

Half-year financial report 2022



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."

Half-year financial report as at 30 June 2022

Company data

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

Website: www.cvaspa.it

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CORPORATE BODIES

Board of Directors

Chair of the Board of Directors

Marco Cantamessa

Chief Executive Officer

Giuseppe Argirò

Directors

Valeria Casali

Marzia Grand Blanc

Fabio Marra

Board of Auditors

Chair of the Board of Auditors

Gianni Giuseppe Odisio

Standing Auditors

Federica Paesani

Carmelo Marco Termine

Independent Auditors

EY S.p.A.

Supervisory Body Legislative Decree 231/2001

Chair of the Supervisory Body

Vincenzo Scipioni

Members of the Supervisory Body

Nicola Distasi

Federico Massa





CVA Group profile

The CVA Group, which has now been in business for over 20 years, was established following the liberalisation of the electricity market by Legislative Decree 79/99 ("Bersani Decree") and the consequent obligation on Enel to sell, to other operators, certain assets owned by it through the so-called "Genco". Following that decree, the Valle d'Aosta 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, would soon become one of the main national producers of energy from renewable sources.

In its initial years of activity, the CVA Group concentrated on its own hydroelectric plants, consolidating its management and operating capabilities. Investments were dedicated to the ordinary and extraordinary power plant maintenance as well as, when necessary, their renovation and the development of electricity sales activities, 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.

Starting in 2009, with the acquisition of the first photovoltaic plant in Alessandria, which was later followed by the one in Valenza and the development and acquisition of a series of wind power plants, the CVA Group extended its production activities to other renewable energy sources as well, embarking on a new path of industrial development - a "mission" - that will lead it to establish itself as the only "pure green" integrated producer in the national market. With the acquisition from Enel of the Valle D'Aosta energy distribution company DEVAL s.p.a. in 2011, the Group indeed completed the electricity supply chain, offering its services as a vertically integrated company operating in the energy production, sale and distribution sectors.

Over the past two years, CVA S.p.A., through its Parent Company, also expanded its scope of action to include energy efficiency activities as well, acting both as a "general contractor" in civil and/or industrial energy efficiency projects and following a trigeneration plant development project.

Detailed technical highlights are provided below with reference to the activities described above, as well as the Group's structure according to the operating segments identified in accordance with IFRS 8.

Production Activities

With about 1,105 MW in installed capacity, the Group operates directly and through its subsidiaries in the *Hydro* and *Other RES* generation sectors.

Hydro Business Unit: Production of electricity from hydroelectric sources

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 **2 flowing water plants** with a total installed active capacity of 27 MW and an average annual production capacity of 81 GWh.



Other RES - Other Renewable Energy Sources Business Unit

Production of electricity from Wind sources

The activity is carried out through two companies:

- the **Parent Company** with **4 wind plants** located in Valle d'Aosta (Saint Denis plant, nominal power 3 MW), Lazio (Piansano VT) plant, installed nominal power 42 MW), Tuscany (Pontedera PI) plant, installed nominal power 8 MW) and Apulia (Ponte Albanito FG) plant, installed nominal power 23 MW) and an overall annual average output of 131 GWh;
- CVA EOS** with **4 wind farms**, located in Apulia (Lamacarvotta TA), installed nominal power of 10 MW, Lamia di Clemente TA), installed nominal power of 12 MW, and Tarifa LE), nominal power of 22 MW) and in Campania (Monteverde AV), nominal installed power of 38 MW).

Production of electricity from Solar sources

The activity is carried out by the **Parent Company** through **4 photovoltaic plants**, 2 of which are located in Valle d'Aosta (La Tour in the municipality of Quart and Fotochat in the municipality of Châtillon) and 2 located in Piedmont (Alessandria Sud in the municipality of Alessandria and Valenza Fornace in the municipality of Valenza).

The nominal installed power is 13 MW.

