 December 2021, current and non-current trade receivables amounted to Euro 96,004 thousand (Euro 68,692 thousand at 31 December 2020).

The detail is shown in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>CURRENT TRADE RECEIVABLES</b>	<b>87,384</b>	<b>67,384</b>
Receivables from customers	96,086	77,246
Receivables from suppliers	471	77
Bad debts provision	(9,173)	(9,939)
<b>NON-CURRENT TRADE RECEIVABLES</b>	<b>8,619</b>	<b>1,308</b>
Receivables from customers	8,619	1,308
<b>TOTAL TRADE RECEIVABLES</b>	<b>96,004</b>	<b>68,692</b>

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 9,368 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 latter transaction took place in early 2022, which is why at the end of 2021, the receivables were still recorded in receivables from customers. 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 dictates of IFRS 15, the related revenues were 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 of Euro 8,027 thousand corresponds to the share of these receivables that, for the reasons mentioned above, will be collected beyond 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 of the transaction (see Note 1) by also going to make a parallel adjustment of receivables to represent them at their amortised cost.

Non-current customer receivables also continue to include the portion of supplied energy receivables due beyond 12 months due to instalment payments granted to some customers as a result of the COVID-19 emergency. In fact, in 2020, following the pandemic situation, the Group, through CVA ENERGIE, chose to grant payment extensions to certain types of customers through the granting of an instalment payment over the next three years (2021-2023). In accordance with the IAS-IFRS accounting standards, these receivables have been discounted and recorded under non-current trade receivables at a value equal to their amortised cost.

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 provision for doubtful debt of Euro 9,173 thousand (Euro 9,939 thousand at 31 December 2020) determined using a model based on ECLs consistent with the relevant provisions of IFRS 9. Following this analysis, the bad debt provision was decreased, in order to adjust it to the probable risk of loss, by means of a release of Euro 348 thousand (a provision of Euro 791 thousand had been made in 2020).

## 21. Receivables for income taxes

The breakdown of receivables for income taxes is shown in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>RECEIVABLES FOR INCOME TAXES</b>	<b>4,850</b>	<b>7,285</b>
IRES	4,850	6,820
IRAP	-	465

This item includes only the tax credit from the tax authorities for IRES amounting to Euro 4,850 thousand at 31 December 2021 (Euro 6,820 thousand at 31 December 2020). 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). At 31 December 2020, there was also a tax credit to the tax authorities for IRAP amounting to Euro 465 thousand. There were no receivables for IRAP at the end of the current year.

## 22. Other tax receivables

The breakdown of other tax receivables is shown in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>OTHER TAX RECEIVABLES</b>	<b>13,350</b>	<b>19,904</b>
Receivables from Tax Authorities for VAT	10	1,288
Receivables from Tax Authorities for excise	12,980	18,365
Other tax receivables	361	251

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 11,984 thousand, and net receivables relating to tax and additional taxes requested for excise duty reimbursement, for Euro 597 thousand. These credits are

determined based on the processing produced for the returns to be filed with reference to FY 2021.

As was the case in the last year, there was a decline in consumption in 2021 compared to the previous year. In fact, the excise duties paid during 2021 amounts to Euro 18,271 thousand compared to Euro 24,660 at the end of 2020. 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. For the advance instalments due in the year 2021, Euro 13,186 thousand were paid, while Euro 11,303 thousand were used as offsetting credits.

The item "receivables from Tax Authorities for VAT" for Euro 10 thousand at 31 December 2021 (Euro 1,288 thousand at 31 December 2020) 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	Year 2021	Year 2020
<b>DERIVATIVE ASSETS</b>	<b>100,894</b>	<b>5,707</b>
Non-current derivative assets	4,659	3,227
Current derivative assets	96,235	2,480

Amounts in Euro thousands	Year 2021	Year 2020
<b>DERIVATIVE LIABILITIES</b>	<b>168,290</b>	<b>21,584</b>
Non-current derivative liabilities	49,736	1,464
Current derivative liabilities	118,554	20,120

It is noted that, at 31 December 2021 and 31 December 2020, 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 2021	At 31 December 2020
	Fair value assets	Fair value assets
<b>Cash flow hedge derivatives</b>		
<b>Energy derivatives</b>		
Swaps/Forwards	-	-
Futures	14,575	3,742
Options	-	-
<b>Interest derivatives</b>		
Interest rate swaps	4,281	-
Asset Linked Inflation Swap	-	-
<b>Total cash flow hedge derivatives</b>	<b>18,856</b>	<b>3,742</b>
<b>Hedging derivatives not in Hedge Accounts</b>		
<b>Energy derivatives</b>		
Swaps/Forwards	49,309	-
Futures	-	-
Options	-	-
<b>Interest derivatives</b>		
Interest rate swaps	-	-
Asset Linked Inflation Swap	-	-
<b>Total hedging derivatives not in Hedge Accounts</b>	<b>49,309</b>	<b>-</b>
<b>Trading derivatives</b>		
<b>Energy derivatives</b>		
Swaps/Forwards	1,232	212
Futures	31,497	1,754
Options	-	-
<b>Interest derivatives</b>		
Interest rate swaps	-	-
Asset Linked Inflation Swap	-	-
<b>Total trading derivatives</b>	<b>32,729</b>	<b>1,966</b>
<b>TOTAL DERIVATIVE ASSETS</b>	<b>100,894</b>	<b>5,708</b>

## Derivative liabilities

Amounts in Euro thousands	At 31 December 2021	At 31 December 2020
	Fair value Liabilities	Fair value Liabilities
<b>Cash flow hedge derivatives</b>		
<b>Energy derivatives</b>		
Swaps/Forwards	-	-
Futures	95,111	2,736
Options	-	-
<b>Interest derivatives</b>		
Interest rate swaps	3,945	14,035
Asset Linked Inflation Swap	-	1,444
<b>Total cash flow hedge derivatives</b>	<b>99,056</b>	<b>16,771</b>
<b>Hedging derivatives not in Hedge Accounts</b>		
<b>Energy derivatives</b>		
Swaps/Forwards	-	-
Futures	33,702	-
Options	-	-
<b>Interest derivatives</b>		
Interest rate swaps	734	1,608
Asset Linked Inflation Swap	-	-
<b>Total hedging derivatives not in Hedge Accounts</b>	<b>34,436</b>	<b>1,608</b>
<b>Trading derivatives</b>		
<b>Energy derivatives</b>		
Swaps/Forwards	6,117	420
Futures	28,681	1,341
Options	-	-
<b>Interest derivatives</b>		
Interest rate swaps	-	-
Asset Linked Inflation Swap	-	-
<b>Total trading derivatives</b>	<b>34,798</b>	<b>1,761</b>
<b>TOTAL DERIVATIVE LIABILITIES</b>	<b>168,290</b>	<b>20,140</b>



## 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 2021, gross of the tax effect:

	Book value
<b>Opening balances at 1.1.2020</b>	<b>(11,215)</b>
Changes in fair value with impact in equity	(8,504)
Effects to Income Statement	11,622
<b>Closing balances at 31.12.2020</b>	<b>(8,097)</b>
Changes in fair value with impact in equity	(137,115)
Effects to Income Statement	8,937
<b>Closing balances at 31.12.2021</b>	<b>(136,275)</b>

With reference to commodity transactions, the effectiveness of hedging derivatives recognised at 31 December 2021 in the cash flow hedge reserve and the cost of hedging reserve (negative for Euro 137,839 thousand, gross of the tax effect) is partly related to derivatives settled early in the course of the year (negative for Euro 57,301 thousand) and partly to the derivatives existing at the reporting date (negative for Euro 80,538 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 2022 (negative for Euro 93,349 thousand) and partly in 2023 (negative for Euro 44,284 thousand) and the difference in 2024 (negative for Euro 206 thousand).

The considerable value of the changes in the year is related to the market price trend in the second half of the year, which saw rapid growth.

Instead, with reference to interest rate hedges, the effectiveness of hedging derivatives recognised at 31 December 2021 in the cash flow hedge reserve (positive for approximately Euro 1,564 thousand, gross of the tax effect) is relative to the fair value of derivative financial instruments, net of interest rate differentials accrued at the reporting date; this amount suspended in the accounts in equity refers to future interest flows that will be recognised (with the consequent release of the economic effects suspended in equity) partly in FY 2022 (net collections estimated as approximately Euro 2,914 thousand) and partly in subsequent financial years (net payments estimated as Euro 2,355 thousand).

## Sensitivity analysis of commodity price risk and interest and inflation rate

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  $\pm 50$  bps (basis points).

## Sensitivity analysis of commodity price risk and interest rate at 31 December 2021.

Description	Change in the rate	Euro thousands At 31 December 2021			
		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	$\pm 50$ bps	40	(171)	2,248	(1,955)
Changes in fair value of rate derivatives not designated in hedge accounting	$\pm 50$ bps	346	(355)	-	-

Description	Commodity prices	Euro thousands At 31 December 2021			
		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	$\pm 10\%$	-	-	25,863	(25,863)
Changes in fair value of Commodity derivatives not designated in Hedge Accounting	$\pm 10\%$	-	-	-	-
Changes in fair value of trading Commodity derivatives	$\pm 10\%$	5,634	(4,660)	-	-

## Sensitivity analysis of inflation rate risk at 31 December 2021

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 2021.

## 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	Year 2021	Year 2020
<b>OTHER CURRENT FINANCIAL ASSETS</b>	<b>675</b>	<b>730</b>
Loans to associates	675	660
Other financial assets	-	70

Financial receivables from associated companies amounted to Euro 675 thousand (Euro 660 thousand at 31 December 2020) and refer to the short-term portion relating to the loan receivable granted to TELCHA.

"Other financial assets", not present at 31 December 2021, amounted to Euro 70 thousand at 31 December 2020 and included interest income from various banks.

## 25. Other current assets

At 31 December 2021, the item "Other current assets" amounted to Euro 173,530 thousand (Euro 19,581 thousand at 31 December 2020) and is detailed in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>OTHER CURRENT ASSETS</b>	<b>173,530</b>	<b>19,581</b>
Security deposits	151,380	1,370
Deferred assets	8,858	7,684
Receivables from the G.S.E. for incentives	4,954	4,342
Receivables from C.S.E.A.	2,433	3,974
Other current assets	5,905	2,210

### Security deposits

The item security deposits mainly includes the nominal value of the security deposits receivable of CVA ENERGIE equal to Euro 151,348,051 thousand at 31 December 2021 (Euro 1,360 thousand at 31 December 2020), which include:

- receivables amounting to Euro 2,525 thousand at 31 December 2021 (Euro 712 thousand at 31 December 2020) 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 148,823 thousand at 31 December 2021 (Euro 648 thousand at 31 December 2020) for guarantee deposits with Banca BNP, which was selected from a list of qualified operators as Clearing Bank to operate on EEX (European Energy Exchange), the main European financial organised market, as well as on EPEX Spot (European Power Exchange), which underlies physical energy exchanges on the market. The sharp increase recorded can be attributed to the sharp rise in energy prices in the last quarter, which led to a growth in escrow deposits for financial derivative transactions.

### Deferred assets

This item mainly consists of deferred assets relating to water derivation supra-fees (Euro 5,158 thousand at 31 December 2021, Euro 5,347 thousand at 31 December 2020) 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 4,954 thousand at 31 December 2021 (Euro 4,342 thousand at 31 December 2020).

### Receivables from C.S.E.A.

The main components of this item are:

- the receivable pertaining to DEVAL, relating to the equalisation mechanisms applied to electricity distributors. The balance at 31 December 2021 (Euro 1,054 thousand) mainly consists of receivables for equalisation for 2021;
- the distribution service continuity premium receivable, which includes the estimated service continuity premium related to the years 2020 and 2021 (totalling Euro 1,155 thousand at 31 December 2021);
- energy efficiency bond receivables, which refer to the value of bonds acquired during the year 2021 net of collections (Euro 222 thousand at 31 December 2021);

### Other current assets

The residual items included in other current assets amounted to Euro 5,905 thousand at 31 December 2021 (Euro 2,210 thousand at 31 December 2020) 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 1,879 thousand and have been written down by Euro 188 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 2,437 thousand at 31 December 2021 (Euro 366 thousand at 31 December 2020), 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 1,361 thousand at 31 December 2021, effectively unchanged compared to the previous year (Euro 1,408 thousand at 31 December 2020).

## 26. 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 226,831 thousand at 31 December 2021 (Euro 195,103 thousand at 31 December 2020); all balances are recorded at nominal value and also include interest accrued, but not yet credited at year-end.

They are not burdened by constraints of any kind that limit their availability.

Amounts in Euro thousands	Year 2021	Year 2020
<b>CASH AND CASH EQUIVALENTS</b>	<b>226,831</b>	<b>195,103</b>
Cash and cash equivalents	21	36
Bank accounts	176,761	195,067
Short-term deposits	50,049	-

## 27. Shareholders' equity

The breakdown of shareholders' equity is as follows:

Amounts in Euro thousands	Year 2021	Year 2020
<b>SHAREHOLDERS' EQUITY</b>	<b>824,197</b>	<b>817,344</b>
Share capital	395,000	395,000
Reserves and profits (losses) carried forward	286,262	354,716
Net result of the year	133,441	59,977
Minorities Shareholders' Equity	9,495	7,650

### 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 2021 and 2020 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	Year 2021	Year 2020
<b>RESERVES AND PROFITS (LOSSES) CARRIED FORWARD</b>	<b>286,262</b>	<b>354,716</b>
Legal reserve	55,000	52,562
Cash flow hedge reserve	(91,201)	(6,342)
Cost of Hedging reserve	(6,993)	-
IAS 19 reserves - Employee Benefits	(1,760)	(1,679)
Realignment reserve pursuant to article 110 DL 104/2020	186,649	-
Other reserves and profits (losses) carried forward	144,566	310,175

### Legal reserve

The legal reserve amounted to Euro 55,000 thousand at 31 December 2021 (Euro 52,562 thousand at 31 December 2020). The increase recorded is equal to the allocation of one-twentieth of the 2020 profit of CVA, as required by Article 2430 of the Civil Code.

### Cash flow hedge reserve (OCI)

This reserve, which is negative for Euro 91,201 thousand (Euro 6,342 thousand at 31 December 2020) 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 2021, it has a negative value of Euro 6,993 thousand (reserve absent at 31 December 2020). The reserve is expressed net of the tax effect.

Its movement was also reported in other comprehensive income components reclassifiable to profit or loss in subsequent years.

### Actuarial reserve IAS 19 (OCI)

The item includes actuarial losses relating to defined benefit plans for employees, negative for Euro 1,760 thousand (Euro 1,679 thousand at 31 December 2020). The reserve is determined net of the related tax effects and is reported in other comprehensive income as a component not reclassifiable to profit or loss in subsequent periods.

### 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 special reserve was set up, amounting to Euro 186,649 thousand, 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 SPA, CVA EOS and DEVAL.

### Other reserves

The item mainly includes:

- accumulated retained earnings of Euro 52,280 thousand (Euro 63,810 as at 31 December 2020). This consists of the Group's undistributed profits and consolidation differences allocated to equity. Their change is justified on the one hand by the carry-forward of 2020 profits, and on the other hand by the reclassification of Euro 22,952 for the establishment of the Reserve for realignment of the tax value of goodwill pursuant to article 110 DL 104/2020;
- the extraordinary reserve amounts to Euro 81,912 thousand (Euro 235,867 thousand at 31 December 2020) 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 SPA), 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 74 thousand (Euro 198 thousand at 31 December 2020);
- 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 133,441 thousand in 2021 (Euro 59,977 thousand at 31 December 2020). 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.

	2021	2020
<b>Net result of the period (Euro thousands)</b>	<b>133,441</b>	<b>59,977</b>
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)	0.34	0.15
Diluted earnings per share (Euro)	0.34	0.15

## 28. Employee benefits

Employee benefits amounted to Euro 6,754 thousand at 31 December 2021 (Euro 6,869 thousand at 31 December 2020).

Amounts in Euro thousands	Employee severance indemnity (TFR)	Early retirement (isopensione)	Loyalty bonus	Energy discount	Employee bonuses	Other employee benefits	Total
<b>Current value of the obligation at 31/12/2019</b>	<b>3,685</b>	<b>264</b>	<b>1,499</b>	<b>1,688</b>	<b>438</b>	<b>603</b>	<b>8,177</b>
Current cost	7	1	62	2	451	93	616
Financial expenses	27	-	11	8	-	5	51
Increases/(decreases) for acquisitions and transfers	(20)	-	(2)	(19)	-	-	(41)
Benefits provided	(222)	(268)	(37)	(1,037)	(427)	(71)	(2,062)
Revaluations (*)	(44)	3	(65)	163	-	81	138
Other changes	-	-	-	-	(11)	-	(11)
<b>Current value of the obligation at 31/12/2020</b>	<b>3,433</b>	<b>-</b>	<b>1,468</b>	<b>806</b>	<b>451</b>	<b>711</b>	<b>6,869</b>
Current cost	7	-	81	2	510	(78)	522
Financial expenses	16	-	7	4	-	2	30
Increases/(decreases) for acquisitions and transfers	(80)	-	(9)	-	-	-	(89)
Benefits provided	(140)	-	(75)	(31)	(451)	(78)	(775)
Revaluations (*)	215	-	93	(71)	-	(39)	198
Other changes	-	-	-	-	-	-	-
<b>Current value of the obligation at 31/12/2021</b>	<b>3,452</b>	<b>-</b>	<b>1,566</b>	<b>709</b>	<b>510</b>	<b>517</b>	<b>6,754</b>
of which							
current portion	314	-	86	37	510	85	1,032
non-current portion	3,138	-	1,480	672	-	432	5,722

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 3,452 thousand at 31 December 2021 (Euro 3,433 thousand at 31 December 2020);
- 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 1,566 thousand at 31 December 2021 (Euro 1,468 at 31 December 2020);
- 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 requested the payment of an annual lump sum of Euro 360 fixed until the age of sixty-five. The liability accrued amounted to Euro 709 thousand (Euro 806 thousand at 31 December 2020);
- 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 510 thousand;
- other employee benefits totalled Euro 517 thousand at 31 December 2021 (Euro 711 thousand at 31 December 2020) 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:

Euro thousands	2021	2020
Discount rate	1.00%	0.50%
Annual inflation rate	1.75%	0.50%
Annual salary increase rate	2.60%	1.50%
Annual TFR advance frequencies	3.00%	3.00%

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)	170	9	(163)	8
Early retirement (isopensione)	-	-	-	-
Loyalty bonus	131	97	(99)	82
Other employee benefits	55	17	(56)	10

## 29. Provisions for risks and charges

At 31 December 2021, provisions for risks and charges amounted to Euro 34,652 thousand (Euro 29,061 thousand at 31 December 2020).