Distribution Activities

Distribution Business Unit

This activity is carried out by **DEVAL s.p.a.**, which manages the distribution network in 69 of the 74 municipalities in the Region, offering its services to more than **130,000 users**.

As at 30 June 2022, the network was structured through 57 km of High Voltage lines, 1,526 km of Medium Voltage lines and 2,664 km of Low Voltage lines.

Sales Activities

Sales Business Unit

This activity is carried out by the company **CVA ENERGIE**, which operates in the electricity supply and *energy management* sectors. In terms of supply, the company's portfolio as at 30 June 2022 consisted of 769 business customers in the free market, 48,433 retail customers in the free market and 35,364 customers in the Greater Protection segment, to which it supplied a total of 682 GWh of energy in the first half of 2022.

The company's second area of operation relates to the Energy Management sector. CVA Energie operates in the energy markets mainly for reasons of balancing the energy produced by the Group and the energy provided and for purposes of hedging against the risks related to the fluctuation of energy prices, also carrying out trading activities.

Energy Efficiency Activities

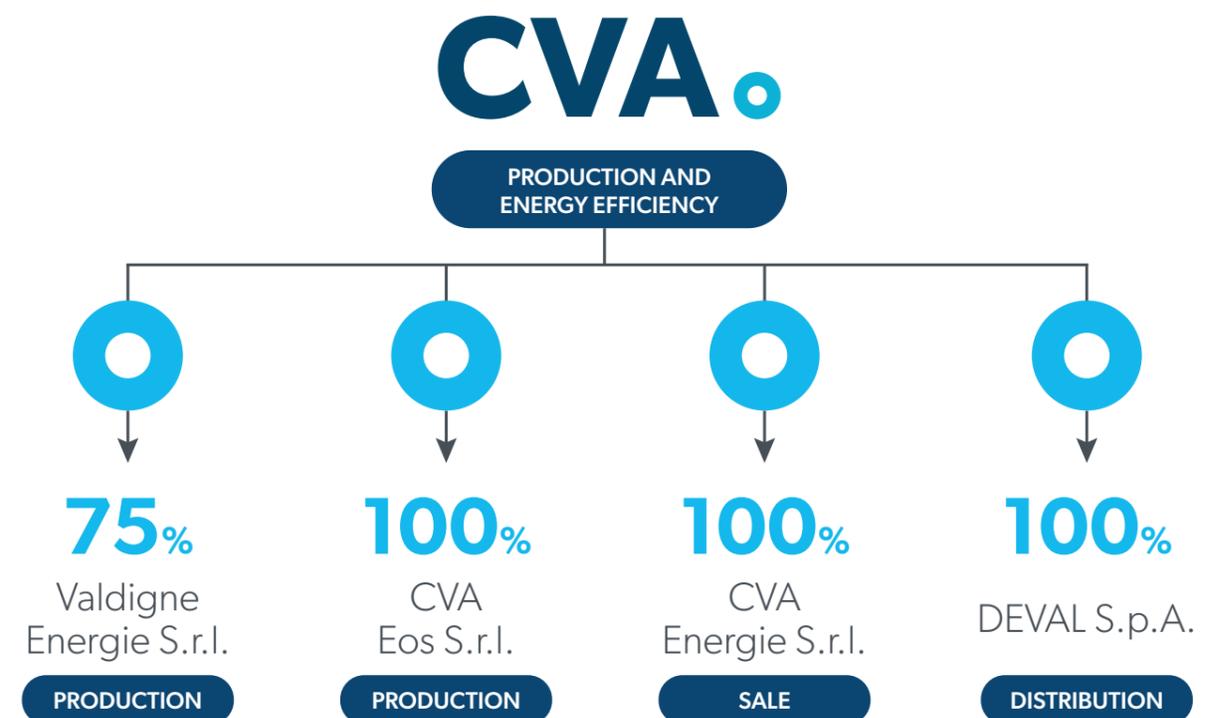
Energy Efficiency Business Unit

Activity carried out by the **Parent Company**, that manages civil and industrial energy efficiency projects as a general contractor. In 2020, the so-called "Superbonus" was introduced, 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). Partly 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 date of this report a portfolio of approximately **Euro 120 million**, referring to 96 interventions on condominiums and 40 interventions on one- and/or two-family units. As of the date of this report, credits for tax facilitations were accrued in respect of work carried out for a value of more than Euro 6.6 million, which the Company has already partly utilised in view of the Group's significant tax capacity.

The company also launched its first initiatives in the industrial energy efficiency segment by signing the first EPC (*Energy Performance Contract*) relating to the construction of a trigeneration plant, which calls for the supply - through the construction of a specific plant - of electrical, thermal and cooling energy. The plant, designed and installed by CVA, began operating in August 2022.

The corporate structure of the CVA Group

The Half-Year Financial Report as at 30 June 2022 includes the Half-Yearly Consolidated Financial Statements prepared in condensed form in accordance with IAS 34 "Interim Financial Reporting". 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.** (abbreviated as "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.** (abbreviated as "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.

Management and coordination activities

Pursuant to art. 2497 and following of the Civil Code, it is noted that CVA is assigned tasks of strategic guidance, management and coordination with regard to its **subsidiaries** which, at 30 June 2022, 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 Valle d'Aosta Autonomous 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 the Valle d'Aosta Autonomous Region. The company is not subject to management and coordination by FINAOSTA or the Valle d'Aosta Autonomous Region.

Significant events during the period

International framework

In the first part of 2022, **energy market tensions**, which had already led to unprecedented price increases in the wholesale gas and electricity markets in the final quarter of 2021, were further accentuated by the **war in Ukraine and the sanctions imposed by Western countries on Russia**. Gas prices, which in mid-February were 40% below the December average, were pushed to new all-time highs in the first half of the year. At the same time, oil also once again approached all-time highs, rising above \$100/bl on a monthly basis in March, and new records were also reached by coal, resulting in an unprecedented energy price crisis in terms of both intensity and magnitude.

The crisis has already had a very strong impact on the inflation rate, which rose above 8% in the Eurozone in May, and on economic activity more generally, so much so that growth forecasts for 2022 have been revised heavily downwards. Inevitably, energy demand trends have also already slowed sharply: for the Eurozone, an increase of just over 1% is estimated in Q1 compared to one year earlier, compared to +5.7% in the fourth quarter 2021.

Post COVID-19 measures

With the termination of the state of emergency on 30 March 2022, following the enactment of D.L. 4 of 27 January 2022, ARERA deemed it appropriate to govern the management of the rating guarantee in electricity transmission contracts in cases of downgrades relating to the COVID-19 emergency situation.

For a period of twelve months following the end of the state of emergency (until 31 March 2023), the user may continue to make use of the downgraded rating previously issued, justified by the economic context relating to COVID-19 epidemic containment measures, in its electricity transmission contracts, even after the end of the state of emergency, as possibly confirmed by the same agency.

Measures on producer remuneration and against high energy prices

In the section on *Evolution of the regulatory framework* of this report, all regulatory acts of greatest interest to the CVA Group in the second half of 2022 or prior, but with a start date in that period, are described in detail. In this section, only the changes in the regulatory and legislative context relating to **producer remuneration** and **measures against high energy prices** are described, as they have the greatest impact on operations during the period.

Interventions on producer remuneration

Article 15-bis compensation mechanism

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

- photovoltaic systems with power of more than 20 kW that benefit from fixed premiums deriving from the Energy Account mechanism, which are not dependent on market prices (i.e. the incentives under Ministerial Decrees of 28.7.2005, 19.02.2007, 6.8.2010 and 5.5.2011);
- solar, hydroelectric, geothermal and wind power plants with power of more than 20 kW that do not qualify for incentive mechanisms, which began operating before 1 January 2010.

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



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

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

As a result of the above forecasts, the Group has forecast, on the basis of the regulations in force at the date of this report, a charge for the first half of the year of more than Euro 1 mln.