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 dispute	Provision for additional excise dispute	Other provisions	Book value
<b>Value at 31.12.2019</b>	<b>6,244</b>	<b>6,751</b>	<b>4,745</b>	<b>10,237</b>	<b>68</b>	<b>28,044</b>
(Uses)	(1,144)	(405)	(176)	-	(31)	(1,756)
(Releases)	(108)	(182)	-	-	-	(290)
Allocations	2,081	695	-	-	26	2,802
Change in scope of consolidation	-	-	-	-	-	-
Other changes	-	260	-	-	-	260
<b>Value at 31.12.2020</b>	<b>7,073</b>	<b>7,120</b>	<b>4,569</b>	<b>10,237</b>	<b>62</b>	<b>29,061</b>
(Uses)	(3,387)	(127)	(1,149)	(18)	(15)	(4,697)
(Releases)	(769)	(17)	-	(188)	-	(975)
Allocations	1	11,662	-	-	1	11,663
Change in scope of consolidation	-	-	-	-	-	-
Other changes	-	(401)	-	-	-	(401)
<b>Value at 31.12.2021</b>	<b>2,917</b>	<b>18,237</b>	<b>3,420</b>	<b>10,031</b>	<b>48</b>	<b>34,652</b>
of which						
current portion	205	-	-	-	16	221
non-current portion	2,712	18,237	3,420	10,031	32	34,431

- **Provision for excise dispute:** the provision amounts to Euro 3,420 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.
- Movements during the year recorded utilisations for Euro 1,149 thousand attributable as follows:
  - Euro 1,101 thousand to cover costs in connection with two third-degree judgments in which the Company lost:
    - Supreme Court of Cassation ruling no. 24169/2 for the provinces of Brescia and Cremona referring to excise taxes on energy consumption for the years 2009/2014 (Euro 869 thousand);
    - judgment of the Emilia-Romagna Regional Administrative Court no. 1261; issued following the resumption ordered by Supreme Court Judgement no. 29170/19, for the province of Bologna referring to excise taxes on energy consumption for the year 2008 (Euro 232 thousand);
  - Euro 48 thousand to 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 18 thousand for legal expenses incurred during the year for litigation activities;
  - Releases:

the provision was reversed for Euro 188 thousand. This reversal is fully balanced by the write-down of receivables recorded in "Other current assets" against refunds made to customers as a surcharge on the state excise tax by virtue of the negative first instance rulings in which CVA ENERGIE lost. These receivables were written down in line with the estimated risk ratio on all litigation. The materialisation of the risk on credit extinguished by a similar value the risk covered by the provision under analysis, which was, therefore, reversed.
- **Provision for disputes:** the provision for disputes amounted to Euro 2,917 thousand (Euro 7,073 thousand in 2020) and refers to outstanding disputes with third parties. The main items that make it up are described below:
  - **ETS Arbitration Litigation:** the provision was established against liabilities that could potentially arise from the ongoing litigation with E.T.S. for the alleged breach of commitments and/or contractual guarantees by the incorporated PONTE ALBANITO S.r.l. At 31 December 2021, it has been fully utilised. The litigation ended with the ruling of the L'Aquila Court of Appeals on 23 June 2021, which ordered CVA to pay a total of Euro 3,641 thousand to ETS.
  - **Booths dispute:** the provision of Euro 757 thousand refers to future charges related to disputes concerning leased buildings used as distribution booths by DEVAL. The provision was used during 2021 for Euro 13 thousand (for regularisation of station lease contracts) and Euro 1 thousand was allocated.
  - **ARERA sanctioning proceeding provision:** the provision referring to the ARERA sanctioning measure for alleged non-diligent imbalances was partly released for Euro 674 thousand. The provision, amounting to Euro 2,078 thousand at the beginning of the year, had been set aside in the

previous year 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. The merit hearing is scheduled for April 2022. In light of the development of the dispute, the directors deemed it necessary to release the provision in the amount of Euro 674 thousand, bringing its amount to a value equal to the penalty imposed by ARERA and subject to appeal.

- **Excise dispute:** the provision amounts to Euro 459 thousand. At the beginning of the year, provisions for excise disputes amounting to Euro 464 thousand were recorded; during the year, the provision was used for Euro 5 thousand to cover a payment for a notice of dispute to the province of Sondrio. 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).
- **RAVDA Administrative Penalties:** the provision at 31 December 2021 has been fully utilised. The opening value of Euro 30 thousand related to the risk of sanction on the exceeding of the average withdrawal flows provided for by the derivation concessions contested by the Region and occurred in 2014 with reference to Lake Cignana was used during the year for Euro 4 thousand against the sanctions imposed and reversed for the difference compared to the amount set aside for a total of Euro 26 thousand.
- **Monteverde plant land dispute:** the provision at 31 December 2021 has been fully utilised. At the beginning of the year, it had a balance of Euro 83 thousand, which during the year was partly utilised (for Euro 14 thousand) and partly reversed (for Euro 69 thousand). This provision included an estimate of costs to be incurred in connection with litigation with the Company over the Monteverde plant by some owners of the land on which the plants are located in order to obtain compensation and/or an increase in the agreed fees. The disputes were closed during the year.
- **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 183. During the year, the provision was released for Euro 143 thousand;
- **Provision for regulatory risks, disputes, customers and traders - distribution activities:** the estimate of the charge relating to ongoing disputes with traders for Euro 100 thousand. The provision was used for the appropriation made in the year 2018 of the charge, estimated at Euro 19 thousand, resulting from the debit notices served on the company by INPS and subsequently the tax bills received in the years 2008 and 2009 related to unpaid maternity and sickness contributions.
- **Litigation for civil cases:** provision of Euro 14 thousand against liabilities that could probably emerge from the civil action brought against CVA by the employee of a subcontractor for obtaining unpaid remuneration. The litigation has already unsuccessfully passed two levels of court, and the appeal to the Supreme Court has been dropped. The outcome of the subcontractor's exaction is pending. As there were no developments in the dispute, the provision did not change during the year.
- **Provisions for charges:** The provision refers to various risks identified by the Group as probable. The main component (amounting to Euro 11,204) was entirely set aside in the current year, following the opening of a new proceeding by ARERA (initiated on 31 May 2021 with Resolution 217/2021/e) aimed at verifying whether, as a result of CVA ENERGIE alleged non-diligent imbalances recorded in 2016, there was an actual infringement of end users' rights; 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 litigation that was positively closed, with

the Council of State ruling filed on 26 October 2020. By virtue of this ruling, all prescriptive measures taken had been annulled. The current risk is that of new prescriptive measures, the maximum amount of which is set by the ARERA resolution in the value of cancelled measures in 2020, or Euro 11,204 thousand.

- The following is a list of other significant contingent liabilities recognised on the balance sheet:
  - **Plant dismantling provision:** the second main component that constitutes the provision, in order of magnitude, is represented by the accumulated liabilities for the dismantling of wind and photovoltaic plants at the end of their useful life, equal to Euro 5,490 at the end of the year (5,861 at 31 December 2020). These liabilities recorded an overall decrease of Euro 371 thousand during the year against their discounting, of which an increase of Euro 29 thousand charged to the income statement in the financial area and a decrease of Euro 400 thousand recorded as a decrease in the value of the plants as resulting from a revision of the discounting rate used.
  - **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 2021. This percentage is a conservative estimate. The provision has a total balance of Euro 653 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 properties C.V.A. S.p.a. along the entire route of Regional Road no. 44 of Valle d'Aosta in the amount of Euro 225 thousand;
    - safety work related to potential risks in the amount of Euro 152 thousand. During the year, uses of Euro 24 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;
    -
  - Fund for bonus **on the maintenance of wind and photovoltaic plants**, equal to Euro 219 thousand. This is an estimate of the variable fees due to maintainers and accrued until 31 December 2021. 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 105 thousand, was used and reversed for a total of Euro 104 thousand, and recorded new provisions of Euro 218 thousand, reaching a final amount of Euro 219 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. The provision at 31 December 2021 amounted to Euro 130 thousand and refers to the excesses recorded in 2014 and 2015 by the Maen-Cignana (CVA) plant, those recorded in 2018 by the Avise (CVA) plant and those recorded by the Torrent (VALDIGNE) plant in 2020. The provision, which already existed at the end of 2020, has not been varied in its size.
  - **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, already existing at the end of 2020, was used for Euro 2 thousand during the year and, as the obligation still exists, it has not changed further.
  - **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;
- **Other provisions:** at 31 December 2021, this item consisted of a provision for insurance deductibles of Euro 48 thousand (Euro 65 thousand at 31 December 2020). During the year, against a utilisation of Euro 15 thousand relating to charges for insurance deductibles, a provision of Euro 1 thousand was made in relation to claims in progress lower than the limit of the deductibles of the relative years in which the events occurred.

## 30. Current and non-current financial liabilities

Non-current financial liabilities amounted to Euro 215,642 thousand at 31 December 2021 (Euro 302,496 thousand at 31 December 2020), 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.

The bond liability that 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) deserves specific comment.

Amounts in Euro thousands	Year 2021	Year 2020
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>215,642</b>	<b>302,496</b>
Bank loans	155,954	291,739
Bonds	49,557	-
Financial liabilities for leasing	7,903	8,389
Other financial payables	2,228	2,368

Other current financial liabilities, amounting to Euro 252,279 thousand at 31 December 2021 (Euro 40,545 thousand at 31 December 2020), have a similar composition by accepting the short-term portion of the same items. To these are added:

- payables to the parent company arising from the short-term loan obtained through a trade credit policy from FINAOSTA;
- 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 2,204 thousand) and the debt of Euro 550 thousand for the dividend deliberated but not paid by VALDIGNE to the shareholder Municipality of Pré-Saint-Didier.

In general, short-term financial liabilities have increased sharply to raise the cash needed to cope with the ongoing turmoil in energy markets.

Amounts in Euro thousands	Year 2021	Year 2020
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>252,279</b>	<b>40,545</b>
Bank loans	233,430	35,385
Loan from parent company	15,001	-
Financial liabilities for leasing	813	836
Bonds	60	-
Other financial payables	2,975	4,325

The changes in loans payable for the year are shown below, with a breakdown between monetary and non-monetary changes:

Group Companies	Counterparty	31/12/2020	Monetary net change	Non-monetary net change	31/12/2021
CVA S.p.A. a.s.u.	Intesa Sanpaolo	44,870	(17,925)	17	26,962
CVA S.p.A. a.s.u.	Intesa Sanpaolo	99,711	(100,000)	289	-
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	99,532	(30,000)	(707)	68,825
CVA S.p.A. a.s.u.	Mediobanca	-	30,000	-	30,000
CVA S.p.A. a.s.u.	Mediobanca	-	50,000	-	50,000
CVA S.p.A. a.s.u.	BEI	65,959	(11,000)	13	54,972
CVA S.p.A. a.s.u.	Bond 2021/2028	-	49,617	-	49,617
CVA S.p.A. a.s.u.	Finaosta S.p.A.	-	15,000	1	15,001
Valdigne Energie S.r.l. a.s.u.	Intesa Sanpaolo	11,350	(4,546)	10	6,814
Deval S.p.A a.s.u.	Cariparma	5,702	(1,897)	5	3,810
<b>TOTAL</b>		<b>327,124</b>	<b>127,249</b>	<b>(372)</b>	<b>454,001</b>

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 2021

Amounts in Euro thousands	Year 2020					Total
	1 year	1-2 years	2-5 years	> 5 years		
Loans payable (bank, from parent company and bonds)	Capital flows	248,420	24,186	133,000	50,000	455,606
	Interest flows	724	787	2,092	1,059	4,662

## 31. Other non-current liabilities

The item "other non-current liabilities" amounted to Euro 22,637 thousand at 31 December 2021 (Euro 22,190 thousand at 31 December 2020) 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 1,605 thousand, the largest of which relates to the Lamacarvotta wind farm, for Euro 1,180 thousand at 31 December 2021, arising from the deferral of the tax concession in the nature of a capital grant.

## 32. Trade payables

The breakdown of trade payables is shown in the following table:

Amounts in Euro thousands	Year 2021	Year 2020
<b>TOTAL TRADE PAYABLES</b>	<b>73,107</b>	<b>60,210</b>
Payables to suppliers	70,036	59,766
Trade payables	3,071	444

## Payables to suppliers

These are trade payables to suppliers, related:

- for Euro 44,968 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 6,411 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" of Euro 20,611 thousand at 31 December 2021 (Euro 989 thousand at 31 December 2020) mainly refer to current tax payables accrued during the year (Euro 18,064 thousand for IRES and Euro 2,547,727 thousand for IRAP).

Other tax payables amounting, on the other hand, to Euro 4,587 thousand (Euro 920 thousand at 31 December 2020) mainly include:

- the payable for the substitute tax due on the operation to realign the accounting/tax values of goodwill (as described in Note 14) in the amount of Euro 3,443 thousand. This item is mainly responsible for the change recorded in the year;
- withholding taxes to employees of Euro 668 thousand at 31 December 2021;
- VAT payables amounted to Euro 409 thousand.

## 34. Other current liabilities

At 31 December 2021, other current liabilities amounted to Euro 21,091 thousand (Euro 21,438 thousand at 31 December 2020) and are mainly related to the following categories:

Amounts in Euro thousands	Year 2021	Year 2020
<b>OTHER CURRENT LIABILITIES</b>	<b>21,091</b>	<b>21,438</b>
Advances from customers	5,375	2,189
Payables to employees	3,311	3,152
Payables to C.S.E.A.	3,220	7,496
Payables to INPS and other social security institutions	2,710	2,673
Deferred liabilities	2,450	1,718
Payables for security deposits	1,598	2,073
Fees and supra-fees	-	119
Other current liabilities	2,427	2,017

A description of the main components is given below:

- advances from customers, amounting to Euro 5,375 thousand (they were Euro 2,189 thousand at 31 December 2020) include:
  - advances invoiced to customers on energy efficiency interventions in buildings (the main component with a value of Euro 3,220,243 and responsible for the change recorded in the year);

- advances received from third party customers for the sale of electricity;
- the residual amounts relating to the exceeding of the limits imposed by the tariff constraints in force until 2007, for which it was not possible to trace the beneficiaries. Starting in 2008, the new integrated text provided for an equalisation system for revenues allowed to be settled at the CSEA, superseding the methods of reimbursement to individual customers previously in effect. Trade payables also include amounts relating to indemnities to be paid to customers and collections to be matched;
- advances received from producers for contributions on plant-related connection activities;
- payables to employees, equal to Euro 3,311 thousand at 31 December 2021 (Euro 3,152 thousand at 31 December 2020), 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 49 thousand at 31 December 2021 (Euro 714 thousand at 31 December 2020), 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 3,171 thousand at 31 December 2021 and Euro 6,782 thousand at 31 December 2020);
- payables to INPS and other social security institutions, equal to Euro 2,710 thousand at 31 December 2021 (Euro 2,673 thousand at 31 December 2020), 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;
- payables for security deposits and guarantees collected, equal to Euro 1,598 thousand at 31 December 2021 (Euro 2,073 thousand at 31 December 2020), 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 comprise the payables for environmental compensation indemnities due on the production of the wind farms (Euro 1,232 thousand), the payable for the fees due for exceeding the average withdrawal flows envisaged by the derivation concessions at the Valpelline and Maen plants (Euro 235 thousand) and payables for the repayment of the RAI licence fee invoiced in the bill by CVA ENERGIE (Euro 431 thousand).

## 35. Categories of financial instruments

The following table shows the values of the financial statements at 31 December 2021 of financial assets and liabilities, broken down into the categories of financial instruments defined by IFRS 9:

### Financial assets

Amounts in Euro thousands	Year 2021	Year 2020
<b>Financial assets measured at fair value</b>	<b>100,894</b>	<b>5,708</b>
Assets for financial derivatives in hedge accounting	18,856	3,742
Assets for financial derivatives not in hedge accounting	82,038	1,966
<b>Loans and receivables</b>	<b>7,622</b>	<b>49,534</b>
Securities	-	41,316
Loans receivables from associates	7,622	8,218
<b>Financial assets held to maturity</b>	<b>-</b>	<b>-</b>
<b>Financial assets available for sale</b>	<b>86,784</b>	<b>85,420</b>
Securities	-	-
Insurance policies	86,784	85,420

### Financial liabilities

Amounts in Euro thousands	Year 2021	Year 2020
<b>Financial liabilities measured at fair value</b>	<b>168,290</b>	<b>20,140</b>
Liabilities for financial derivatives in hedge accounting	99,056	16,771
Liabilities for financial derivatives not in hedge accounting	69,234	3,369
<b>Financial liabilities measured at amortised cost</b>	<b>454,001</b>	<b>327,124</b>

## 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 2021

Amounts in Euro thousands	Book value	Year 2021			
		Total	Level 1	Level 2	Level 3
<b>Financial assets</b>	<b>245,349</b>	<b>246,714</b>	<b>96,613</b>	<b>150,101</b>	<b>-</b>
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
<b>Financial liabilities</b>	<b>622,291</b>	<b>632,121</b>	<b>163,611</b>	<b>468,510</b>	<b>-</b>
Bank loans	454,001	463,831	-	463,831	-
Liabilities for financial derivatives	168,290	168,290	163,611	4,679	-

### Fair value hierarchy at 31 December 2020

Amounts in Euro thousands	Book value	Year 2020			
		Total	Level 1	Level 2	Level 3
<b>Financial assets</b>	<b>99,346</b>	<b>101,233</b>	<b>5,708</b>	<b>95,525</b>	<b>-</b>
Non-current loans receivables with associates and parent companies	8,218	10,105	-	10,105	-
Capitalised insurance policies	85,420	85,420	-	85,420	-
Assets for financial derivatives	5,708	5,708	5,708	-	-
Certificates of deposit and repurchase agreements	-	-	-	-	-

Amounts in Euro thousands	Book value	Year 2020			
		Total	Level 1	Level 2	Level 3
<b>Financial liabilities</b>	<b>348,708</b>	<b>364,147</b>	<b>4,497</b>	<b>359,650</b>	<b>-</b>
Bank loans and bonds	327,124	342,563	-	342,563	-
Liabilities for financial derivatives	21,584	21,584	4,497	17,087	-

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 disclosures

### 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 2021 and 2020 (the values are shown in Euro thousands):

## Receivables from related parties

Company	Year 2021				Year 2020			
	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)
<b>Parent Company</b>	-	11	-	-	-	19	-	-
Finaosta S.p.A.	-	11	-	-	-	19	-	-
<b>Associated Companies</b>	<b>7,622</b>	<b>1</b>	-	-	<b>8,218</b>	-	-	-
Téléchauffage Aoste S.r.l.	7,622	1	-	-	8,218	-	-	-
<b>Other companies</b>	-	<b>53</b>	-	-	-	-	-	-
<b>Finaosta Group Companies</b>	-	<b>1,495</b>	<b>413</b>	-	-	<b>1,418</b>	-	-
Funivie Piccolo San Bernardo S.p.A.	-	260	85	-	-	208	-	-
Monterosa S.p.A.	-	316	-	-	-	310	-	-
Pila S.p.A.	-	340	85	-	-	364	-	-
Courmayeur Mont Blanc Funivie S.p.A.	-	167	81	-	-	145	-	-
Cervino S.p.A.	-	258	154	-	-	263	-	-
FUNIVIE MONTE BIANCO S.P.A.	-	38	8	-	-	32	-	-
ISECO S.P.A.	-	19	-	-	-	20	-	-
STRUTTURA VALLE D'AOSTA S.R.L.	-	20	-	-	-	35	-	-
AEROPORTO VALLE D'AOSTA S.P.A.	-	67	-	-	-	-	-	-
AUTOPORTO VALLE D'AOSTA S.P.A.	-	10	-	-	-	41	-	-
PROGETTO FORMAZIONE S.C.R.L.	-	-	-	-	-	-	-	-
Other Finaosta Group companies	-	-	-	-	-	-	-	-
<b>Valle d'Aosta Region and its investees</b>	-	<b>511</b>	<b>575</b>	<b>3</b>	-	<b>644</b>	<b>580</b>	<b>4</b>
Valle d'Aosta Region	-	328	575	3	-	420	580	4
Council of the Valle d'Aosta Region	-	-	-	-	-	-	-	-
Casino de la Vallée	-	165	-	-	-	191	-	-
SITRASB S.P.A.	-	10	-	-	-	22	-	-
IN.VA S.P.A.	-	8	-	-	-	11	-	-
VALECO S.P.A.	-	-	-	-	-	-	-	-
Other companies controlled by the Valle d'Aosta Region	-	-	-	-	-	-	-	-
<b>Directors, Executives with strategic responsibilities and Statutory Auditors</b>	-	-	<b>3</b>	-	<b>1</b>	-	-	-
<b>Other related parties</b>	-	<b>1</b>	-	-	-	<b>18</b>	-	-
<b>TOTAL</b>	<b>7,622</b>	<b>2,072</b>	<b>991</b>	<b>3</b>	<b>8,219</b>	<b>2,099</b>	<b>580</b>	<b>4</b>