Extraordinary contribution pursuant to Art. 37

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

The taxable base of the extraordinary solidarity contribution will be the increase in the balance of the receivable and payable transactions, referring to the period from 1 October 2021 to 30 April 2022, compared to the balance of the period from 1 October 2020 to 30 April 2021. The contribution applies at the rate of 25 percent in cases where the above-mentioned increase exceeds Euro 5,000,000, whereas it is not due if the increase is less than 10 percent. The contribution is settled and paid in the amount of 40%, as an advance, by 30 June 2022 and the remainder, for the balance, by 30 November 2022.

The burden on the Group companies for 2022 was determined to be approximately Euro 25 million.

Measures against high energy prices

Reduction of electricity bill charges

In order to proceed with the cancellation of the general system expenses in the first quarter of 2022, for all users, in accordance with the provisions of **Article 14 of Decree-Law no. 4 of 27 January 2022** on *Urgent measures in support of companies and economic operators, labour, health and territorial services, connected with the COVID-19 emergency, as well as for the containment of the effects of price increases in the electricity sector* ("Support-ter Decree"), with resolution 35/2022/R/eel the **Authority eliminated general system expenses.**

The elimination of the ASOS and ARIM components was subsequently confirmed for the second quarter of 2022 by resolution 141/2022/R/com.

Social bonus

Decree-Law no. 21 of 21 March 2022 on *Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis* ("Price Cut DL"), converted with amendments by Law no. 51 of 20 May 2022, set forth provisions to support end customers with reference to the social bonus. In particular, for the period between 1 April 2022 and 31 December 2022, the ISEE value considered for access to social bonuses has been raised from Euro 8,265 to Euro 12,000, thus expanding the range of beneficiaries. ARERA and the Single Buyer, in its capacity as Manager of the Integrated Information System, therefore issued specific technical and regulatory provisions to implement that regulation.

Supplementary social bonus

The 2022 Budget Law called for a continuation of the reinforcement of the electricity bonus for the first quarter of 2022 by means of a supplementary compensation component (CCI), in order to minimise increases in supply costs for disadvantaged customers. Subsequently, in implementation of the Energy DL, with reference to the billing period between 1 April 2022 and 30 June 2022, supplementary social bonuses were again applied, the amount of which is added to that of the compensation already recognised to electricity sector customers in a state of economic/physical hardship pursuant to resolution 63/2021/R/com. ARERA implemented the legislative provision during its quarterly tariff updates, as set out in Resolution 635/2021/R/com and Resolution 141/2022/R/com.

Payments in instalments

Article 6-bis of Decree-Law of 21 March 2022 - converted into Law no. 51 of 20 May 2022 - extended the instalment provisions in favour of defaulting domestic end customers introduced by Article 1 of the 2022 Budget Law, with the application of payments in instalments with reference to invoices issued in the period between 1 January 2022 and 30 June 2022, instead of until 30 April 2022 as originally established. The regulation thus adopted provided that companies based in Italy may ask their Italian-based suppliers to pay the amounts due for energy consumption relating to the months of May 2022 and June 2022 in instalments, for a maximum number of monthly instalments not to exceed twenty-four.

Following this measure, requests for deferrals amounting to Euro 2.5 million were received by CVA.

Tax credit

Decree-Law no. 21 of 21 March 2022 on *Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis* ("Price Cut DL"), converted with amendments by Law no. 51 of 20 May 2022, provided the possibility, for companies with electricity meters with an available power of 16.5 kW or more, **other than electricity-intensive companies**, to take advantage of a tax credit equal to **15 percent** of the expenses incurred to purchase the energy component actually used in the second and third quarters of 2022. In order to be eligible, there must have been an increase in the cost per kWh of the electricity component of more than 30 percent compared to the same quarter of the year 2019 in the second quarter of 2022.

The tax credit, calculated with the same parameters, is increased to **25%** for **energy-intensive businesses.**

The value of the tax credit accrued by Group companies for the second quarter of 2022 is approximately Euro 87,000.