## Payables to related parties

Company	Year 2021			Year 2020		
	Trade payables	Financial payables and IFRS 16	Other payables	Trade payables	Financial payables and IFRS 16	Other payables
<b>Parent Company</b>	-	<b>15,001</b>	-	-	-	-
<b>Associated Companies</b>	<b>7</b>	-	-	-	-	-
<b>Other companies</b>	-	-	<b>2</b>	-	-	<b>1</b>
<b>Finaosta Group Companies</b>	<b>3</b>	-	-	-	-	-
Progetto Formazione S.c.r.l.	2	-	-	-	-	-
Autoporto VALLE D'AOSTA S.P.A.	1	-	-	-	-	-
<b>Valle d'Aosta Region and its investees</b>	<b>40</b>	<b>3</b>	-	<b>80</b>	<b>4</b>	-
Valle d'Aosta Region	-	3	-	-	4	-
Council of the Valle d'Aosta Region	-	-	-	-	-	-
Valeco S.p.A.	40	-	-	80	-	-
<b>Directors, Executives with strategic responsibilities and Statutory Auditors</b>	-	-	<b>96</b>	-	-	<b>35</b>
Directors	-	-	31	-	-	-
Auditors	-	-	65	-	-	35
Executives	-	-	0	-	-	-
<b>TOTAL</b>	<b>50</b>	<b>15,004</b>	<b>98</b>	<b>80</b>	<b>4</b>	<b>36</b>

## Revenues and other income with related parties

Company	Year 2021			Year 2020		
	Revenues from sales and services	Other revenues and income	Financial income	Revenues from sales and services	Other revenues and income	Financial income
<b>Parent Company</b>	<b>86</b>	-	-	<b>98</b>	-	-
Finaosta S.p.A.	86	-	-	98	-	-
<b>Associated Companies</b>	<b>6</b>	-	<b>265</b>	<b>4</b>	-	<b>285</b>
Téléchauffage Aoste S.r.l.	6	-	265	4	-	285
<b>Other companies</b>	<b>175</b>	-	-	<b>50</b>	-	-
<b>Finaosta Group Companies</b>	<b>5,561</b>	<b>121</b>	-	<b>6,369</b>	<b>91</b>	-
Cervino S.p.A.	1,159	54	-	1,424	50	-
Monterosa S.p.A.	1,343	67	-	1,666	41	-
Funivie Piccolo San Bernardo S.p.A.	623	-	-	655	-	-
Pila S.p.A.	757	-	-	943	-	-
Courmayeur Mont Blanc Funivie S.p.A.	768	-	-	701	-	-
Funivie Monte Bianco S.p.A.	342	-	-	363	-	-
STRUTTURA VALLE D'AOSTA S.R.L.	211	-	-	240	-	-
ISECO S.p.A.	219	-	-	220	-	-
AUTOPORTO VALLE D'AOSTA S.p.A.	139	-	-	157	-	-
<b>Valle d'Aosta Region and its investees</b>	<b>2,799</b>	<b>323</b>	-	<b>2,797</b>	<b>368</b>	-
Valle d'Aosta Region	1,624	24	-	1,806	82	-
Council of the Valle d'Aosta Region	-	299	-	-	286	-
Casinò de la Vallée	922	-	-	715	-	-
SITRASB S.p.A.	147	-	-	146	-	-
IN.VA S.P.A.	106	-	-	130	-	-
Other companies controlled by the Valle d'Aosta Region	-	-	-	-	-	-
<b>Other related parties</b>	-	-	-	-	-	-
<b>Directors, Executives with strategic responsibilities and Statutory Auditors</b>	-	<b>10</b>	-	-	<b>9</b>	-
<b>TOTAL</b>	<b>8,627</b>	<b>454</b>	<b>265</b>	<b>9,318</b>	<b>468</b>	<b>285</b>

## Costs and other expenses with related parties

Company	Year 2021		Year 2020	
	Operating costs	Depreciation and interest IFRS16	Operating costs	Depreciation and interest IFRS16
<b>Parent Company</b>	-	-	-	-
<b>Associated Companies</b>	-	-	-	-
<b>Other companies</b>	-	-	-	-
<b>Finaosta Group Companies</b>	-	-	-	-
<b>Valle d'Aosta Region and its investees</b>	<b>18,567</b>	<b>1</b>	<b>18,538</b>	<b>1</b>
Valle d'Aosta Region	18,495	1	18,418	1
IN.VA S.P.A.	40	-	40	-
VALECO S.P.A.	32	-	80	-
Other companies controlled by the Valle d'Aosta Region	-	-	-	-
<b>Directors, Executives with strategic responsibilities and Statutory Auditors</b>	<b>868</b>	-	<b>687</b>	-
Directors	121	-	123	-
Executives	664	-	467	-
Auditors	84	-	96	-
<b>TOTAL</b>	<b>19,436</b>	<b>1</b>	<b>19,224</b>	<b>1</b>

### Relations with the parent company

The main relationship with FINAOSTA concerns a Euro 15,000 thousand loan that the parent company granted to CVA SPA on 27 December 2021, in the form of a commercial credit policy, maturing on 27 December 2022 at an interest rate of 0.50%.

In addition, FINAOSTA has relations with CVA ENERGIE concerning the supply of electricity.

### 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 grantor 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.

## Independent auditors' fees

In accordance with article 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 2022 financial statements:

amounts in Euro			
Type of services	Service provider	Parent Company	Other Group companies
Statutory audit	EY S.p.A.	34,943	101,542
Other services other than auditing	EY S.p.A.	16,969	25,412
<b>Total fees paid to the independent auditors</b>		<b>51,912</b>	<b>126,954</b>

## 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 73,446 thousand at 31 December 2021 (Euro 140,581 thousand at 31 December 2020). More specifically, at 31 December 2021, the main ones refer to personal guarantees issued for:
  - CVA ENERGIE for Euro 60,178 thousand;
  - DEVAL, as distributor of the Group, for Euro 5,892 thousand;
  - VALDIGNE for Euro 7,162 thousand;
  - CVA EOS for Euro 215 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 2,112 thousand (unchanged compared to 31 December 2020).
- there were Euro 56,147 thousand (Euro 84,030 at 31 December 2020) 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 the law of 4 August 2017 no. 124

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. Exceptionally, the tax benefits granted in response to the COVID-19 pandemic are also listed below. The latter are shown for their total amount granted as the "cash basis" is difficult to apply in this case.

Beneficiary	Disbursing party	Amounts in Euro	Reason	Notes
C.V.A. S.p.A.	GSE S.p.A.	2,389,658.48	GRIN incentive - Convention 000023	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	5,726,710.18	GRIN incentive - Convention 000889	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	5,028.78	GRIN incentive - Convention 000891	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	828,980.59	GRIN incentive - Convention 000648	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	1,348,939.24	GRIN incentive - Convention 001579	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	1,089,311.50	GRIN incentive - Convention 000481	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	427,342.03	GRIN incentive - Convention 000624	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	8,624,527.02	GRIN incentive - Convention 001018	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	4,225.93	GRIN incentive - Convention 000890	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	161,943.68	Feed-In Tariff - Convention S01L232266707	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	157,232.90	Feed-In Tariff - Convention H01L229497207	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	160,471.55	Feed-In Tariff - Convention S01L232264707	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	427,008.32	Feed-In Tariff - Convention H01F10829207	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	161,539.76	Feed-In Tariff - Convention S01L242645207	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	427,284.94	Feed-In Tariff - Convention H01F11146607	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	4,464.94	Feed-In Tariff - Convention S01B00319806	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	163,699.09	Feed-In Tariff - Convention S01L232264007	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	437,180.38	Feed-In Tariff - Convention H01F11430307	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	429,223.68	Feed-In Tariff - Convention H01F11146807	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	162,767.57	Feed-In Tariff - Convention S01L232259507	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	168,700.15	Feed-In Tariff - Convention S01L232261007	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	432,054.29	Feed-In Tariff - Convention H01F10827507	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	143,363.18	Feed-In Tariff - Convention S01L244972507	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	429,967.36	Feed-In Tariff - Convention H01F10828407	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	425,947.20	Feed-In Tariff - Convention H01F10828007	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	85,260.17	Feed-In Tariff - Convention S01F10764307	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	162,682.88	Feed-In Tariff - Convention S01L242987407	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	153,393.25	Feed-In Tariff - Convention S01L232277807	Incentive published on the website of GSE
C.V.A. S.p.A.	GSE S.p.A.	1,371,521.64	Incentive tariff - Convention FER000672	Incentive published on the website of GSE

Beneficiary	Disbursing party	Amounts in Euro	Reason	Notes
C.V.A. S.p.A.	Autonomous Region of Valle d'Aosta - Department of Labour and Training Policies - Training, Employment and Social Inclusion Policies	33.64	Aid for the recruitment of disadvantaged workers in the form of wage subsidies (Article 32)	Incentive Published on the R.N.A. portal
C.V.A. S.p.A.	TAX AUTHORITIES	1,421.00	Tax credit for the purchase of personal protective equipment pursuant to Decree-Law 34/2020	Covid-19 Measure
CVA ENERGIE S.r.l.	C.S.E.A.	247,981.73	Adjustment of credit items deriving from the application of MT components - PPE and PCV accounts - TIV - Notes 26 Jan. -25 Mar. -28 Apr. -25 May -27 July - 23 Sept. - 25 Nov.	Incentive Published on the C.S.E.A. portal.
CVA ENERGIE S.r.l.	C.S.E.A.	2,663.63	Compensation mechanism for customers' exit art. 20 of TIV - PCV account - (Res. 301/2012/R/eel) - note 26 Aug.	Incentive Published on the C.S.E.A. portal.
CVA ENERGIE S.r.l.	C.S.E.A.	101,964.06	Mechanism for compensating delinquencies of end customers art. 19 of TIV - PCV account - Res. 301/2012/R/eel - note 26 Aug.	Incentive Published on the C.S.E.A. portal.
CVA ENERGIE S.r.l.	C.S.E.A.	50,000.00	Gradual protections 2021/2024 return of bid reliability guarantees paid by enterprises by pagopa - REC_BPM Account - Res. 491/2020/R/eel and AU Gradual Protection Service Regulations - Note 24 June	Incentive Published on the C.S.E.A. portal.
CVA ENERGIE S.r.l.	C.S.E.A.	19,543.80	OGdS recognition mechanism Resolution 32/2021/R/eel - CMOG account - Note 25 Nov.	Incentive Published on the C.S.E.A. portal.
CVA EOS S.r.l.	GSE S.p.A.	1,863,964.00	GRIN incentive - Convention 001036	Incentive published on the website of GSE
CVA EOS S.r.l.	GSE S.p.A.	924,688.00	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.	1,786,573.00	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.	1,993,722.00	RES incentive tariffs pursuant to Ministerial Decree 06/07/2012 - Convention FER002027	Incentive published on the website of GSE
VALDIGNE ENERGIE S.r.l.	G.S.E. S.p.A.	5,221,912.00	GRIN incentive pursuant to Ministerial Decree 6 July 2012 - Convention 000543	Incentive published on the website of GSE
VALDIGNE ENERGIE S.r.l.	G.S.E. S.p.A.	2,619,718	GRIN incentive pursuant to Ministerial Decree 6 July 2012 - Convention 001048	Incentive published on the website of GSE
DEVAL S.p.A.	TAX AUTHORITIES	210,000.00	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.	TAX AUTHORITIES	15,000.00	Tax credit for the purchase of personal protective equipment pursuant to Decree-Law 34/2020	Covid-19 Measure
DEVAL S.p.A.	C.S.E.A.	3,473,000.00	Equalisation advances TIT 2021 - UC3 account	
DEVAL S.p.A.	C.S.E.A.	1,562,000.00	Extraordinary contribution on account to distributors to the achievement of specific targets for primary energy savings	
DEVAL S.p.A.	C.S.E.A.	570,000.00	Service continuity awards	
DEVAL S.p.A.	C.S.E.A.	2,000.00	Adjustment of credit items charged to accounts relating to general system charges and other components	
DEVAL S.p.A.	C.S.E.A.	858,000.00	TIT 2019 and prior years equalisation balances - UC3 accounts - Res. 654/2015/R/eel and subsequent amendments and integrations.	
DEVAL S.p.A.	C.S.E.A.	269,000.00	TIV 2019 and prior years equalisation balances - UC3 and PEP accounts - Res. 301/2012/R/eel and subsequent amendments and integrations.	

## Independent Auditors' Report



### Compagnia Valdostana delle Acque - Compagnie Valdôtaine des Eaux Group

Consolidated financial statements as at December 31, 2021

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 Balance Sheet as at December 31, 2021, and the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement and the related Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, 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 Matters	Audit Response
<p><b>Impairment test of goodwill</b></p> <p>As of December 31, 2021, goodwill amounts to Euro 228,976 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 11,307 thousand to the "Distribution" CGU. Based on the impairment test performed as of December 31, 2021, an impairment loss of Euro 9,050 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. Disclosures related to the assessment of goodwill are reported in the note 14 "Goodwill", and in the note "Summary of the main accounting standards adopted in preparing of the Consolidated Financial Statements at December 31, 2021" 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"> <li>▶ the assessment of the processes implemented by the Company with reference to the criteria and methodology of the impairment test;</li> <li>▶ the validation of the CGUs perimeter and test of the allocation of the carrying value of the Group's assets to each CGU;</li> <li>▶ the assessment of the reasonableness of the future cash flow forecasts utilized in the fair value determination;</li> <li>▶ the assessment of the consistency of the future cash flow forecasts of the CGU with the Group business plan;</li> <li>▶ the assessment of forecasts in light of their historical accuracy;</li> <li>▶ the assessment of the reasonableness of long-term growth rates and discount rates.</li> </ul> <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 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 obtained sufficient appropriate audit evidence regarding the financial information of

the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 separate and 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

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, 2021, including its consistency with the related consolidated financial statements and its 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, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains 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, 2021 and complies 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 1, 2021

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 AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE C.V.A. GROUP

#### Shareholders,

The consolidated financial statements of the C.V.A. Group as at 31 December 2021 were prepared by the Board of Directors of the parent company C.V.A. s.p.a. and approved at the meeting held on 17 May 2022.

The Consolidated Financial Statements for the year 2021 consist of the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Statement of the other components of the Consolidated Comprehensive Income Statement, 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:

<b>Profit for the year</b>	€	<b>135,259,000</b>
<b>Total assets</b>	€	<b>1,651,511,000</b>
<b>Consolidated Shareholders' Equity</b>	€	<b>824,197,000</b>

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..

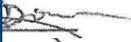
According to the provisions of article 41, paragraph 1, Legislative Decree 127/1991, the control that ascertains the regularity and correspondence of the consolidated financial statements with the accounting records of the parent company and the information sent by the companies included in the consolidation is delegated to the Company appointed for the Statutory Audit, EY spa, which, in the report issued on 01 June 2022, certified that *"the Consolidated Financial Statements provide a true and correct representation of the assets and financial situation of the Group at 31 December 2021, 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 article 9 of Legislative Decree 28 February 2005 no. 38"*.

Within the scope of its tasks and duties, the Board of 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 Shareholders.

Châtillon, 03 June 2022

The Board of Auditors

Carmelo Marco Termine  

Guido Bosonin  

Federica Paesani  

# Annual Financial Report of C.V.A. S.p.A. a a.u. at 31 December 2021

## Income Statement

Amounts in Euro	Notes	Year 2021		Year 2020	
		Total	Of which related parties	Total	Of which related parties
<b>REVENUES</b>					
Revenues from sales and services	(1)	198,315,983	184,159,937	141,271,863	138,933,308
Other revenues and income	(2)	32,730,816	918,982	32,512,458	929,393
<b>TOTAL REVENUES (A)</b>		<b>231,046,799</b>		<b>173,784,321</b>	
of which: impact of non-recurring items	(2)	3,761,123		-	
<b>OPERATING COSTS</b>					
Costs for raw materials and services	(3)	24,528,909	2,220,964	16,756,191	1,478,901
Personnel costs	(4)	26,747,227	663,622	25,908,233	332,068
Other operating costs	(5)	39,755,325	18,023,425	38,862,533	17,938,088
Capitalised days of work	(6)	(1,500,209)	-	(1,217,504)	-
<b>TOTAL OPERATING COSTS (B)</b>		<b>89,531,251</b>		<b>80,309,453</b>	
of which: impact of non-recurring items	(5)	455,025		-	
<b>GROSS OPERATING MARGIN (A-B)</b>		<b>141,515,548</b>		<b>93,474,868</b>	
of which: impact of non-recurring items	(2) - (5)	3,306,098		-	
<b>AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS</b>					
Amortisation/depreciation	(7)-(14)	32,892,983	1,449	31,919,556	1,429
Provisions and write-downs	(8)	(53,949)	-	(5,619)	-
<b>TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)</b>		<b>32,839,034</b>		<b>31,913,937</b>	
of which: impact of non-recurring items		-		-	
<b>OPERATING RESULT (A-B+/-C)</b>		<b>108,676,513</b>		<b>61,560,931</b>	
of which: impact of non-recurring items	(2) - (5)	3,306,098		-	
<b>FINANCIAL MANAGEMENT</b>					
Financial income	(9)	13,232,868	10,112,566	10,107,026	7,521,602
Financial expenses	(10)	17,249,238	6,918	5,350,385	25,933
<b>TOTAL FINANCIAL BALANCE (D)</b>		<b>(4,016,370)</b>		<b>4,756,641</b>	
of which: impact of non-recurring items	(10)	15,237,485		-	
<b>PRE-TAX RESULT (A-B+/-C+/-D)</b>		<b>104,660,143</b>		<b>66,317,572</b>	
of which: impact of non-recurring items	(2) - (5) - (10)	(11,931,387)		-	
Gains/(losses) for income taxes	(11)	(7,664,537)	-	17,560,885	(994)
Net result of continuing operations		112,324,680		48,756,686	
Net result of discontinued operations		-		-	
<b>PERIOD NET RESULT</b>		<b>112,324,680</b>		<b>48,756,686</b>	

## Statement of Other Comprehensive Income

Amounts in Euro	Notes	Year 2021	Year 2020
<b>Result of the period (A)</b>	(28)	112,324,680	48,756,686
<b>Other components of the Comprehensive Income Statement that can be reclassified to the Income Statement in subsequent periods (net of the tax effect)</b>			
- Effective portion of changes in fair value of cash flow hedges	(28)	11,955,395	(2,103,812)
Total other components of Comprehensive Income that can be reclassified to the Income Statement in subsequent periods (net of the tax effect) (B)		11,955,395	(2,103,812)
<b>Other components of Comprehensive Income that cannot be reclassified to the Income Statement in subsequent periods (net of taxes)</b>			
- Remeasurement of liabilities for defined benefit plans for employees	(28)	(46,216)	(89,317)
<b>Total other components of the Comprehensive Income Statement that cannot be reclassified to the Income Statement in subsequent periods (net of taxes) (C)</b>		<b>(46,216)</b>	<b>(89,317)</b>
<b>Total profit/(loss) recognised directly in equity (B+C)</b>		<b>11,909,179</b>	<b>(2,193,129)</b>
<b>TOTAL PROFIT RECOGNISED IN THE YEAR (A+B+C)</b>		<b>124,233,859</b>	<b>46,563,557</b>

## Balance Sheet: Assets

Amounts in Euro	Notes	Year 2021		Year 2020	
		Total	Of which related parties	Total	Of which related parties
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible assets	(12) - (14)	365,808,803	-	379,141,127	-
Intangible assets	(13) - (14)	6,923,778	2,898	7,433,075	4,286
Goodwill	(15)	188,216,585	-	188,216,585	-
Equity investments	(16)	120,916,434	-	129,595,422	-
Deferred tax assets	(17)	10,369,062	-	13,989,619	-
Non-current financial assets	(18)	186,669,784	99,886,273	229,194,964	102,458,349
Other non-current assets	(19)	1,886,040	553,498	1,838,749	553,498
Trade receivables	(21)	8,027,376	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>888,817,864</b>		<b>949,409,542</b>	
<b>Current assets</b>					
Inventories	(20)	1,322,334	-	1,283,872	-
Trade receivables	(21)	36,275,091	32,323,526	15,460,258	14,618,852
Receivables for income taxes	(22)	8,488,787	3,866,602	9,275,805	2,144,579
Other tax receivables	(23)	4,125,181	3,897,344	5,972,376	4,606,141
Derivatives		4,280,881	-	-	-
Other current financial assets	(25)	197,081,606	197,081,606	28,634,298	28,564,366
Other current assets	(26)	15,058,560	21,987	11,594,109	26,950
Cash and cash equivalents	(27)	222,812,711	-	188,522,923	-
<b>TOTAL CURRENT ASSETS</b>		<b>489,445,153</b>		<b>260,743,641</b>	
<b>Assets classified as held for sale</b>		<b>-</b>		<b>-</b>	
<b>TOTAL ASSETS</b>		<b>1,378,263,016</b>		<b>1,210,153,183</b>	



## Balance Sheet: Liabilities

Amounts in Euro	Notes	Year 2021		Year 2020	
		Total	Of which related parties	Total	Of which related parties
<b>SHAREHOLDERS' EQUITY</b>					
Share capital		395,000,000	-	395,000,000	-
Other reserves		314,208,241	-	290,119,376	-
Accumulated Profits/(Losses)		35,814,527	-	35,814,527	-
Net result of the year		112,324,680	-	48,756,686	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>(28)</b>	<b>857,347,448</b>		<b>769,690,589</b>	
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Employee benefits	(29)	3,135,994	-	3,358,071	-
Provisions for risks and charges	(30)	4,406,359	-	7,523,450	-
Deferred tax liabilities	(17)	7,183,161	-	48,342,481	-
Non-current financial liabilities	(14) - (31)	204,757,008	1,485	284,780,927	2,895
Other non-current liabilities	(37)	425,037	-	359,144	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>219,907,559</b>		<b>344,364,073</b>	
<b>Current liabilities</b>					
Employee benefits	(29)	770,985	-	526,530	-
Trade payables	(34)	17,995,279	541,525	18,007,875	289,136
Payables for income taxes	(35)	19,933,918	241,866	907,500	907,500
Other tax payables	(36)	4,217,582	-	612,857	-
Derivatives	(24)	4,486,455	-	16,576,882	-
Other current financial liabilities	(14) - (31)	244,835,470	17,355,622	54,044,513	24,673,985
Other current liabilities	(37)	8,768,321	112,419	5,422,364	112,927
<b>TOTAL CURRENT LIABILITIES</b>		<b>301,008,009</b>		<b>96,098,521</b>	
<b>Liabilities related to assets held for sale</b>		<b>-</b>		<b>-</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,378,263,016</b>		<b>1,210,153,183</b>	

## 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
<b>At 1 January 2020</b>	<b>395,000,000</b>	<b>49,381,991</b>	<b>236,002,439</b>	<b>(220,938)</b>	<b>(8,663,186)</b>	<b>35,814,527</b>	<b>63,607,200</b>	<b>770,922,032</b>
<b>Allocation of 2019 profits/(losses)</b>								
- profits carried forward	-	3,180,360	12,631,840	-	-	-	(15,812,200)	-
- distribution of dividends	-	-	-	-	-	-	(47,795,000)	(47,795,000)
<b>Comprehensive profit/(loss) recognised in the year</b>								
- profits and losses recognised directly in equity	-	-	-	(89,317)	(2,103,812)	-	-	(2,193,129)
- profit for the year	-	-	-	-	-	-	48,756,686	48,756,686
<b>First-time adoption of new standards</b>								
- IFRS9	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	<b>395,000,000</b>	<b>52,562,351</b>	<b>248,634,278</b>	<b>(310,255)</b>	<b>(10,766,998)</b>	<b>35,814,527</b>	<b>48,756,686</b>	<b>769,690,589</b>
<b>At 1 January 2021</b>	<b>395,000,000</b>	<b>52,562,351</b>	<b>248,634,278</b>	<b>(310,255)</b>	<b>(10,766,998)</b>	<b>35,814,527</b>	<b>48,756,686</b>	<b>769,690,589</b>
<b>Allocation of 2020 profits/(losses)</b>								
- profits carried forward	-	2,437,834	9,741,852	-	-	-	(12,179,686)	-
- distribution of dividends	-	-	-	-	-	-	(36,577,000)	(36,577,000)
<b>Comprehensive profit/(loss) recognised in the year</b>								
- 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
Other changes	-	-	-	-	-	-	-	-
<b>AT 31 DECEMBER 2021</b>	<b>395,000,000</b>	<b>55,000,185</b>	<b>258,376,131</b>	<b>(356,471)</b>	<b>1,188,397</b>	<b>35,814,527</b>	<b>112,324,680</b>	<b>857,347,448</b>

# Cash Flow Statement

Amounts in Euro	Year 2021	Year 2020
<b>A. Cash flows from operating activities (indirect method)</b>		
Profit (loss) of the year	112,324,680	48,756,686
Income taxes	(7,664,537)	17,560,885
Net financial interest expenses	(4,662,618)	(4,683,853)
Allocations and income provisions for risks and charges	284,347	380,946
Allocations and income employee severance indemnity (TFR) and other benefits	472,695	435,860
Amortisation/Depreciation of fixed assets	32,892,983	31,919,556
Bad debts	(27,749)	128,466
Write-downs, revaluations and gains/losses	9,296,487	167,308
Result from shareholdings carried at equity	(320,275)	(82,543)
Other adjustments for non-monetary elements	-	-
<b>CASH FLOW AFTER ADJUSTMENTS OF NON-MONETARY ITEMS</b>	<b>142,596,014</b>	<b>94,583,311</b>
<b>Changes in NWC</b>		
Decrease/(increase) in trade receivables net of write-downs	(28,814,461)	136,960,388
Increase/(decrease) in payables to suppliers	(12,596)	(97,057,701)
Increase/(decrease) in other current assets/liabilities	(8,526,621)	(21,432,324)
of which: net taxes (paid)/reimbursed	(10,638,622)	(15,910,659)
<b>Changes in NWC</b>	<b>(37,353,678)</b>	<b>18,470,363</b>
Cash flow after changes in NWC	105,242,336	113,053,674
Other changes not included in changes in NWC		
Net change in provisions for risks and charges	(3,220,142)	(107,148)
Net change in Employee severance indemnity (TFR) and other employee benefits	(528,270)	(1,667,100)
Change in other assets and liabilities not included in NWC	18,602	342,617
<b>Other changes not included in changes in NWC</b>	<b>(3,729,810)</b>	<b>(1,431,631)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>101,512,527</b>	<b>111,622,042</b>
<b>B. Cash flows from investment activities</b>		
(Investments)/divestments - Tangible assets	(18,966,790)	(18,281,876)
(Investments)/divestments - Intangible assets	(579,340)	(997,335)
(Investments)/divestments - Equity investments and goodwill	-	-
(Investments)/divestments or repayments - Short-term and other financial assets	39,069,049	(21,482,607)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES (B)</b>	<b>19,522,920</b>	<b>(40,761,817)</b>
<b>C. Cash flows from financing activities</b>		
<b>Interest collected/(paid)</b>	<b>3,584,879</b>	<b>2,018,408</b>
<b>Borrowed capital</b>	<b>(53,753,537)</b>	<b>(48,145,118)</b>
Increase/(decrease) in financial assets/liabilities centralised treasury	(187,553,218)	(18,918,000)
New/(Repayment of) loans	133,799,681	(29,227,118)
<b>Equity</b>	<b>(36,577,000)</b>	<b>(47,795,000)</b>
Paid capital increase	-	-
(Capital redemption)	-	-
Other capital increases (decreases)	-	-
Change in receivables from shareholders	-	-
Sale (purchase) of treasury shares	-	-
Dividends (and interim dividends) paid	(36,577,000)	(47,795,000)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(86,745,658)</b>	<b>(93,921,710)</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>34,289,788</b>	<b>(23,061,485)</b>
Of which net cash and cash equivalents from extraordinary transactions	-	-
Cash and cash equivalents at 1 January	188,522,923	211,584,408
Cash and cash equivalents at 31 December	222,812,711	188,522,923

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Company Information

The publication of the CVA financial statements for the year ended on 31 December 2021 was authorised by the Board of Directors on 17 May 2022. 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).

## Form and content of the financial statements

The Financial Statements of CVA for the year ended 31 December 2021 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 2021", 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 2021 consist of the Consolidated Balance Sheet: Asset & Liabilities, the Income Statement, the Statement of the other components of the Comprehensive Income Statement, 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 statements of financial position, the separate income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows are presented in Euro (without cents) and the notes to these separate financial statements in thousands of Euro, 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 Statements of Comprehensive Income include the profit or loss for the year as shown in the separate income statements 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 standards and valuation criteria adopted in preparing the financial statements of CVA are consistent with those adopted for the preparation of the Consolidated Annual Financial Report of the CVA Group, to which reference is made, with the exception of the recognition and valuation of investments in subsidiaries and associates, which are valued in the separate financial statements according to the purchase cost method, possibly reduced in the case of distribution of capital, or in the presence of impairment losses determined by performing the impairment test. 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.

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	Year 2021					Year 2020				
	Hydroelectric production	Production Other RES	Energy efficiency	Other	Total	Hydroelectric production	Production Other RES	Energy efficiency	Other	Total
<b>REVENUES FROM SALES AND SERVICES</b>	<b>162,490</b>	<b>20,965</b>	<b>5,676</b>	<b>9,185</b>	<b>198,316</b>	<b>127,029</b>	<b>5,097</b>	<b>-</b>	<b>9,146</b>	<b>141,272</b>
Sale of electricity	160,930	20,880	-	-	181,810	125,355	5,034	-	-	130,389
Disposal of energy certificates/securities	1,267	64	-	-	1,332	1,388	29	-	-	1,417
Provisions of services	292	20	5,676	9,185	15,174	287	33	-	9,146	9,466

Revenues from sales and services totalled Euro 198,316 thousand in 2021 (Euro 141,272 thousand in 2020).

Revenues from the sale of electricity totalled Euro 181,810 thousand in the year 2021 (Euro 130,389 thousand in 2020) and are mainly composed of the sale of electricity to wholesalers, including CVA ENERGIE (Euro 173,350 thousand in 2021). Of this amount, Euro 160,930 thousand is the result of the sale of energy produced by hydroelectric plants (Euro 125,355 thousand in 2020) and Euro 20,880 thousand to that produced by photovoltaic and wind plants (Euro 5,034 thousand in 2020). The overall increase recorded (amounting to Euro 57,044 thousand) is mainly attributable to price dynamics related to the geopolitical situation. In fact, there was an increase in the value of energy produced and sold even though there was less energy production (mainly from hydroelectric sources) due to an overall less favourable meteorology than in the previous year. Production came in at -12% below budget projections and down about 17% from 2020.

Services amounted to Euro 15,174 thousand in 2021 (Euro 9,466 thousand in 2020) and were characterised by revenues from services outsourced to subsidiaries and revenues generated by the new business line in energy efficiency, which saw CVA position itself as a General Contractor in the energy upgrading of private properties. The positive change between 2021 and 2020 (equal to Euro 5,708 thousand) is due mainly to the revenues relating to energy efficiency interventions that have taken on a value of Euro 5,676. 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, amounting to Euro 3,433 thousand, 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 1,332 thousand in 2021, Euro 1,417 thousand in 2020) includes the proceeds from the sale of guarantee of origin certificates ("GO" Certificates) to CVA ENERGIE. The negative change recorded is mainly due to the decrease in the number of GO produced, while there was an increase in average sales prices. Revenues from the sale of "GO" Certificates are related to the production of hydroelectric plants for Euro 1,267 thousand compared to Euro 1,388 thousand in the previous year and to wind power and photovoltaic plants for Euro 64 thousand compared to Euro 29 thousand in FY 2020.

## 2. Other operating revenues and income

The breakdown of the item "Other operating revenues and income" is shown in the following table:

Euro thousands	Year 2021				Year 2020			
	Hydroelectric BU	Other RES BU	Corporate BU	Total	Hydroelectric BU	Other RES BU	Corporate BU	Total
<b>OTHER OPERATING REVENUES AND INCOME</b>	<b>9,900</b>	<b>21,354</b>	<b>1,477</b>	<b>32,731</b>	<b>13,546</b>	<b>17,275</b>	<b>1,691</b>	<b>32,512</b>
Leases of properties	-	-	1,311	1,311	-	-	1,293	1,293
Operating contributions	9,625	17,376	20	27,021	12,116	17,256	87	29,458
Others	275	3,977	146	4,399	1,431	19	311	1,761

The item "Operating contributions" for the year amounted to Euro 27,021 thousand in 2021 (Euro 29,458 thousand in 2020), and mainly includes the contribution paid by the GSE such as the Energy Account, the Incentive Tariff and GRIN incentive. The change seen between 2021 and 2020 (equal to Euro 2,437 thousand) is mainly due:

- GRIN INCENTIVE: total incentives changed from Euro 21,512 thousand in 2020 to Euro 20,734 thousand in 2021 due to the combined effect of the increase in the unit value of the GRIN incentive, which decreased from Euro 99.05/MWh in FY 2020 to Euro 109.36/MWh in FY 2021 (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 3,204 thousand in the previous year to Euro 1,372 thousand in 2021. 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 2021 compared to the previous year;
- ENERGY ACCOUNT: the increase in the value of incentives on photovoltaic production from Euro 4,654 thousand in 2020 to Euro 4,896 thousand in 2021 is mainly due to an increase in production in the photovoltaic segment and the increase in the unit incentive in the energy account for the Alexandria plant.

Operating contributions amounted to Euro 17,376 thousand for wind and photovoltaic energy production and Euro 9,625 thousand for hydroelectric production.

The item leases of properties amounted to Euro 1,311 thousand in 2021 (Euro 1,293 thousand in 2020). 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 796 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.

The item "Other revenues" amounted to Euro 4,399 thousand in 2021 (Euro 1,761 thousand in 2020). Its composition has as its main element the aggregate of insurance reimbursements, penalties applied to suppliers and other forms of compensation received. The most significant amount relates to the compensation received from Renexia, a subsidiary of Toto Holding, from which CVA purchased in 2015 the shares of Ponte Albanito S.r.l.; after the acquisition, a dispute arose with E.T.S. In a December 2016 agreement, Renexia agreed to hold CVA, in the event of condemnation, harmless from all costs, damages, and expenses. CVA was ordered by the Court of Appeals of L'Aquila on 23 June 2021 to pay

Euro 3,679,641 thousand in favour of ETS, and Renexia indemnified CVA as per the agreements by also recasting all ancillary costs incurred by CVA for a total of Euro 3,761 thousand. This item should be regarded as **non-recurring** both because of its extraordinary nature and its magnitude.

We also note, within the same aggregate, the recognition of an insurance indemnity of Euro 157 thousand for lightning damage suffered by a blade of a wind turbine at the Piansano plant.

The remaining portion is mainly attributable to:

- reimbursements obtained by the management companies of the ski lifts to draw the water needed for artificial snow (for Euro 121 thousand);
- 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 (for Euro 113 thousand);
- fees received from TIM S.p.A: for the maintenance of fiber optics owned by the Region (Euro 70 thousand);
- fees for obligations arising from settlement agreements (Euro 40 thousand);
- contributions relating to the accrued portions of tax relief on investments (amounting to Euro 38 thousand)
- gains accrued on the disposal of assets for Euro 11 thousand;
- the disposal of scrap (for Euro 12 thousand);
- miscellaneous charge-backs.

## 3. Costs for raw materials and services

Costs for raw materials and services totalled Euro 24,529 thousand in 2021 (Euro 16,756 thousand in 2020).

### Costs for raw materials

The breakdown of the item Costs for raw materials is shown in the following table:

Euro thousands	Year 2021	Year 2020
<b>COSTS FOR RAW MATERIALS</b>	<b>2,626</b>	<b>2,106</b>
Electricity for auxiliary services	1,576	975
Raw and ancillary materials and consumables	925	1,035
Others	125	96

Expenses for purchases of raw materials, ancillary materials, consumables and goods amounted to Euro 925 thousand in 2021 (Euro 1,035 thousand at the end of the previous year) and do not show significant changes. This item includes, in addition to expenses for raw, ancillary and consumable materials (typically plant components), the costs for the purchase of the energy necessary for the operation of production plants (so-called auxiliary uses). 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:

Euro thousands	Year 2021	Year 2020
Costs for services	21,686	14,503
Professional subcontracting contracts for energy efficiency	5,403	72
Maintenance	5,038	4,652
Insurance	1,921	1,484
Costs for ICT services - IT services	1,806	1,652
Professional services	1,590	1,233
Commercial, legal, administrative consultancy	1,117	1,192
Telephone and data transmission services	987	1,019
Regarding personnel	953	642
Representation	448	401
Utilities (water, gas, electricity)	379	286
Fees for Directors, Auditors, SB and Independent Auditors	278	286
Car park management expenses	244	226
Costs for bank and postal services	55	28
Advertising	178	101
Business trips and transfers	34	39
Other costs for services	1,256	1,191

The breakdown of the individual items mainly consists of:

- **professional subcontracting and technical consulting contracts for energy efficiency** in the amount of Euro 5,403 thousand (Euro 72 thousand in 2020). Correspond to charges for services subcontracted as part of civil building rehabilitation activities on a contract basis;
- **maintenance costs:** amounted to Euro 5,038 thousand (previously Euro 4,652 thousand). They include the costs of maintaining machinery, plant and property. There are no significant changes, and the recorded increase is mainly attributable to costs incurred for the restoration of an electrocuted blade of a wind turbine at the Piansano plant (about Euro 290 thousand);
- **costs for insurance services:** amounted to Euro 1,921 thousand (Euro 1,484 thousand in 2020), arising mainly from charges for third-party liability and "All Risk" insurance coverage of plants, totalling Euro 1,293 thousand. The increase recorded is attributable to an increase in premiums due for third-party liability coverage that rose from Euro 85 thousand in 2020 to Euro 415 thousand in the current year;
- **costs for Information & Communication Technology services:** amounted to Euro 1,806 thousand (Euro 1,652 thousand in 2020). They refer to the assistance services of IT systems, hardware and software maintenance;
- **professional services** for a total of Euro 1,590 thousand (Euro 1,233 thousand in 2020), attributable, inter alia, to:
  - professional services and technical consultancy for Euro 751 thousand;
  - costs for laboratory research and analysis activities for Euro 211 thousand;
  - costs for studies-research and technical consultancy for Euro 175 thousand;
  - expenses for environment study services for Euro 19 thousand;
  - costs for miscellaneous technical services for Euro 29 thousand;
- commercial, legal and administrative consultancy: these amount to Euro 1,117 thousand (Euro 1,192 thousand in the previous financial year) and include all the costs for external consultancy on legal, tax and administrative matters;
- **telephone expenses and data transmission services:** amounted to Euro 987 thousand (Euro 1,019

thousand in 2020). These refer to fees and maintenance of fixed and mobile telephone networks;

- **personnel-related costs:** these include charges relating to personnel management and all costs for services provided to all employees. They amounted to Euro 953 thousand (Euro 642 thousand in the past year) referable for Euro 10 thousand to administrative consultancy regarding personnel, for Euro 159 thousand to expenses related to the participation and organisation of training activities for employees, for Euro 26 thousand to medical expenses and for Euro 253 thousand to services recognised to temporary employment agencies. There was an increase in costs for catering services for employees for Euro 97 thousand after the reduction of Euro 260 thousand recorded in the previous year following the use of "agile work" as a tool against the Covid-19 pandemic and consequent less use of company canteen services by employees. The increased presence of salaried staff at headquarters, has led to an increase in these expenses, which are, however, still below their physiological level;
- **entertainment expenses:** these amount to Euro 448 thousand, an increase compared to Euro 401 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 379 thousand (compared to Euro 286 thousand in 2020) 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 and supervisory bodies** totalled Euro 219 thousand (Euro 224 thousand in the previous year) and refer:
  - for Euro 121 thousand to the expense for the fees due to the members of the Board of Directors, of which Euro 111 thousand for fees and related contributions and Euro 10 thousand for expenses reimbursements;
  - for Euro 84 thousand to the expense for the fees due to the members of the Board of Auditors;
  - for Euro 14 thousand to the expense for emoluments due to the members of the Supervisory Body, of which Euro 2 thousand for expenses reimbursements;
- **costs for the activities performed by the independent auditors** for a total of Euro 59 thousand;
- **expenses for car park management:** totalled Euro 244 thousand (Euro 226 thousand in 2020) 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;
- **expenses for banking and postal services** for Euro 55 thousand;
- **expenses for advertising:** amounted to Euro 178 thousand (Euro 101 thousand in 2020). They refer to advertisements in major industry and local newspapers, as well as social campaigns on major social networks;
- travel expenses of employees and temporary workers for Euro 34 thousand;
- **costs for other services:** amounted to Euro 1,216 thousand (Euro 1,189 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 209 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 223 thousand;
  - expenses for waste disposal of Euro 180 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 161 thousand;
  - costs for the analysis activity aimed at the attribution of a financial reliability rating for Euro 102 thousand;
  - fees for access to portals and databases of various kinds amounting to Euro 91 thousand;
  - supervisory expenses amounting to Euro 91 thousand;
  - costs for services relating to purchase and sale transactions of Guarantee of Origin Certificates for Euro 91 thousand.