Appointment of the Parent Company's Board of Directors and Board of Auditors

On 29 June 2022, at the natural expiry of the term of office of the outgoing Board of Directors, the Shareholders' Meeting of Compagnia Valdostana delle Acque - CVA S.p.A. appointed the company's Board of Directors for the three-year period ending with the approval of the 2024 financial statements. The collegial decision-making body confirmed Prof. Marco CANTAMESSA as Chairman, Mr Giuseppe Argirò as Chief Executive Officer, and Ms Marzia GRAND BLANC and Mr Fabio MARRA as members of the Board of Directors. The fifth member of the Board, taking over for Monique PERSONNETTAZ, is attorney Valeria CASALI. The Shareholders' Meeting also appointed the Board of Auditors, for the same term of office as that of the Board of Directors. Chairman Mr Gianni ODISIO, Standing Auditors Ms Federica PAESANI and Mr Carmelo Marco TERMINE, and Alternate Auditors Ms Cristina BETTA and Mr Massimo SCARRONE were appointed to the Board of Auditors.



Significant events after period-end

Amendment in the application of the Consolidated Law on investee companies (Law 124 of 7 August 2015)

Conversion Law no. 91 of the "Aid" decree-law, published on 18 July 2022 in the Official Gazette, **sanctioned the exclusion of companies holding listed bonds as at 31/12/21 in the energy sector** from the group of companies subject to the constraints of the Consolidated Law on investee companies, known as the Madia Law. Pursuant to this regulatory provision, as it issued a private bond in November 2021, CVA S.p.A can now operate in the market as a listed company, while remaining a wholly-owned public company.

With this step, the Group gained greater competitive capabilities, as it was released from the complex administrative procedures imposed by Madia. This means greater autonomy in making strategic and economic decisions, similar to its major market competitors, which will enable the diversification of the company's activities, the acquisition of new plants for the production of energy from renewable sources, the consolidation of the Energy Efficiency BU and the development of new company assets, from electric mobility to emerging energy storage technologies or from Open Innovation activities.

Signing of the Corporate Power Purchase Agreement (PPA) with Unicredit SPA

In July 2022, **CVA Energie S.r.l.** entered into a partnership with UniCredit SPA as part of its ESG strategy, for the supply of electricity produced from renewable sources. For the first time in Italy, a financial institution has entered into a corporate PPA (*Corporate Power Purchase Agreement*) with a specialised renewable energy producer.

The collaboration with CVA will lead to the construction of three new solar plants in Piedmont, Lombardy and Sicily. The new facilities, with a total capacity of 25 MW, will begin operating in 2023 and will generate more than 35 GWh per year, meeting the energy needs of UniCredit's data processing centres in Verona and covering about 20% of the bank's total electricity consumption in Italy. CVA will sell the energy to UniCredit at a defined price, optimising the risk profile of the investment in its assets.

Moody's RATING Revision - Stable Outlook

On 11 August 2022, the rating agency Moody's Investors Service published the rating action by which the CVA rating was changed from "Baa2" with "Positive Outlook" to "Baa2" with "**Stable Outlook**".

At the same time, Moody's also reaffirmed CVA's long-term rating of Baa2:

- relating to the Euro 50 million in senior unsecured notes at the end of November 2028
- relating to the basic credit assessment (BCA)

The change in CVA SpA's outlook is not attributable to the company's economic and financial performance, but rather is the result of the downgrade of the Valle d'Aosta Autonomous Region's outlook from "positive" to "stable" on 9 August, a phenomenon that involved the ratings of all Italian regions.

The new rating was triggered by risks to Italy's credit profile following the political instability resulting from the fall of the Draghi government.

The change of outlook to stable is a consequence, according to the rating company, of the strong ties between CVA SpA and the Valle d'Aosta Region, which owns 100% of the company, albeit through the regional finance company Finaosta S.p.A., which is its sole shareholder.