## Costs for rents and leases

At 31 December 2021, costs for rents and leases amounted to Euro 217 thousand (Euro 147 thousand in 2020) and are detailed as follows:

Euro thousands	Year 2021	Year 2020
<b>COSTS FOR RENTS AND LEASES</b>	<b>217</b>	<b>147</b>
Software licence fees	189	133
Car park rental fees	6	3
Others	22	10

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:

Euro thousands	Year 2021	Year 2020
<b>PERSONNEL COSTS</b>	<b>26,747</b>	<b>25,908</b>
Wages and salaries	18,938	18,236
Social security contributions	5,906	5,795
Employee severance indemnity and other employee benefits	1,139	1,238
Other personnel costs	764	639

The item "Personnel costs" totalled Euro 26,747 thousand in 2021 (Euro 25,908 thousand in 2020). The changes in the year are mainly attributable to the following aspects:

- wages and salaries: the recorded increase originates from: i) the increase in the average amount of managers; ii) the increase in the integrated contractual minimums effective June 2021 provided for in the renewal of the National Collective Bargaining Agreement for Electrical Workers signed on 09/10/2019 for white collars-blue collars; iii) the increase in the amount of the performance bonus; iv) increase in the average amount of white collars and blue collars due to new hires;
- social security charges: INPS contribution rates remained unchanged between 2020 and 2021, the increase can be attributed to the growth in average staff size;
- severance pay and other employee benefits: there was a decrease in provisions to funds.

The table below shows the average number of employees during the years under review, broken down by category:

Euro thousands	Year 2021	Year 2020
Executives	2.4	2.0
Managers	45.1	43.0
White collars	215.9	217.0
Blue collars	126.1	127.0
<b>TOTAL</b>	<b>389.5</b>	<b>389</b>

## 5. Other operating costs

At 31 December 2021, other operating costs amounted to Euro 39,755 thousand (Euro 38,863 thousand in 2020) and are detailed as follows:

Euro thousands	Year 2021	Year 2020
<b>OTHER OPERATING COSTS</b>	<b>39,755</b>	<b>38,863</b>
Fees for the derivation of water for hydroelectric use	35,427	35,369
Stamp duties, levies and various taxes	1,164	1,173
Other sundry expenses	3,164	2,321

The item "Fees for the derivation of water for hydroelectric use", equal to Euro 35,427 thousand in 2021 (Euro 35,369 thousand in 2020), 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 stamp duties, levies and various taxes amounted to Euro 1,164 thousand in 2021 (Euro 1,173 thousand in 2020) 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 of Euro 871 thousand, various contributions and fees of Euro 457 thousand (including the contribution for financing the activities of the Italian Dams Register of Euro 143 thousand), membership fees to institutes of interest of Euro 400 thousand. For the year 2021, Euro 343 thousand were paid to the Regional Fisheries Protection Consortium in the amount of 2% of the concession fee paid.

In addition, in order to face the Covid-19 epidemic, during the year, costs related to donations to the Parini Hospital - Aosta for Euro 48 thousand.

During the year, an indemnity payable was disbursed, following the negative outcome of the dispute with E.T.S. closed with the ruling of the L'Aquila Court of Appeals on 23 June 2021 (for more information, see the note commenting on provisions for risks and charges). The indemnity was accounted for, amounting to Euro 454 thousand, equal to the difference between the amount due under the judgment, of Euro 3,641 thousand, and the amount already set aside through a specific provision in previous years, amounting to Euro 3,189 thousand. The item should be regarded as **non-recurring**.

## 6. Capitalised days of work

At 31 December 2021, capitalised days of work amounted to Euro 1,500 thousand (Euro 1,218 thousand in 2020). 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 31,804 thousand in 2021 (Euro 30,845 thousand in 2020) and refer to the depreciation of both instrumental and non-instrumental buildings for Euro 3,082 thousand, industrial and commercial equipment for Euro 170 thousand, plant and machinery for Euro 27,167 thousand, other assets for Euro 1,253 thousand. Amortisation of intangible assets amounted to Euro 1,089 thousand in 2021 (Euro 1,075 thousand in 2020). They refer to patent rights and use of intellectual property (software licenses) for Euro 686 thousand, licensing of trademarks and similar rights for Euro 64 thousand and other intangible assets for Euro 339 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 54 thousand. The total is the sum of the reversion of the Provision for Risks for Euro 26 thousand (excess of provision for administrative fines by the Autonomous Region of Valle d'Aosta on power overruns of hydroelectric plants) and the Provision for bad debts for Euro 28 thousand.

## 9. Financial income

The breakdown of financial income is shown in the following table:

Euro thousands	Year 2021	Year 2020
<b>FINANCIAL INCOME</b>	<b>13,233</b>	<b>10,107</b>
Financial income from Group companies and/or related parties	3,393	3,554
Dividends	6,719	3,968
Income from equity investments	320	83
Other financial income	2,800	2,503

Financial income from Group companies and related parties amounted to Euro 3,393 thousand in 2021 (Euro 3,554 thousand in 2020). 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:

Euro thousands	Year 2021	Year 2020
<b>Dividends</b>	<b>6,719</b>	<b>3,968</b>
Deval	(1,719)	(2,318)
Valdigne	-	(1,650)
Cva Energie	(5,000)	-

Other financial income amounted to Euro 2,800 thousand in 2021 (Euro 2,503 thousand in 2020) 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 1,367 thousand (Euro 1,702 thousand in 2020);
  - the returns on the securities portfolio of Euro 1,311 thousand including the effects of derivatives entered into to hedge inflation risk on index-linked securities;
  - interest income on bank accounts in the amount of Euro 97 thousand;
- Other interest and income including interest on tax credits and interest on loans to employees and income from the measurement at amortised cost of trade receivables from energy efficiency activities. These residual items amounted to Euro 20 thousand in the financial year (Euro 59 thousand in the previous financial year).

## 10. Financial expenses

The breakdown of financial expenses is shown in the following table:

Euro thousands	Year 2021	Year 2020
<b>FINANCIAL EXPENSES</b>	<b>17,249</b>	<b>5,350</b>
Gains on investments	8,999	10
Interest expense on bank loans	8,059	5,173
Interest expense on leases	73	79
Financial expenses on bonds	50	-
Financial expenses to Group companies and related parties	7	26
Other financial expenses	62	63

Expenses on equity investments of Euro 8,999 thousand correspond to the write-down of the investee companies DEVAL S.p.A a s.u. for Euro 8,993 thousand and Le Brasier S.r.l. for Euro 6 thousand. The write-down of the equity investment in DEVAL is a reflection of the impairment of the goodwill implicit in the value of the equity investment as a result of the related annual impairment test. What had an impact on the recoverable value of the equity investment was the combination of two effects: on the one hand, an increase in the WACC with which expected cash flows are discounted, and on the other hand, a reduction in the regulatory WACC (see ARERA Resolution 614/2021/R/com - TIWACC) with which the remuneration the profitability of investments in distribution activities is determined.

Interest expense on bank loans accrued in 2021 amounted to Euro 8,059 thousand (Euro 5,173 thousand in 2020). 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. The decrease compared to the previous year is mainly due to the overall reduction in the residual principal amount due. The change in the fair value of IRS on loans payable was affected by charges incurred for the early termination of some IRS for the early repayment of the underlying loan (Euro 6,244 thousand). The item should be regarded as **non-recurring**.

Interest expense on leases 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 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 33 thousand.

## 11. Income taxes

Income taxes as a whole result in an increase in the result of Euro 7,665 thousand in 2021 (they were a cost of Euro 17,561 thousand in 2020) and are composed as follows:

- current taxes for Euro 33,686 thousand in 2021 (Euro 12,145 thousand in 2020). The increase in current taxes is attributable, in addition to an increase in pre-tax result, to the elimination of the tax deduction for goodwill, which was fully amortised for tax purposes at the end of 2020. During the year, CVA adhered to the statutory/fiscal value realignment scheme pursuant to article 110 of Decree Law 104/2020, converted with amendments by Law 126/2020. This adhesion resulted in the possibility of eliminating the misalignment between the book value and tax value of goodwill at 31.12.2019 upon payment of a substitute tax of 3% of the realigned value. This was possible both for goodwill for which the misalignment had arisen as a result of the normal tax amortisation process and for that which had never received tax recognition. The realigned value, in accordance with the provisions of the current rule, will be deducted in 50ths starting in 2021. Looking at the numbers, this translates into the ability to deduct charges for IRES and IRAP purposes of approximately Euro 3.4 million annually. The substitute tax due for realignment is shown in its entirety in current taxes in the amount of Euro 5,063 thousand;
- net deferred tax assets and liabilities, positive for Euro 41,300 thousand in 2021 (Euro 5,441 thousand in 2020). Deferred taxation was significantly impacted by the release of deferred taxes allocated against the fiscally recognised goodwill amortisation and realigned as described above. This impact generated positive effects of Euro 42,664 thousand;

- previous years' taxes for Euro 51 thousand, reducing the 2021 cost (Euro 24 thousand reducing the cost in 2020). These taxes mainly correspond to the changes recorded between the taxes estimated in the 2020 budget and those actually determined on the return.

It should be noted that the Region has approved an ordinary IRAP rate reduced to 3.1% for the three-year period 2019-2021.

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 Balance Sheet

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 365,809 thousand at 31 December 2021 (Euro 379,141 thousand at 31 December 2020).

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:

<b>Euro thousands</b>	<b>Proprietary tangible assets</b>	<b>Rights of use on tangible assets</b>	<b>Total</b>
Historical cost	790,159	3,433	793,592
Provisions for depreciation	(413,873)	(648)	(414,521)
<b>Net value at 31.12.2020</b>	<b>376,356</b>	<b>2,785</b>	<b>379,141</b>
Increases	19,355	145	19,501
Amortisation/depreciation	(31,470)	(335)	(31,804)
Reclassifications	25	-	25
Disposals	(1,076)	(6)	(1,082)
Other changes	-	28	28
Changes Accumulated depreciation for concluded contracts	-	122	122
Changes Right of use for concluded contracts	-	(122)	(122)
<b>Total net changes in 2021</b>	<b>(13,165)</b>	<b>(167)</b>	<b>(13,332)</b>
Historical cost	807,160	3,478	810,639
Provisions for depreciation	(443,969)	(860)	(444,830)
<b>Net value at 31.12.2021</b>	<b>363,191</b>	<b>2,618</b>	<b>365,809</b>

The breakdown and change in proprietary tangible assets is shown in the following table:

<b>Euro thousands</b>	<b>Land</b>	<b>Buildings</b>	<b>Plants and machinery</b>	<b>Industrial and commercial equipment</b>	<b>Other assets</b>	<b>Leasehold improvements</b>	<b>Tangible assets in progress and advances</b>	<b>Total</b>
Historical cost	7,085	91,764	653,706	2,837	11,727	39	22,474	789,632
Provisions for depreciation	(29)	(35,777)	(339,137)	(2,299)	(9,803)	(39)	-	(387,083)
<b>Net value at 31.12.2019</b>	<b>7,056</b>	<b>55,987</b>	<b>314,570</b>	<b>538</b>	<b>1,924</b>	<b>-</b>	<b>22,474</b>	<b>402,549</b>
Increases	-	129	-	-	-	-	18,305	18,434
Amortisation/depreciation	-	(3,051)	(26,461)	(136)	(871)	-	-	(30,518)
Reclassifications	-	228	12,739	306	1,882	2	(15,145)	11
Disposals	-	-	(199)	-	(2)	-	(19)	(219)
Other changes	-	-	-	-	-	-	(13,900)	(13,900)
<b>Total net changes in 2020</b>	<b>-</b>	<b>(2,694)</b>	<b>(13,921)</b>	<b>170</b>	<b>1,010</b>	<b>2</b>	<b>(10,759)</b>	<b>(26,193)</b>
Historical cost	7,085	92,121	665,787	3,140	10,270	41	11,715	790,159
Provisions for depreciation	(29)	(38,828)	(365,139)	(2,432)	(7,336)	(39)	-	(413,803)
<b>Net value at 31.12.2020</b>	<b>7,056</b>	<b>53,293</b>	<b>300,649</b>	<b>708</b>	<b>2,934</b>	<b>2</b>	<b>11,715</b>	<b>376,356</b>
Increases	-	-	-	-	-	-	19,355	19,355
Amortisation/depreciation	-	(3,082)	(27,167)	(150)	(1,058)	(14)	-	(31,470)
Reclassifications	7	1,171	13,472	193	559	74	(15,451)	25
Disposals	(1)	(204)	(392)	-	(4)	-	(474)	(1,076)
Other changes	-	-	-	-	-	-	-	-
<b>Total net changes in 2021</b>	<b>6</b>	<b>(2,115)</b>	<b>(14,087)</b>	<b>43</b>	<b>(502)</b>	<b>60</b>	<b>3,430</b>	<b>(13,165)</b>
Historical cost	7,091	93,036	677,660	3,313	10,801	114	15,145	807,160
Provisions for depreciation	(29)	(41,857)	(391,099)	(2,562)	(8,369)	(53)	-	(443,969)
<b>Net value at 31.12.2021</b>	<b>7,062</b>	<b>51,178</b>	<b>286,591</b>	<b>751</b>	<b>2,432</b>	<b>61</b>	<b>15,145</b>	<b>363,191</b>

In 2021, there was a net decrease in tangible assets due to the effect of the ordinary depreciation process of Euro 31,470 thousand, which is higher than the value of investments for the period of Euro 19,355 thousand.

There were also divestments amounting to Euro 1,076 thousand, of which Euro 474 thousand were for costs entered under fixed assets in progress that have lost their multi-year usefulness as they refer to projects that did not come to fruition. The remaining portion refers to assets that have been removed from the production cycle due to plant modernisation or damage incurred.

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
Hone 1 plant - plant modernisation (main object: Revis generator Revis turbine overhaul and purchase hub and blades transformer)	1,440	3,916	(540)	-	4,815
Place Moulin plant - extraordinary maintenance (main object: redoing of protective barriers)	133	1,625	(1,758)	-	-
Signayes plant - extraordinary maintenance (main object: redoing of plant unit 2)	733	1,613	(2,007)	-	339
Hone 2 plant - extraordinary maintenance (main object: shunt channel)	1,061	1,251	(959)	-	1,353
Chavonne plant - extraordinary maintenance	1,215	1,201	(874)	-	1,542
Monjovet plant - extraordinary maintenance (main object: rebuilding of turbine and alternator unit)	48	692	-	-	740
Aymaville plant - extraordinary maintenance (main object: revision turbine and generators)	57	664	(491)	-	230
Avise plant - extraordinary maintenance (main object: new impellers)	559	621	(942)	-	237
Hone 1 plant - extraordinary maintenance shunt channel	-	451	(451)	-	-
Lillaz plant - redoing intake Les Goilles	543	448	(991)	-	-
IT services - hardware software implementation (main object: Technological refresh of server rooms)	-	411	(411)	-	-
Headquarters building - Chatillon - extraordinary maintenance - main activity Revamping air conditioning system	174	364	(85)	-	454
Other hydroelectric plants - Fire-fighting transformers	63	363	(417)	-	9
Trigeneration plant	-	345	-	-	345
Valpelline plant - extraordinary maintenance shunt channel	-	237	(237)	-	-
Verres plant - extraordinary maintenance (main object: purchase and replacement impellers)	68	229	-	-	297
Chatillon plant - extraordinary maintenance (main object: new impellers)	127	228	(6)	-	349
Quart plant - extraordinary maintenance (main object: redoing of plant)	457	202	(78)	-	581
Saint Clair plant - extraordinary maintenance (main object: automation)	265	199	(307)	-	157
Instrumental building - Aosta (via Clavalité) - extraordinary maintenance	3	133	(30)	-	106
Gabiet Dam - main object: seismic retrofitting guard house and valve room	599	95	(692)	-	1
Pont Saint Martin plant - extraordinary maintenance (main object: new impellers)	176	94	-	-	270
Covalou plant - plant refurbishment (main object: GR1 Impeller purchase - pipeline)	478	87	(547)	-	18
Champagne 1 plant - extraordinary maintenance (main object: pipeline, spillway, intake works)	212	76	(284)	-	4
Beauregard dam - works on dam (main object: Automation and Control)	276	65	(247)	-	94
Other RES plants - extraordinary incremental maintenance	87	56	(76)	-	67
Perreres plant - extraordinary maintenance (main object: pipeline)	144	55	(134)	-	64
Other hydroelectric power plants - extraordinary incremental maintenance	536	2,752	(2,033)	-	1,255
Other investments	835	1,066	(853)	-	1,048
Advances on investments	1,429	557	-	(1,215)	771
<b>General total</b>	<b>11,715</b>	<b>20,096</b>	<b>(15,451)</b>	<b>(1,215)</b>	<b>15,145</b>

The main investments of the year 2021 concerned:

- The modernisation of the Hone 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 3,916 thousand;
- construction of protective barriers near the Place Moulin dam for Euro 1,625 thousand. The work was completed at the end of the year with a total value of Euro 1,758 thousand;
- renovation of the Signayes plant in the amount of Euro 1,613 thousand with reference to which assets in the amount of Euro 2,007 thousand came into operation, against the completion of Group 2;
- extraordinary maintenance at the Hone 2 plant in the amount of Euro 1,251 thousand, of which Euro 931 refers to the waterproofing of a section of the branch canal completed during the year;
- The various activities necessary for the renovation of the Chavonne plant, amounting to Euro 1,201 thousand;
- refurbishment of the turbine and alternator unit of the Montjovet power plant for Euro 692 thousand;
- overhaul of turbines and generators at the Aymavilles plant for Euro 664 thousand. It should be noted that against the regeneration of the turbine of group 2, assets of Euro 347 thousand entered into operation.

In addition, some interventions were completed in 2021, with entry into operation of the related assets. More specifically, the following investments have been completed:

- refurbishment of the Les Goilles intake - Lillaz plant - for a total amount of Euro 982 thousand;
- commissioning of gr.1 and gr3 impellers and the new gr1 turbine shaft at the Avise plant, with a total value of Euro 832 thousand;
- the works necessary for the seismic retrofitting of the 2 buildings - guard house and valve room - pertaining to the Gabiet dam, amounting to Euro 666 thousand.

## 13. Proprietary intangible assets

Intangible assets totalled Euro 6,924 thousand at 31 December 2021 (Euro 7,433 thousand at 31 December 2020).

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	22,220	431	22,651
Provisions for amortisation	(15,114)	(27)	(15,141)
<b>Net value at 31.12.2019</b>	<b>7,106</b>	<b>404</b>	<b>7,510</b>
Increases	1,039		1,039
Amortisation/depreciation	(1,047)	(27)	(1,075)
Reclassifications	(11)	-	(11)
Disposals	(34)	-	(34)
Other changes	-	3	3
<b>Total net changes in 2020</b>	<b>(53)</b>	<b>(24)</b>	<b>(77)</b>
Historical cost	23,175	431	23,606
Provisions for amortisation	(12,122)	(55)	(12,176)
<b>Net value at 31.12.2020</b>	<b>7,053</b>	<b>380</b>	<b>7,433</b>
Increases	602		602
Amortisation/depreciation	(1,061)	(27)	(1,089)
Reclassifications	(25)	-	(25)
Disposals	-	-	-
Other changes	-	3	3
<b>Total net changes in 2021</b>	<b>(485)</b>	<b>(25)</b>	<b>(509)</b>
Historical cost	23,752	437	24,189
Provisions for amortisation	(17,183)	(82)	(17,265)
<b>Net value at 31.12.2021</b>	<b>6,569</b>	<b>355</b>	<b>6,924</b>

During the year 2021, there was a decrease in intangible assets of Euro 485 thousand mainly attributable to two opposite effects:

- the decrease originating from the ordinary amortisation process, amounting to Euro 1,061 thousand (Euro 1,047 thousand at 31/12/2020);
- new investments for the period totalling Euro 602 thousand mainly related to SAP technological and functional Upgrade activities.

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.

## 14. Rights of use of tangible and intangible assets and related financial liabilities

At 31 December 2021, rights of use on tangible and intangible assets amounted to Euro 2,973 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
		Rights of use on real estate	Rights of use on industrial and commercial equipment	Rights of use on other assets	
<b>Net value at 31.12.2020</b>	<b>380</b>	<b>2,396</b>	<b>14</b>	<b>375</b>	<b>3,165</b>
Increases for new contracts	-	-	93	52	145
Decreases for new contracts	-	-	-	(6)	(6)
Amortisation/depreciation	(27)	(118)	(21)	(195)	(362)
Reclassifications	-	-	-	-	-
Other changes	3	11	-	17	31
Change Right of use for concluded contracts	-	-	(54)	(68)	(122)
Change Accumulated amortisation for concluded contracts	-	-	54	68	122
<b>Total net changes in 2021</b>	<b>(25)</b>	<b>(107)</b>	<b>73</b>	<b>(133)</b>	<b>(192)</b>
Closing value of right of use	437	2,643	93	742	3,916
Provisions for amortisation	(82)	(354)	(6)	(499)	(942)
<b>Net value at 31.12.2021</b>	<b>355</b>	<b>2,289</b>	<b>87</b>	<b>242</b>	<b>2,973</b>
<b>Initial financial liability 31.12.2020</b>	<b>381</b>	<b>2,457</b>	<b>10</b>	<b>368</b>	<b>3,215</b>
Increases for new contracts	-	-	93	52	145
Decreases due to contract termination	-	-	-	(6)	(6)
Changes in fees	3	11	-	17	31
Instalments paid	(33)	(152)	(17)	(200)	(402)
of which:					
principal share	(24)	(94)	(16)	(193)	(327)
interest	(9)	(58)	-	(7)	(75)
<b>Financial liability instalments at 31.12.2021</b>	<b>354</b>	<b>2,334</b>	<b>87</b>	<b>238</b>	<b>3,013</b>
Accrued interest 2021	5	38	-	-	43
<b>Final financial liability 31.12.2021</b>	<b>359</b>	<b>2,732</b>	<b>87</b>	<b>238</b>	<b>3,057</b>
Residual instalments:					
CURRENT	33	152	24	170	378
NON CURRENT	399	2,793	65	74	3,331
Accrued interest	(9)	(57)	-	(7)	(73)
Non lease component	-	-	-	(3)	(3)
<b>Total costs on the income statement</b>	<b>(37)</b>	<b>(175)</b>	<b>(21)</b>	<b>(205)</b>	<b>(438)</b>

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 Valle d'Aosta 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	(378)	(1,036)	(2,295)
Financial liabilities	(310)	(625)	(2,078)

## 15. Goodwill

The following is the detail of changes of the item "Goodwill":

Value at 31 December 2019	188,217
Changes in 2019	-
Value at 31 December 2020	188,217
Changes in 2020	-
Value at 31 December 2021	188,217

At 31 December 2021, 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); PIANANO 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 of an exclusively tax-related transaction during the year. Pursuant to article 110 of Decree Law 104/2020 (so-called "August Decree"), converted into Law 126/2020, it was possible to zero out the mismatch between the book value and tax value of goodwill at 31.12.2019. Realignment involves the payment of a substitute IRES and IRAP tax equal to 3% of the realigned value itself. The transaction resulted in the realignment of a total value of Euro 168,760 thousand to which corresponds a substitute tax of Euro 5,063 thousand to be paid in three equal annual instalments, the first of which was paid in August 2021. This tax is fully shown in current taxes for the year and for the portion still to be paid in taxes payable.

The realigned value will be depreciable for tax purposes in fiftieths from tax year 2021. The total non-discounted benefit, calculated on the basis of current tax rates, is a total of Euro 47,084 thousand.

As a result of the realignment, IRES and IRAP deferred tax liabilities allocated in previous years totalling Euro 42,664 were released to the income statement against the solely tax-related amortisation of goodwill.

## 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.	Fondazione ITS	
<b>Net value at 31.12.2019</b>	8,023	12,978	72,523	18,403	30	15,598	1,797	163	8	129,523
Capital increase	-	-	-	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-
Write-downs/write-backs	-	-	-	-	(7)	-	-	(3)	-	-
Others	-	-	-	15,598	-	(15,598)	-	-	-	-
<b>Total net changes in 2020</b>	-	-	-	15,598	-	(15,598)	-	-	-	-
<b>Net value at 31.12.2020</b>	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)	-	-	-	-	-
<b>Total net changes in 2021</b>	-	-	(8,993)	23	(23)	-	-	-	-	(8,679)
<b>Net value at 31.12.2021</b>	8,023	12,978	63,529	34,024	-	-	2,200	154	8	120,916

The item investments in subsidiaries totalled Euro 118,555 thousand at 31 December 2021 (Euro 127,548 thousand at 31 December 2020).

### 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 2021, CVA ENERGIE showed a profit of Euro 4,881 thousand; shareholders' equity, at the same date, amounted to Euro 68,754 thousand.

#### VALDIGNE ENERGIE S.r.l.

The investment amounts to Euro 12,978 thousand and represents 75% of the share capital. At 31 December 2021, VALDIGNE showed a profit of Euro 6,978 thousand; shareholders' equity, at the same date, amounted to Euro 37,131 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 2021, DEVAL showed a profit of Euro 2,594 thousand; shareholders' equity, at the same date, amounted to Euro 67,302 thousand. An impairment of Euro 8,993 thousand was recorded on the equity investment during the year as a result of its impairment determined through the impairment test. What had an impact on the recoverable value of the equity investment was the combination of two effects: on the one hand, an increase in the WACC with which expected cash flows are discounted, and on the other hand, a reduction in the regulatory WACC (see ARERA Resolution 614/2021/R/com - TIWACC) with which the remuneration of distribution activity is determined.

## 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 2021, CVA EOS showed a profit of Euro 6,985 thousand; shareholders' equity, at the same date, amounted to Euro 29,302 thousand. On the investment, during the year, there was an increase of Euro 24 thousand as a result of the merger by incorporation of the company CVA SMART ENERGY, also wholly owned, with effect from 30 September 2021.

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 2,362 thousand at 31 December 2021, Euro 2,048 thousand at 31 December 2020.

### Téléchauffage Aoste S.r.l.

The value of the investment amounts to Euro 2,200 thousand and represents 10.98% of the share capital. Ownership dropped from 15.31% following the failure to subscribe to a capital increase offered in pre-emption to shareholders. At 31 December 2021, TELCHA showed a profit of Euro 2,759 thousand; shareholders' equity, at the same date, amounted to Euro 20,037 thousand. At 31.12.2021, the value of the investment in TELCHA was increased by Euro 320 thousand.

### Le Brasier S.r.l.

The value of the investment amounts to Euro 154 thousand and represents 13.70% of the share capital. At 31 August 2021 (end of the last corporate year), LE BRASIER showed a loss of Euro 44 thousand; shareholders' equity, at the same date, amounted to Euro 1,127 thousand. During the year, the equity investment was written down by Euro 6 thousand.

### 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	31.12.2021	31.12.2020
<b>Deferred tax assets for:</b>		
Differences in value on tangible and intangible assets	9,060	8,579
Charges, bonuses and other employee benefits	542	536
Provisions for risks and charges	596	1,397
Valuation of financial instruments	6	3,408
Write-down of trade and other receivables	12	12
Other items	153	59
<b>Total deferred tax assets</b>	<b>10,369</b>	<b>13,990</b>
<b>Deferred tax liabilities for:</b>		
Differences in value on tangible and intangible assets	(6,726)	(48,230)
Valuation of financial instruments	(407)	(31)
Other items	(50)	(81)
<b>Total deferred tax liabilities</b>	<b>(7,183)</b>	<b>(48,342)</b>
<b>Total net deferred tax assets/(liabilities)</b>	<b>3,186</b>	<b>(34,353)</b>
<b>Net change</b>	<b>37,539</b>	<b>(4,749)</b>
of which:		
Ø In Income Statement	41,300	(5,441)
Ø In Shareholders' Equity	(3,761)	693

The "deferred tax assets" recognised in the financial statements, as there is a reasonable certainty of their recoverability, amounted to Euro 10,369 thousand at 31 December 2021 (Euro 13,990 at 31 December 2020), of which Euro 10,112 thousand (Euro 13,613 in December 2020) for IRES.

The decrease in the value of deferred tax assets recognised in the course of 2021, is mainly due to the combined effect of:

- the decrease in differences in the value of financial instruments due to the change in the fair value of interest rate hedging derivatives on loans. Since almost all of these transactions are accounted for in accordance with the hedge accounting principles of IFRS 9, the impact of these increases was reflected almost in full in the appropriate equity reserves;
- the decrease in differences on provisions for risks and charges following the use of provisions allocated in previous years, and in particular to the use of the provision for risks related to the dispute with ETS S.r.l. (See Note 30 on Provisions for risks and charges).

At 31 December 2021, deferred tax liabilities amounted to Euro 7,183 thousand (Euro 48,342 thousand at 31 December 2020), of which Euro 4,039 thousand (Euro 41,802 thousand at December 2020) for IRES. The decrease, as explained in Note 14 commenting on the value of goodwill, is a result of the release of deferred liabilities allocated in previous years against the tax-only amortisation of goodwill (Euro 42,664) following the realignment of the statutory fiscal value of such goodwill in accordance with article 110 of Decree Law 104/2020, converted with amendments by Law 126/2020.

For IRES purposes, deferred taxation has been calculated at the ordinary rate of 24%.

For IRAP purposes, due to the rate in force in Valle d'Aosta as of 2022 (the rate reduction to 3.1% is valid only for the three-year period 2019-2021), deferred taxation was calculated at a rate of 3.9%.

## 18. Non-current financial assets

The breakdown of non-current financial assets is as follows:

Euro thousands	Year 2021	Year 2020
<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>186,670</b>	<b>229,195</b>
Financial receivables from subsidiaries	92,939	94,901
Financial receivables from associated companies	6,947	7,558
Financial receivables from parent companies	-	-
Portfolio of securities	-	41,316
Capitalised insurance policies	86,784	85,420

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 4,518 thousand), to DEVAL (for Euro 19,250 thousand) and to CVA EOS (for Euro 69,171 thousand).

Financial receivables from associated companies in 2021 amounted to Euro 6,947 thousand and refer to the long-term portion relating to the loan receivable granted to the associated company TELCHA. In 2020, this item amounted to Euro 7,558 thousand. The difference recognised is equal to the repayments received, as per the amortisation schedule.

The securities portfolio was liquidated early during the year to meet the Group's cash needs related to the turbulence in the energy futures markets. Capitalisation insurance policies, which amounted to Euro 86,784 thousand at 31 December 2021 (Euro 85,420 thousand at 31 December 2020), refer to the fair value of cash investments through the underwriting of insurance policies, which increased during the year as a result of the returns accrued by single operations.

For further details, the following tables summarise the composition and size of the policies portfolio.

Amounts in Euro thousands	INSURED CAPITAL	CAPITAL REVALUED AT 31.12.2021	EXPIRY
<b>INSURANCE POLICIES</b>	<b>83,612</b>	<b>86,784</b>	
Cardif Vita S.p.A.	4,500	4,664	09/01/2025
Credem Vita S.p.A.	14,613	14,858	20/12/2023
HDI Assicurazioni S.p.A.	2,991	3,056	n.a.
Alleanza Assicurazioni S.p.A.	2,500	2,559	31/10/2029
Alleanza Assicurazioni S.p.A.	2,500	2,559	n.a.
Alleanza Assicurazioni S.p.A.	2,500	2,559	20/11/2029
Alleanza Assicurazioni S.p.A.	2,500	2,559	n.a.
AXA Assicurazioni S.p.A.	3,980	4,097	n.a.
AXA Assicurazioni S.p.A.	495	505	14/01/2029
AXA Assicurazioni S.p.A.	495	505	14/01/2029
AXA Assicurazioni S.p.A.	495	505	14/01/2029
AXA Assicurazioni S.p.A.	495	505	14/01/2029
Aviva S.p.A.	1,231	1,295	n.a.
Aviva S.p.A.	5,307	5,584	n.a.
Aviva S.p.A.	5,307	5,584	n.a.
Aviva S.p.A.	5,307	5,584	n.a.
UnipolSai Assicurazioni S.p.A.	7,948	8,435	30/11/2028
UnipolSai Assicurazioni S.p.A.	7,948	8,371	23/05/2029
Eurovita S.p.A.	10,000	10,419	n.a.
Generali Italia S.p.A.	2,500	2,511	29/12/2025

## 19. Other non-current assets

The item in question, equal to Euro 1,886 thousand at 31 December 2021 (Euro 1,839 thousand at 31 December 2020), mainly includes medium/long-term receivables from employees, relating to interest-bearing loans granted to employees (Euro 1,070 thousand at 31 December 2021) and long-term various security deposits paid to third parties (Euro 816 thousand at 31 December 2021) and related parties (Euro 757 thousand at 31 December 2021).

## 20. Inventories

The value of inventories recognised in the financial statements amounted to Euro 1,322 thousand at 31 December 2021 (Euro 1,284 thousand at 31 December 2020). 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 1,129 thousand.

Inventories of fuels for heating and the functioning of generators have been valued for a total of Euro 132 thousand. Remaining inventories for a value of Euro 61 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	Year 2021	Year 2020
<b>CURRENT TRADE RECEIVABLES</b>	<b>36,275</b>	<b>15,460</b>
Customers	3,718	935
Subsidiaries	32,279	14,546
Associated companies	1	1
Related parties	43	71
Suppliers (Credit notes)	347	48
(Bad debts provision)	(114)	(141)
<b>NON-CURRENT TRADE RECEIVABLES</b>	<b>8,027</b>	<b>-</b>
Customers	8,027	-
<b>TOTAL TRADE RECEIVABLES</b>	<b>44,302</b>	<b>15,460</b>

### Receivables from customers

Receivables from customers totalled Euro 11,631 thousand at 31 December 2021 (Euro 935 thousand at 31 December 2020), of which Euro 8,027 thousand due beyond 12 months. Receivables are recorded net of the corresponding provision for bad debts (amounting to Euro 114 thousand at 31 December 2021 and Euro 141 thousand at 31 December 2020). They mainly refer to invoices issued and to be issued relating to energy efficiency work on buildings carried out during the year (total Euro 9,368 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 latter transaction took place in early 2022, which is why at the end of 2021, the receivables were still recorded in receivables from customers. 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

These are mainly receivables due from CVA ENERGIE, following the sale of electricity during the year (equal to Euro 31,052 thousand at 31 December 2021, Euro 14,118 thousand at 31 December 2020).

For the remaining amount, there are receivables from other subsidiaries for personnel services outsourced and other minor miscellaneous business relations. Below is a brief summary of their composition and of the parties from which they are due:

- CVA ENERGIE: receivables amounted to Euro 31,052 thousand, of which Euro 71 thousand refer to receivables for invoices issued and Euro 30,973 thousand for invoices to be issued and Euro 8 thousand for credit notes to be received. 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 2021;
- CVA EOS: receivables amount to Euro 275 thousand and mainly relate to outsourced services;
- VALDIGNE: receivables totalled Euro 409 thousand and refer to trade receivables for services offered and/or charged to the subsidiary during the year;
- DEVAL: receivables totalled Euro 543 thousand and refer to trade receivables for services offered and/or charged to the subsidiary during the year.

## 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	Year 2021	Year 2020
<b>RECEIVABLES FOR INCOME TAXES</b>	<b>8,489</b>	<b>9,276</b>
IRES	4,622	6,790
IRAP	-	342
Receivables for adhesion to the Group tax consolidation	3,867	2,145

The item in question includes tax receivables relating to direct tax (IRES and IRAP) at year-end (Euro 4,622 thousand at 31 December 2021, Euro 6,790 thousand at 31 December 2020), as well as receivables due from Group companies as a result of adhering to the IRES tax consolidation regime (Euro 3,867 thousand at 31 December 2021, Euro 2,145 thousands at 31 December 2020).

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).

## 23. Other tax receivables

The breakdown of other tax receivables is shown in the following table:

Euro thousands	Year 2021	Year 2020
<b>OTHER TAX RECEIVABLES</b>	<b>4,125</b>	<b>5,972</b>
Receivables deriving from Group VAT regime	3,897	4,606
Tax receivables	228	236
VAT receivables	-	1,130

The item amounted to Euro 4,125 thousand at 31 December 2021 (Euro 5,972 thousand at 31 December 2020). This item mainly consists of Group VAT receivables amounting to Euro 3,897 thousand at 31 December 2021 (Euro 4,606 at 31 December 2020), deriving from receivables accrued in the December VAT liquidation, due from Group companies as a result of adhering to the Group VAT regime. The position with the tax authorities, on the other hand, amounts to a credit of Euro 228 thousand.

## 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	Year 2021	Year 2020
Non-current derivative assets	-	-
Current derivative assets	4,281	-
<b>TOTAL DERIVATIVE ASSETS</b>	<b>4,281</b>	<b>-</b>
Non-current derivative liabilities	-	-
Current derivative liabilities	4,486	16,577
<b>TOTAL DERIVATIVE LIABILITIES</b>	<b>4,486</b>	<b>16,577</b>

It is noted that at 31 December 2021 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 2021, gross of the tax effect:

Euro thousands	Book value
<b>Closing balances at 31.12.2020</b>	<b>(14,167)</b>
Changes in fair value with impact in equity	10,047
Effects to Income Statement	5,684
<b>Closing balances at 31.12.2021</b>	<b>1,564</b>

The effectiveness of hedging derivatives recognised at 31 December 2021 in the Cash Flow Hedge reserve (positive for approximately Euro 1,564 thousand, in terms of their tax effect) is relative to the fair value of derivative financial instruments, net of interest rate differentials accrued at the reporting date; this amount suspended in the accounts in equity refers to future interest expense that will be recognised (with the consequent release of the economic effects suspended in equity) partly in 2022 (net collections estimated as approximately Euro 2,914 thousand) and partly in subsequent financial years (net payments estimated as Euro 2,355 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  $\pm 50$  bps (basis points).