Fitch RATING confirmation - BBB+ stable

On 26 September 2022, the rating agency Fitch Ratings ("Fitch") confirmed a Long Term Issuer Default Rating (IDR) for CVA S.p.A. of BBB+ stable outlook and a senior unsecured rating of BBB+.

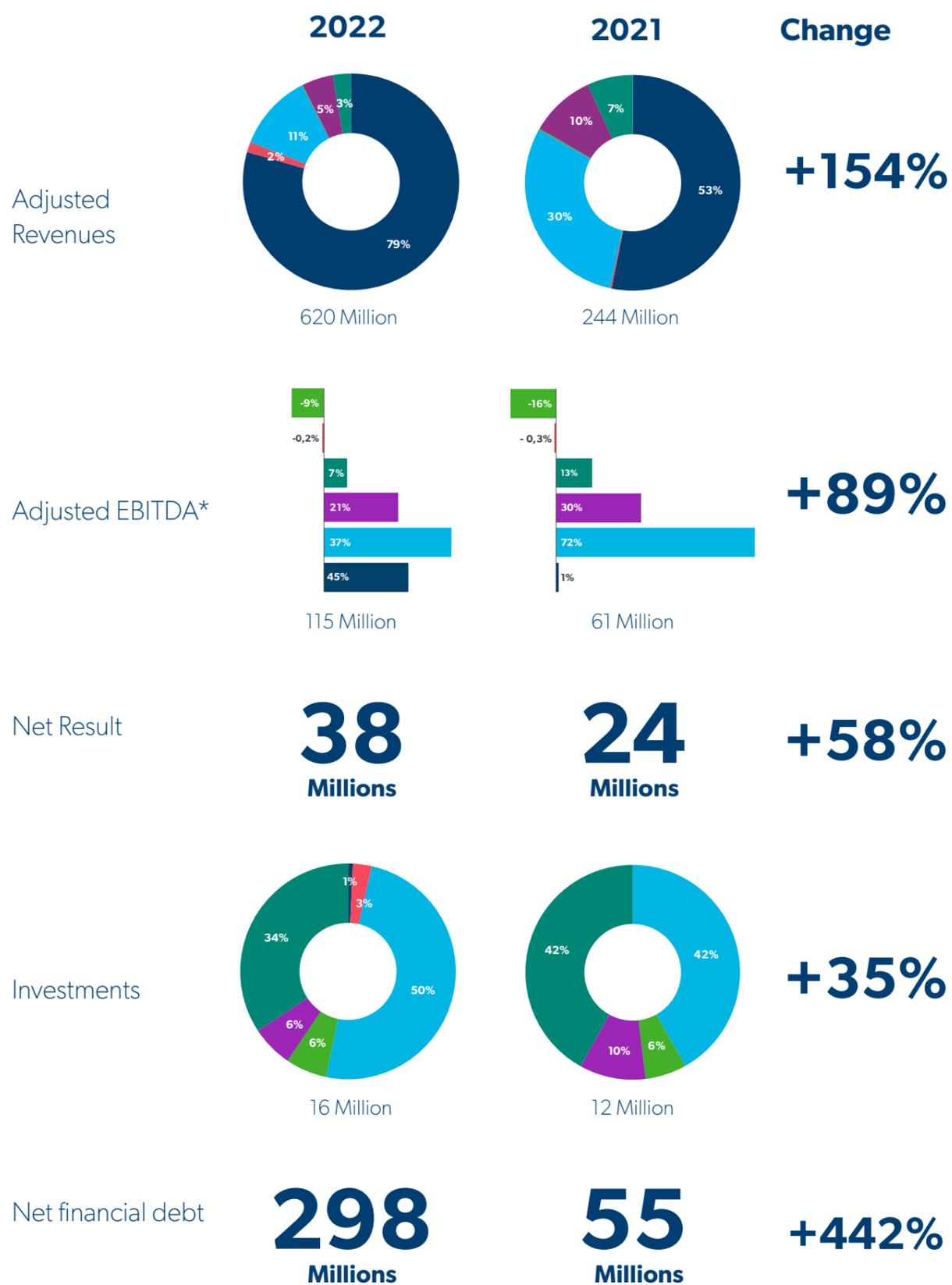
This confirmation mainly reflects the solid business profile of the Group, which owns clean generation assets with a low cost base, is currently benefitting from electricity prices remaining at all-time highs and boasts of well-structured integration in the various phases of the green energy market, with negligible exposure to the difficulties of the gas market.

The rating confirmation also considers the capital structure to be prudent, with moderate re-leveraging prospects, even after exemption from the Madia law. For Fitch, this, together with a solid liquidity position, allows CVA to meet margin requirements for position coverage, which it expects to decrease in the fourth quarter.

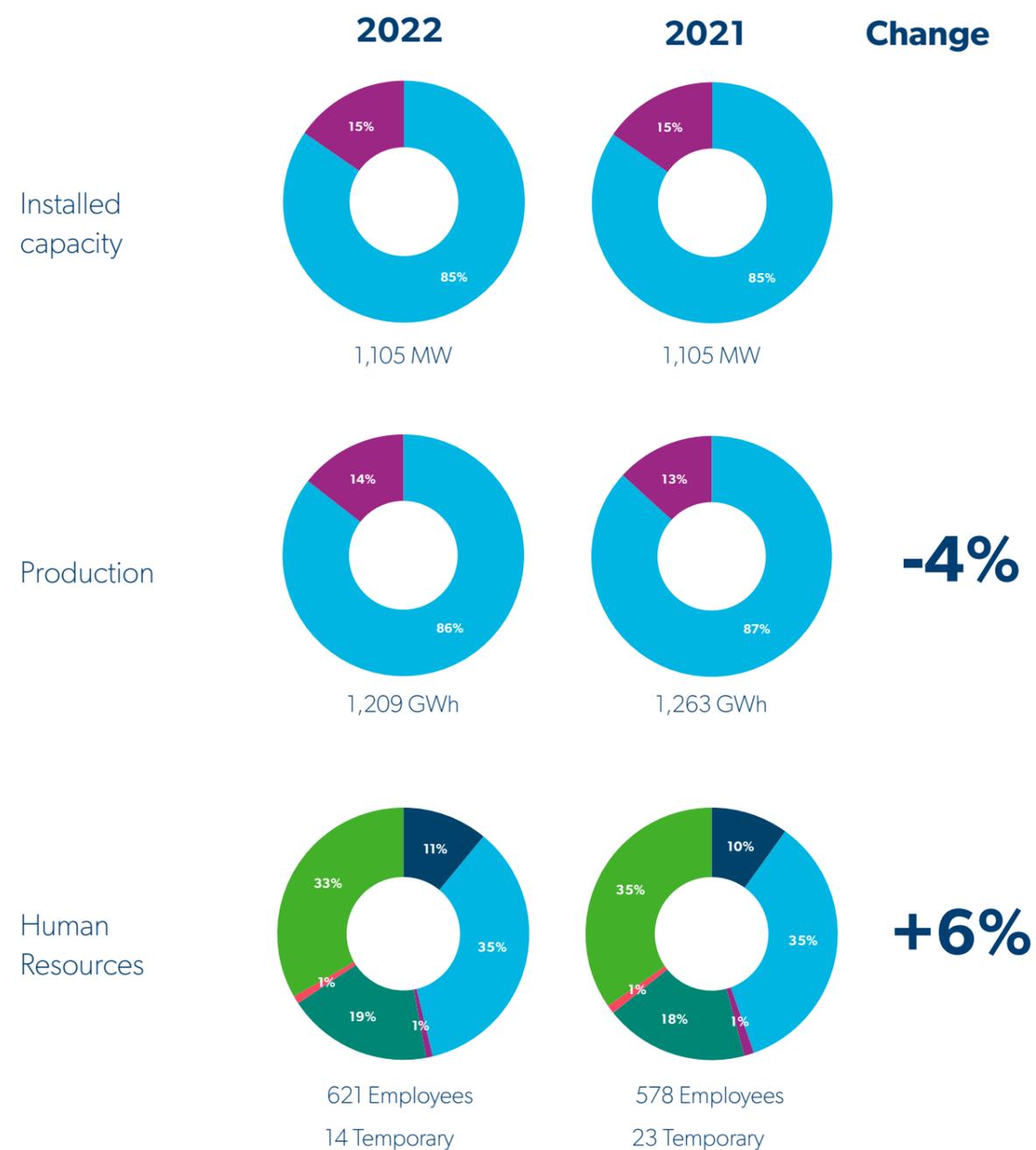


Summary of results for the first half 2022

Economic and financial information



Operating figures



*Adjusted: to take account of some non-recurring income and expenses, not strictly related to the Group's core business and operations.

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

Comments on the industrial and economic results for the period

Despite the decidedly critical context that characterised the first half of 2022, in which tensions continued in the energy markets, exacerbated by the outbreak of the Russia-Ukraine conflict, the CVA Group achieved more than satisfactory industrial and economic results.

From an industrial perspective, the CVA Group saw a 4% drop in total energy production in the first half of this year compared to the first half of the previous year. This decrease was mainly caused by the continuation of adverse weather conditions, which particularly impacted hydroelectric production. Indeed, this production contracted by 6% when comparing the two half-year periods, while production from wind and photovoltaic plants (Other RES) rose by 5%.

The magnitude of the drop in production volumes recorded in the first half of 2022 is much more significant when compared to budget values, which are based on 10-year historical averages. In particular, with regard to energy generation from hydroelectric power plants, the 1,034 GWh produced was 22% lower than expected in the 2022 budget. The deviation from the 2022 budget declines to 20% if the production from all Group production plants is taken into account.