## Sensitivity analysis of interest rate risk at 31 December 2021

Euro thousands

Description	Change in the rate	At 31 December 2021			
		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	$\pm 50$ bps	40	(171)	2,248	(1,955)
Changes in fair value of rate derivatives not designated in hedge accounting	$\pm 50$ bps	346	(355)	-	-

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.

## Sensitivity analysis of inflation rate risk

At the end of the year, the company no longer holds financial instruments exposed to inflation risk and has closed all hedging positions it had in place at 31 December 2020.

## 25. Other current financial assets

The breakdown of other current financial assets is as follows:

Euro thousands	Year 2021	Year 2020
<b>OTHER FINANCIAL ASSETS</b>	<b>197,082</b>	<b>28,634</b>
Receivables from Group companies for centralised treasury	180,763	15,464
Financial receivables from subsidiaries	15,643	12,440
Financial receivables from associated companies	675	660
Others	-	70

Receivables from Group companies for centralised treasury, equal to Euro 180,763 thousand at 31 December 2021 (Euro 15,464 thousand at 31 December 2020) refer to the credit balances of the intercompany current accounts held with the various subsidiaries. In particular, in 2021, there are receivables from DEVAL 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, particularly in the last quarter.

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 701 thousand at 31 December 2021 (Euro 668 thousand at 31 December 2020);
  - from DEVAL, for Euro 2,454 thousand at 31 December 2020 (Euro 1,482 thousand at 31 December 2020);
  - from CVA EOS, for Euro 8,846 thousand at 31 December 2020 (Euro 8,607 thousand at 31 December 2020);
  - from CVA ENERGIE, for Euro 1,879 thousand at 31 December 2021 (absent at 31 December 2020) and corresponding to a specific credit opening granted during the year to cover cash needs in the context of disputes with customers for the repayment of the surtax on the state excise tax.

Financial receivables from VALDIGNE also include a receivable of Euro 1,650 thousand for the 2019 dividend resolved but not disbursed.

Financial receivables from associated companies amounted to Euro 675 thousand (Euro 660 thousand at 31 December 2020) 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	Year 2021	Year 2020
<b>OTHER CURRENT ASSETS</b>	<b>15,059</b>	<b>11,594</b>
Deferred assets	7,584	6,644
Receivables from the G.S.E. for incentives	4,127	3,716
Advances to suppliers	2,723	958
Receivables from employees	99	95
Receivables from social security institutions	64	58
Other assets - related parties	22	27
Security deposits	22	-
Other assets	417	96

The item "Other current assets" amounted to Euro 15,059 thousand at 31 December 2021 (Euro 11,594 thousand at 31 December 2020) and mainly includes the following items:

- accrued and deferred assets, for Euro 7,584 thousand at 31 December 2021 (Euro 6,644 thousand at 31 December 2020), deriving from the deferred asset of water diversion supra-fees for Euro 5,158 thousand at 31 December 2021, as well as from deferred assets of various kinds including: insurance premiums, rents payable and long-term expenses;
- receivables from the GSE, for Euro 4,127 thousand at 31 December 2021 (Euro 3,716 thousand at 31 December 2020), deriving from contributions accrued during the year but not yet collected;
- advances to suppliers, amounting to Euro 2,723 thousand at 31 December 2021 (Euro 958 thousand at 31 December 2020), 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 222,813 thousand (Euro 188,523 thousand at 31 December 2020). Cash and cash equivalents amounted to Euro 3 thousand at 31 December 2021 (Euro 3 thousand at 31 December 2020). Bank deposits amounted to Euro 172,755 thousand at 31 December 2021 (Euro 188,506 thousand at 31 December 2020). Short-term deposits, on the other hand, amounted to Euro 50,049 thousand and were due in May 2022 (absent in 2020). 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	Year 2021	Year 2020
<b>SHAREHOLDERS' EQUITY</b>	<b>857,347</b>	<b>769,691</b>
Share capital	395,000	395,000
Other reserves	314,208	290,119
Accumulated Profits/(Losses)	35,815	35,815
Net result of the year	112,325	48,757

### 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 2021 and 2020 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	Year 2021	Year 2020
<b>OTHER RESERVES</b>	<b>314,208</b>	<b>290,119</b>
Realignment Reserve pursuant to article 100 DL 104/2020	163,697	-
Extraordinary reserve	81,912	235,867
Legal reserve	55,000	52,562
IAS transition FTA reserve	12,289	12,289
Cash Flow Hedge reserve	1,188	(10,767)
Merger reserves	476	476
Hedging reserves	2	2
IAS 19 Employee benefits reserves	(356)	(310)

## 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 reclassified in 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 81,912 thousand (Euro 235,867 thousand at 31 December 2020) and includes the allocation 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, was reclassified into the special reserve described below.

### Legal reserve

The legal reserve amounted to Euro 55,000 thousand (Euro 52,562 thousand at 31 December 2020). The increase recognised in the year is due to the allocation to this reserve of the twentieth part of the profit for the year 2020, 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 was negative and amounted to Euro 1,188 thousand at 31 December 2021. 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 losses relating to defined benefit plans for employees, negative for Euro 356 thousand at 31 December 2021 (Euro 310 thousand at 31 December 2020). 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 2021 (unchanged on 31 December 2020). 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 112,325 thousand in 2021 (Euro 48,757 thousand at 31 December 2020).

## 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	Year 2021	Year 2020
Share capital			395,000	395,000
Legal reserve	Profit reserve	B	55,000	52,562
Extraordinary reserve	Profit reserve	A,B,C	81,912	235,867
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	-	1,188	(10,767)
IAS 19 reserves - Employee Benefits	Other reserves	-	(356)	(310)
Realignment Reserve pursuant to article 100 DL 104/2020	Other reserves	A,B,C	163,697	-
Profits/(accumulated losses)	Profit reserve	A,B,C	35,815	35,815
<b>Total</b>			<b>745,023</b>	<b>720,934</b>
Of which:				
Non-distributable portion:			463,599	449,252
Residual distributable portion:			281,424	271,682

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 3,907 thousand in the year (Euro 3,885 thousand in 2020). The table below shows the changes in the years:

Euro thousands	Employee severance indemnity (TFR)	ISO pension	Loyalty bonus	Discount	Employee bonuses	Other employee benefits	Total
<b>Current value of the obligation at 31/12/2019</b>	<b>2,117</b>	<b>192</b>	<b>823</b>	<b>1,155</b>	<b>358</b>	<b>322</b>	<b>4,967</b>
Current cost	-	-	51	2	357	83	136
Financial expenses	16	-	6	6	-	2	30
Increases/(decreases) for acquisitions and transfers	-	-	-	-	-	-	-
Benefits provided	(220)	(195)	(15)	(814)	(351)	71	(1,315)
Revaluations (*)	(25)	3	(54)	140	-	2	66
Other changes	-	-	-	-	(7)	-	-
<b>Current value of the obligation at 31/12/2020</b>	<b>1,888</b>	<b>-</b>	<b>811</b>	<b>489</b>	<b>357</b>	<b>338</b>	<b>3,884</b>
Current cost	-	-	49	2	401	(39)	413
Financial expenses	9	-	4	2	-	2	18
Increases/(decreases) for acquisitions and transfers	-	-	(2)	-	-	-	(2)
Benefits provided	(67)	-	(56)	(19)	(357)	(27)	(526)
Revaluations (*)	106	-	60	(48)	-	3	121
Other changes	-	-	-	-	-	-	-
<b>Current value of the obligation at 31/12/2021</b>	<b>1,937</b>	<b>-</b>	<b>867</b>	<b>426</b>	<b>401</b>	<b>276</b>	<b>3,907</b>
of which							
current portion	236	-	46	21	401	67	771
non-current portion	1,701	-	821	405	-	209	3,136

(\*) 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 1,937 thousand at 31 December 2021 (Euro 1,888 thousand at 31 December 2020);
- the company loyalty bonus to be paid to employees upon reaching a specified length of service. Liabilities accrued amounted to Euro 867 thousand at 31 December 2021 (Euro 811 thousand at 31 December 2020);
- 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. The liability accrued at year end amounted to Euro 426 thousand (Euro 490 thousand at 31 December 2020).
- The provision for bonuses to be disbursed to employees Executives, Area Managers and Division and Function Managers upon achievement of specific objectives (MBO) in the amount of Euro 401 thousand;
- other employee benefits totalled Euro 276 thousand at 31 December 2021 (Euro 338 thousand at 31 December 2020) 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.



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	Year 2021	Year 2020
Discount rate	1.00%	0.50%
Annual inflation rate	1.75%	0.50%
Annual salary increase rate	2.60%	1.50%
Annual TFR advance frequencies	3.00%	3.00%

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	2021			
	Change in liabilities as the rate changes	One Year Cost	Change in liabilities as the rate changes	One Year Cost
	-0.50%		+0.50%	
Employee severance indemnity (TFR)	89	-	(85)	-
Early retirement (isopensione)	-	-	-	-
Loyalty bonus	68	60	(61)	50
Discount	25	2	(22)	1
Other employee benefits	8	7	(8)	1

## 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
<b>Closing balance - 31 December 2019</b>	<b>3,422</b>	<b>3,672</b>	<b>7,096</b>
Allocations in costs	-	517	517
Allocation in financial expenses	-	25	25
Adjustment of dismantling provisions	-	129	129
Uses	(106)	(1)	(107)
Earnings	(83)	(53)	(136)
<b>Closing balance - 31 December 2020</b>	<b>3,233</b>	<b>4,291</b>	<b>7,524</b>
Allocations in costs	-	311	311
Allocation in financial expenses	-	16	-
Adjustment of dismantling provisions	-	(198)	(181)
Uses	(3,193)	(27)	(3,220)
Earnings	(26)	-	(27)
<b>Closing balance - 31 December 2021</b>	<b>14</b>	<b>4,393</b>	<b>4,407</b>

The provision for disputes refers to disputes in progress with third parties.

**Litigation for civil cases:** provision of Euro 14 thousand against liabilities that could probably emerge from the civil action brought against the Company by the employee of a subcontractor for obtaining unpaid remuneration. The litigation has already unsuccessfully passed two levels of court, and the appeal to the Supreme Court has been

dropped. The outcome of the subcontractor's exaction is pending. As there were no developments in the dispute, the provision did not change during the year.

**RAVDA Administrative Penalties:** the provision at 31 December 2021 has been fully utilised. The opening value of Euro 30 thousand related to the risk of sanction on the exceeding of the average withdrawal flows provided for by the derivation concessions contested by the Region and occurred in 2014 with reference to Lake Cignana was used during the year for Euro 4 thousand against the sanctions imposed 3 and reversed for the difference compared to the amount set aside for a total of Euro 26 thousand.

**ETS Arbitration Litigation:** the provision was established against liabilities that could potentially arise from the ongoing litigation with E.T.S. for the alleged breach of commitments and/or contractual guarantees by the incorporated PONTE ALBANITO S.r.l.

At 31 December 2021, it has been fully utilised. The litigation ended with the ruling of the L'Aquila Court of Appeals on 23 June 2021, which ordered CVA to pay a total of Euro 3,641 thousand to ETS. 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 3 thousand, was used and reversed for a total of Euro 2 thousand, and recorded new provisions of Euro 100 thousand, reaching a final amount of Euro 101 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 provision, which already existed at the end of 2020, was utilised in the amount of Euro 2 thousand during the year and since the obligation still exists it did not change further;
- 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 2021 amounted to Euro 112 thousand and refers to the excesses recorded in 2014 and 2015 by the Maen-Cignana plant and those recorded in 2018 by the Avise plant. The provision, which was already in place at the end of 2020, has been maintained as the obligation still exists;
- plant restoration provision: this corresponds to the discounted value of the dismantling works that will have to be carried out (as envisaged by the relative authorisations) on the photovoltaic plants of Valenza and Alessandria and on the wind plants of Ponte Albanito, Piansano and Saint Denis and Pontedera at the end of their operation. The provision in the year 2021 underwent two opposite changes:
  - an increase of Euro 16 thousand due to financial discounting for the year;
  - a decrease of Euro 198 thousand as a result of the adjustment of the liability (having as a contra-entry a decrease in the value to be depreciated of plants) against an upward change in the discount rate from 0.5% to 1.0%;
- 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 2021. This percentage is a conservative estimate. The provision has a total balance of Euro 653 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 properties C.V.A. S.p.a. along the entire route of Regional Road no. 44 of Valle d'Aosta in the amount of Euro 225 thousand;
  - safety work related to potential risks in the amount of Euro 152 thousand.
- During the year, Euro 24 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;
- Provisions to cover the cost of incentives on wind production contractually stipulated regarding the Piansano,

Alexandria, Valencia and Saint Denis plants. Provisions at the beginning of 2021 amounted to Euro 3 thousand, Euro 100 thousand were set aside during the year, Euro 2 thousand were utilised and amounted to Euro 101 thousand at the end of the year.

## 31. Current and non-current financial liabilities

Non-current financial liabilities amounted to Euro 204,757 thousand at 31 December 2021 (Euro 284,781 thousand at 31 December 2020), 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	Year 2021	Year 2020
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>204,757</b>	<b>284,781</b>
Bank loans	151,782	281,138
Bonds	49,557	-
Financial liabilities for leasing	2,702	2,865
Other financial payables	715	775
Financial payables to subsidiaries	1	3

Other current financial liabilities amounted to Euro 244,835 thousand at 31 December 2021 (Euro 54,045 thousand at 31 December 2020) and the breakdown is as follows:

Euro thousands	Year 2021	Year 2020
<b>OTHER CURRENT FINANCIAL LIABILITIES</b>	<b>244,835</b>	<b>54,045</b>
Bank loans	226,977	28,934
Financial payables to parent companies	15,001	-
Payables to Group companies for centralised treasury	2,353	24,667
Financial liabilities for leasing	352	346
Bonds	60	-
Financial payables to related parties	2	1
Financial payables to subsidiaries	-	5
Other financial payables	91	91

Bank loans, amounting to Euro 226,977 thousand at 31 December 2021 (Euro 28,934 thousand at 31 December 2020), represent the short-term portion of bank loans held by the Company valued with the amortised cost method. The recorded increase is the result of opening short-term loans to ensure that the entire Group has sufficient cash supply to cope with the ongoing turbulence in the energy markets.

Payables to the parent company correspond to the short-term loan obtained through trade credit policy from FINAOSTA with a view to increasing cash funding, as described above.

Payables to Group companies for centralised treasury, equal to Euro 2,353 thousand at 31 December 2021 (Euro 24,667 thousand at 31 December 2020), refer to the debit balances of centralised treasury current account transactions held with CVA EOS (for Euro 1,923 thousand) and VALDIGNE ENERGIE (for Euro 430 thousand).

The financial liabilities for leases have been described in note 14 on Rights of Use. We note only the presence of liabilities 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 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	31/12/2020	Monetary net change	Non-monetary net change	31/12/2021
Intesa Sanpaolo	44,870	(17,925)	17	26,962
Intesa Sanpaolo	99,711	(100,000)	289	-
Intesa Sanpaolo	-	100,000	-	100,000
Intesa Sanpaolo	-	48,000	-	48,000
BNL	99,532	(30,000)	(707)	68,825
Mediobanca	-	30,000	-	30,000
Mediobanca	-	50,000	-	50,000
BEI	65,959	(11,000)	13	54,972
Bond 2021/2028	-	49,557	60	49,617
Finaosta	-	15,000	1	15,001
<b>TOTAL</b>	<b>310,072</b>	<b>133,632</b>	<b>(327)</b>	<b>443,377</b>

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 2021

	Year 2021					Total
	1 year	1-2 years	2-5 years	> 5 years		
Bank loans and bonds	Capital flows	226,971	200,002	163,000	50,000	459,973
	Interest flows	676	783	2,091	1,059	4,609
Loans from parent company	Capital flows	15,000	-	-	-	-
	Interest flows	37	-	-	-	-

## 32. Categories of financial instruments

The following table shows the values of the financial statements at 31 December 2021 and for comparative periods of financial assets and liabilities, broken down into the categories of financial instruments defined by IFRS 9.

### Financial assets

FINANCIAL ASSETS	253,642	240,613
Assets measured at amortised cost	162,578	155,193
Certificates of deposit and repurchase agreements	50,049	-
Loans receivables with associates, subsidiaries and parent companies	112,529	113,876
Bonds	-	41,316
Financial assets available for sale	86,784	85,420
Insurance policies	86,784	85,420
Financial assets measured at fair value	4,281	-
Assets for financial derivatives in hedge accounting	4,281	-
Assets for financial derivatives not in hedge accounting	-	-

### Financial liabilities

Euro thousands	2021	2020
<b>FINANCIAL LIABILITIES</b>	<b>447,863</b>	<b>326,649</b>
Financial liabilities measured at amortised cost	443,377	310,072
Bank loans and bonds	443,377	310,072
Financial liabilities measured at fair value	4,486	16,577
Liabilities for financial derivatives in hedge accounting	3,945	15,479
Liabilities for financial derivatives not in hedge accounting	542	1,098

## 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 2021

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets</b>	<b>253,642</b>	-	-	<b>267,307</b>	-
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
<b>Financial liabilities</b>	<b>447,863</b>	-	-	<b>457,634</b>	-
Bank loans and bonds	443,377	-	-	453,147	-
Liabilities for financial derivatives	4,486	-	-	4,486	-

### Fair value hierarchy at 31 December 2020

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets</b>	<b>240,613</b>	<b>260,655</b>	<b>43,154</b>	<b>217,501</b>	-
Certificates of deposit and repurchase agreements	-	-	-	-	-
Financial receivables from associates, subsidiaries and parent companies	113,876	-	-	132,081	-
Capitalised insurance policies	85,420	-	-	85,420	-
Assets for financial derivatives	-	-	-	-	-
Portfolio of securities/funds	41,316	-	43,154	-	-
Repurchase agreements	-	-	-	-	-
Bank deposits	-	-	-	-	-

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial liabilities</b>	<b>326,649</b>	-	-	<b>341,954</b>	-
Bank loans and bonds	310,072	-	-	325,377	-
Liabilities for financial derivatives	16,577	-	-	16,577	-

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	Year 2021	Year 2020
<b>TRADE PAYABLES</b>	<b>17,995</b>	<b>18,008</b>
Suppliers	17,454	17,719
Subsidiaries	502	209
Associated companies	7	-
Related parties	33	80

### Payables to suppliers

Payables to suppliers, equal to Euro 17,454 thousand at 31 December 2021 (Euro 17,719 thousand at 31 December 2020) refer to invoices received and to be received mainly relating to routine and non-routine maintenance of production plants.

## Other liabilities to subsidiaries

Liabilities to subsidiaries amounted to Euro 502 thousand (Euro 209 thousand at 31 December 2020). 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 33 thousand (Euro 80 thousand at 31 December 2020). Refer to the specific section for details.

## 35. Payables for income taxes

Income tax payables Euro 19,934 thousand at 31 December 2021 (Euro 908 thousand at 31 December 2020), mainly refer to direct taxes (IRES and IRAP) accrued during the year.

## 36. Other tax payables

The breakdown of the item "Other tax payables" is shown in the following table:

Euro thousands	Year 2021	Year 2020
<b>TOTAL OTHER TAX PAYABLES</b>	<b>4,218</b>	<b>613</b>
Payables to the tax authorities for VAT	406	38
Withholding tax for employees	438	475
Payables deriving from Group VAT regime	-	-
Other tax payables	3,373	99

VAT payables correspond to the VAT payable position at the end of the year. In 2021, there was a VAT payable of Euro 406 for the December VAT liquidation (Euro 38 at 31 December 2020).

Other tax payables consist mainly of the substitute tax due on the realignment of statutory tax values described in Note 14. The amount was calculated according to the provisions of article 110, paragraphs 8 and 8-bis, of Decree Law 104/2020, converted into Law 126/2020.

## 37. Other current liabilities

Other current liabilities amounted to Euro 8,768 thousand at 31 December 2021 (Euro 5,422 thousand at 31 December 2020) and the breakdown is as follows:

Euro thousands	Year 2021	Year 2020
<b>OTHER CURRENT LIABILITIES</b>	<b>8,768</b>	<b>5,422</b>
Advances from customers	3,222	2
Payables to employees	2,254	2,136
Payables to social security institutions	1,790	1,773
Deferred liabilities	125	120
Other liabilities other related parties	43	44
Other liabilities to subsidiaries	39	39
Payables to Directors	31	30
Payables for deposits and guarantees received	5	210
Payables for fees and supra-fees	-	119
Other payables	1,260	948

Payables to employees, amounting to Euro 2,254 thousand at 31 December 2021 (Euro 2,136 thousand at 31 December 2020) 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 1,790 thousand (Euro 1,773 thousand in 2020), such as INPS and other supplementary pension funds. Advances from customers amounting to Euro 3,222 thousand mainly refer to advances invoiced for Energy Efficiency Interventions. Deferred liabilities amounted to Euro 125 thousand (Euro 120 thousand at 31 December 2020) and refer mainly to capital contributions deferred over the useful life of the assets to which the facilitation refers.

Other liabilities to related parties consist mainly of amounts owed to the Board of 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 31 thousand.

Payables for royalties and royalty surcharges are not present at 31 December 2021 (Euro 119 thousand at 31 December 2020).

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, the payable for the fees due for exceeding the average withdrawal capacities provided for by the derivation concessions at the Valpelline and Maen plants for Euro 235 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 73,446 thousand at 31 December 2021 (Euro 149,867 thousand at 31 December 2020). More specifically, at 31 December 2021, the main ones refer to personal guarantees issued for:
  - CVA ENERGIE for Euro 60,178 thousand;
  - DEVAL, as distributor of the Group, for Euro 5,892 thousand;
  - VALDIGNE for Euro 7,162 thousand;
  - CVA EOS for Euro 215 thousand;
- the Company has issued personal sureties to guarantee the correct fulfilment of all the contractual obligations of the associated company TELCHA for Euro 2,112 thousand (unchanged compared to 31 December 2020).
- guarantees issued by third parties in favour of third parties amounting to Euro 3,828 thousand (Euro 7,268 thousand at 31 December 2020);
- The Company issued guarantees to the Revenue Agency for the reimbursement of tax credits in its favour for Euro 4,684 thousand (Euro 9,934 thousand at 31 December 2020).

## Guarantees received

The Company received guarantees from customers and suppliers for the correct fulfilment of contractual obligations for a total of Euro 7,174 thousand (Euro 8,019 thousand in the previous year).

# Information pursuant to article 1, paragraph 125, of the law of 4 August 2017 no. 124

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.	2,389,658.48	GRIN incentive - Convention 000023	Incentive published on the website of GSE
GSE S.p.A.	5,726,710.18	GRIN incentive - Convention 000889	Incentive published on the website of GSE
GSE S.p.A.	5,028.78	GRIN incentive - Convention 000891	Incentive published on the website of GSE
GSE S.p.A.	828,980.59	GRIN incentive - Convention 000648	Incentive published on the website of GSE
GSE S.p.A.	1,348,939.24	GRIN incentive - Convention 001579	Incentive published on the website of GSE
GSE S.p.A.	1,089,311.50	GRIN incentive - Convention 000481	Incentive published on the website of GSE
GSE S.p.A.	427,342.03	GRIN incentive - Convention 000624	Incentive published on the website of GSE
GSE S.p.A.	8,624,527.02	GRIN incentive - Convention 001018	Incentive published on the website of GSE
GSE S.p.A.	4,225.93	GRIN incentive - Convention 000890	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
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.	1,371,521.64	Incentive tariff - Convention FER000672	Incentive published on the website of GSE
Autonomous Region of Valle d'Aosta - Department of Labour and Training Policies - Training, Employment and Social Inclusion Policies	33.64	Aid for the recruitment of disadvantaged workers in the form of wage subsidies (Article 32)	Incentive Published on the R.N.A. portal
TAX AUTHORITIES	1,421.00	Tax credit for the purchase of personal protective equipment pursuant to Decree-Law 34/2020	Covid-19 Measure



# 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 summarize the economic and financial relations between the Company and the other related parties in 2021:

## Receivables from related parties

Euro thousands	Year 2021					Year 2020				
	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
<b>Parent Company</b>	-	-	-	-	-	-	-	-	-	-
Finaosta S.p.A.	-	-	-	-	-	-	-	-	-	-
<b>Subsidiaries</b>	-	289,346	32,279	7,764	-	-	122,805	14,546	6,751	-
CVA Energie S.r.l. a.s.u.	-	173,235	31,052	5,012	-	-	-	14,118	6,078	-
Deval S.p.A. a.s.u.	-	31,224	543	-	-	-	22,987	94	-	-
CVA EOS S.r.l.	-	78,017	275	2,158	-	-	87,563	9	33	-
Valdigne Energie S.r.l.	-	6,869	409	594	-	-	12,255	326	639	-
<b>Associated Companies</b>	-	7,622	1	-	-	-	8,218	-	-	-
Téléchauffage Aoste S.r.l.	-	7,622	1	-	-	-	8,218	-	-	-
Le Brasier S.r.l.	-	-	-	-	-	-	-	-	-	-
<b>Other Finaosta Group companies</b>	-	-	-	-	-	-	-	-	-	-
<b>Other related parties</b>	3	-	43	-	575	4	-	71	-	580
<b>TOTAL</b>	<b>3</b>	<b>296,968</b>	<b>32,324</b>	<b>7,764</b>	<b>575</b>	<b>4</b>	<b>134,816</b>	<b>150,642</b>	<b>2,942</b>	<b>722</b>

## Payables to related parties

Euro thousands	Year 2021					Year 2020				
	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
<b>Parent Company</b>	-	15,001	-	-	-	-	-	-	-	-
Finaosta S.p.A.	-	15,001	-	-	-	-	-	-	-	-
<b>Subsidiaries</b>	-	2,353	502	242	39	-	24,672	209	908	39
CVA Energie S.r.l. a.s.u.	-	-	411	-	-	-	24,672	208	-	1
Deval S.p.A. a.s.u.	-	-	24	242	39	-	-	1	(229)	38
CVA EOS S.r.l.	-	1,923	67	-	-	-	1	-	1,136	-
Valdigne Energie S.r.l.	-	430	-	-	-	-	-	-	-	-
<b>Associated Companies</b>	-	2	7	-	-	-	1	-	-	-
Téléchauffage Aoste S.r.l.	-	-	7	-	-	-	-	-	-	-
Le Brasier S.r.l.	-	2	-	-	-	-	1	-	-	-
<b>Other Finaosta Group companies</b>	-	-	-	-	-	-	-	-	-	-
<b>Other related parties</b>	1	2	33	-	74	3	1	80	-	74
<b>TOTAL</b>	<b>1</b>	<b>17,357</b>	<b>542</b>	<b>242</b>	<b>112</b>	<b>-</b>	<b>24,675</b>	<b>289</b>	<b>908</b>	<b>113</b>

## Revenues and other income with related parties

Euro thousands	Year 2021			Year 2020		
	Revenues from sales and services	Other revenues and income	Financial income	Revenues from sales and services	Other revenues and income	Financial income
<b>Parent Company</b>	-	-	-	-	-	-
Finaosta S.p.A.	-	-	-	-	-	-
<b>Subsidiaries</b>	<b>184,154</b>	<b>465</b>	<b>9,847</b>	<b>138,928</b>	<b>462</b>	<b>7,236</b>
CVA Energie S.r.l. a.s.u.	180,586	58	5,122	135,217	58	-
Deval S.p.A. a.s.u.	1,786	407	2,135	2,010	404	2,640
CVA EOS S.r.l.	1,097	-	2,325	973	-	2,555
Valdigne Energie S.r.l.	685	-	265	726	-	2,041
CVA Smart Energy S.r.l.	-	-	-	1	-	-
<b>Associated Companies</b>	<b>6</b>	<b>-</b>	<b>265</b>	<b>4</b>	<b>-</b>	<b>285</b>
Téléchauffage Aoste S.r.l.	6	-	265	4	-	285
Le Brasier S.r.l.	-	-	-	-	-	-
<b>Other Finaosta Group companies</b>	<b>-</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>91</b>	<b>-</b>
<b>Other related parties</b>	<b>-</b>	<b>363</b>	<b>-</b>	<b>-</b>	<b>377</b>	<b>-</b>
<b>TOTAL</b>	<b>184,160</b>	<b>919</b>	<b>10,113</b>	<b>138,932</b>	<b>929</b>	<b>7,522</b>

## Costs and expenses with related parties

Euro thousands	Year 2021			Year 2020		
	Operating costs	Amortisation/depreciation	Financial expenses	Operating costs	Amortisation/depreciation	Financial expenses
<b>Parent Company</b>	-	-	-	-	-	-
Finaosta S.p.A.	-	-	1	-	-	-
<b>Subsidiaries</b>	<b>1,943</b>	<b>-</b>	<b>6</b>	<b>1,193</b>	<b>-</b>	<b>26</b>
CVA Energie S.r.l. a.s.u.	1,904	-	6	1,191	-	24
Deval S.p.A. a.s.u.	6	-	-	2	-	-
CVA Vento S.r.l.	34	-	-	-	-	2
Valdigne Energie S.r.l.	-	-	-	-	-	-
Monteverde S.r.l.	-	-	-	-	-	-
CVA Smart Energy S.r.l.	-	-	-	-	-	-
<b>Associated Companies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Téléchauffage Aoste S.r.l.	-	-	-	-	-	-
Le Brasier S.r.l.	-	-	-	-	-	-
<b>Other Finaosta Group companies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other related parties</b>	<b>18,965</b>	<b>1</b>	<b>-</b>	<b>18,733</b>	<b>1</b>	<b>-</b>
<b>TOTAL</b>	<b>20,908</b>	<b>1</b>	<b>7</b>	<b>19,925</b>	<b>1</b>	<b>26</b>

## 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%.

## 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 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.

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	2021 fees	2020 fees
Directors' fees	110,520	117,372
Auditors' fees	84,240	84,240
Supervisory Body fees	11,648	14,365

## 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 2021, which show a profit of Euro 112,324,680.03 which we propose to allocate for Euro 5,616,234.00 - equal to 5% of the profit - to "Legal Reserve". With regard to the remainder of Euro 106,708,446.03, we propose that you distribute 53.86% of the net profit in the amount of Euro 60,000,500.00, and allocate the remaining Euro 46,707,946.03 to the extraordinary reserve.

Châtillon, 17 May 2022

CEO  
Giuseppe Argirò



The Chair  
Marco Cantamessa



## Independent Auditors' Report



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

Financial statements as at December 31, 2021

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 Balance Sheet as at December 31, 2021, the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Notes to the Annual Financial Statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, 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 Matters	Audit Response
<p><b>Impairment test of goodwill</b></p> <p>As of December 31, 2021, 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, 2021, the recoverable value of the CGUs did not highlight any impairment loss. 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. 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 the 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"> <li>▶ the assessment of the processes implemented by the Company with reference to the criteria and methodology of the impairment test;</li> <li>▶ the validation of the CGUs perimeter and test of the allocation of the carrying value of the Company's assets to each CGU;</li> <li>▶ the assessment of the reasonableness of the future cash flow forecasts utilized in the fair value determination;</li> <li>▶ the assessment of the consistency of the future cash flow forecasts of the CGU with the business plan;</li> <li>▶ the assessment of forecasts in light of their historical accuracy;</li> <li>▶ the assessment of the reasonableness of long-term growth rates and discount rates.</li> </ul> <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 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 with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 separate and 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 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, 2021, including its consistency with the related financial statements and its 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, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains 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, 2021 and complies 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 1, 2021

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 AUDITORS TO THE SHAREHOLDERS' MEETING IN ACCORDANCE WITH ART. 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE.

*To the Shareholders' Meeting of C.V.A. s.p.a. a s.u.*

The Board of Auditors of the company C.V.A. s.p.a. a s.u. - appointed by the Shareholders' Meeting of 28 June 2019 for the three-year period 2019-2021 - examined the draft financial statements as at 31 December 2021, submitted for your approval. In 2021, considering the continuation of the emergency caused by the COVID-19 pandemic, the Board of Auditors carried out its supervisory activities, operating both at the company's offices and in smart working mode and interfacing with the Board of Directors and the Company's department heads also by means of remote communication and the use of electronic documents.

It should be noted that on 22 November 2021, the Company concluded the issue of the senior unsecured bond listed on the Euronext regulated market in Dublin, through Private Placement for an amount equal to Euro 50,000,000.00 and, consequently, acquired the qualification of Public Interest Entity (EIP) pursuant to Legislative Decree 39/2010; from the same date, the Board of Statutory Auditors assumed the role of Internal Control and Audit Committee (CCIRC) envisaged by art. 19 of Legislative Decree 39/2010.

#### *Summary and results of supervisory activities*

During the year ended as at 31 December 2021, our activity adhered to the provisions of the law and the rules of conduct of the Board of Auditors as issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili [the Italian National Board of Registered and Chartered Accountants]; specifically, the board:

- has monitored compliance with law and the articles of association and respect for principles of correct administration;

- has attended the Shareholders' Meetings and thirteen Board of Directors' Meetings held in 2021 in relation to which - on the basis of information available - we did not become aware of any violations of the law or the Articles of Association, nor of any transactions that were manifestly imprudent or risky, in breach of the rules and regulations governing conflicts of interest or such to put the company's equity at risk;

– has held twenty-one meetings of the board during the year 2021, during which it acquired from the administrative body and company structures, information on the general management trend and its foreseeable evolution, as well as on the most important transactions, due to their size or nature, carried out by the company and its subsidiaries; based on the information acquired, there are no particular observations to report;

– has regularly met with the independent auditor of the accounts and no significant data or information emerged worthy of note in this report;

– has met the boards of auditors of subsidiaries and no significant data and information emerged that require highlighting in this report;

– has met with the Supervisory Body and no critical issues emerged, to be highlighted in this report, with respect to the correct implementation of the organisational model;

– has examined and monitored, to the extent of its competence, the adequacy and functioning of the company's organisational structure, also by collecting information from the heads of the functions (such as, for example, Management Control, Risk Management, HR and Human Resources, Administration and Accounting); in this regard the board has no particular observations to report;

– has gained awareness and monitored the suitability and function of the administrative and accounting system as well as its reliability in terms of correctly representing operative events. We did so by obtaining information from the department managers and through our examination of the company documents; we have no particular comments to make in this regard;

– notes that no reports have been received pursuant to Article 2408 of the Civil Code and, during the course of our supervisory activities, no other significant facts emerged that would require mention in this report;

– notes that no reports have been made to the administrative body pursuant to and by effect of art. 15 of Decree Law no. 118/2021.

The Board of Directors of CVA spa a s.u. with resolution dated 06 September 2021, approved by the Board of Statutory Auditors, appointed pursuant to art. 2386 of the Civil Code, Giuseppe Argirò board member and CEO of the company.

*Observations regarding the supervisory activity 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 on the additional report pursuant to art. 11 of the European Regulation.*

The auditing company EY s.p.a. released on 01 June 2022 the additional report pursuant to art. 11 Regulation no. 537/2014, from which no further elements to report emerge and which will be sent to the Board of Directors of the company.

*B) Supervisory activities on the financial reporting process*

The Board of Statutory Auditors has held the functions of CCIRC from 22 November 2021; in recent months, it has begun the recognition of the financial reporting process, with specific meetings with the Finance Department, the functions concerned and the auditing company.

*C) Supervisory activities on the internal control system*

The Board of Statutory Auditors has held the functions of CCIRC from 22 November 2021; in recent months, it has strengthened the supervisory activity on the effectiveness of the internal control system in light of the new tasks assigned by art. 19, with specific meetings with the Finance Department, the functions concerned and the auditing company.

**D) Supervisory activities on the statutory audit of the separate 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.

The auditing company issued on 01 June 2022 the audit report on the annual financial statements at 31 December 2021 of CVA spa a s.u., the audit report on the 2021 consolidated financial statements and the additional report pursuant to art. 11 Regulation 537/2014.

In particular, it is emphasised that the aforementioned reports contain an unqualified opinion on the 2021 financial statements.

**E) Verification of the independence of the independent auditors, in particular as regards the provision of non-audit services**

The Board of Statutory Auditors supervised the independence of the auditing firm, highlighting the assignments other than auditing services performed for the CVA group, highlighting them in the Recommendation for the appointment of the auditing firm for the period 2021-2029.

**F) Procedure aimed at selecting statutory auditors**

The Board of Statutory Auditors, in the role of CCIRC, presented to the shareholders' meeting of CVA spa a s.u. the *recommendation of the Internal Control and Audit Committee for the assignment of the statutory audit assignment for the nine-year period 2021-2029.*

**Observations on the Non-Financial Statement**

The Board of Directors of CVA spa a s.u. approved on 17 May 2022 the Consolidated Non-Financial Statement / Sustainability Report 2021, drawn up pursuant to Legislative Decree 254/2016 and of the EU Regulation 2020/852; it should be noted that CVA spa became EIP in 2021 and, as such, as the conditions apply as set out in art. 2, paragraph 2, of Legislative Decree 254/2016, must prepare and publish the aforementioned consolidated non-financial statement.

The auditing company EY spa issued on 1 June 2022 the Report on the consolidated non-financial statement, from which it emerges that "... *no elements have come to our attention that lead us to believe that the NFS of the CVA group, relating to the financial year ended 31 December 2021 has not been drawn up, in all significant aspects, in compliance with the requirements of articles 3 and 4 of the Decree and the GRI Standards*".

The Board of Statutory Auditors monitored compliance with the provisions established in the aforementioned decree with reference to the drafting and publication of the NFS, and has no observations to report on the matter. *Observations regarding the Financial Statements*

We examined the draft annual financial statements for the year ended 31 December 2021, which was provided to us in the terms of article 2429 Civil Code, regarding which we report as follows.

As we have not been appointed to perform the statutory audit of the financial statements, we have inspected the general structures, their general compliance with the law in terms of preparation and structure; we have no particular comments to make in this regard.

The financial statements for the year ended 31 December 2021 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 explanatory 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 explanatory note shall contain the information required by art. 1 paragraph 125 of Law No. 124/2017 on the obligation of transparency and communication of public grants received/collected during FY 2021.

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. 184/XVI of 16 December 2020, which set the objectives on the general complex of operating expenses, including personnel costs, for subsidiaries; the ratio of operating costs to revenues for FY 2021 of C.V.A. spa a s.u. guarantees the general economic balance and financial statements as set by the aforementioned resolution.

The auditing party EY spa released on 01 June 2022 the report drawn up pursuant to art. 14 Legislative Decree 39/2010 containing a positive and unqualified opinion on the 2021 financial statements of CVA spa a s.u.

As far as we are aware, in preparing the financial statements, the Directors made no exception to provisions of law in accordance with art. 2423, paragraph 4 of the civil code.

**Conclusions**

In view of the foregoing, this Board proposes to the Shareholders' Meeting to approve the financial statements for the year ended 31 December 2021, as drawn up by the Directors, together with the proposal for the allocation of the profit for the year equal to Euro 112,325,000.

Châtillon, 03 June 2022

**The Board of Auditors**

Carmelo Marco Termine  

Guido Bosonin  

Federica Paesani  

**C.V.A. S.p.A. a s.u.**

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