With respect to the findings set forth in the June Monthly Report on the Electricity System published by Terna¹, the CVA Group, within a national landscape that sees a general contraction in the production of renewable source electricity generation plants, maintains its share contributed to national production stable at 2.4%, increasing its share contributed from water sources to 8%, due to the lower scarcity of water resources compared to other geographical areas, and basically remaining stable with respect to the production values realised by Other RES plants in Italian territory.

Production of electricity generation plants supplied by renewable sources (GWh)	30/06/2022	30/06/2021
National production	51,420	58,719
CVA Group production	1,209	1,263

Production of electricity generation plants powered by hydraulic power (GWh)	30/06/2022	30/06/2021
National production	13,724	23,008
CVA Group production	1,034	1,096

Production of electricity generation plants powered by Other RES (GWh)	30/06/2022	30/06/2021
National wind production	11,553	10,597
National photovoltaic production	14,525	13,222
CVA Group production Other RES	175	167

With regard to distribution activities, carried out by the Group through DEVAL S.p.A. a.s.u., 476 GWh was distributed in the first half of 2022, marking an increase of 8.7% compared to 2021 and serving more than 130,000 delivery points.

Electricity distributed (GWh)	30/06/2022	30/06/2021
Free Market	455	411
Greater Protection Market	21	27
Total	476	438

The sales activity developed by the Group through the company CVA Energie S.r.l., supplied 682 GWh to end consumers in the first half of 2022 (down 8% compared to 2021).

The number of end customers with which contracts have been entered into as at 30 June 2022 is 88,195. Of these, 48,433 are customers in the Free Market (769 in the Business segment and 47,664 in the Retail segment) and 39,762 are customers in the Greater Protection Market. As at 30 June 2021, the total number of customers with contracts was 85,632. Of which 45,574 customers in the Free Market (648 in the Business segment and 44,926 in the Retail segment) and 40,058 customers in the Greater Protection Market.

¹ Monthly Report on the Electricity System - June 2022, Terna, published on 30 June 2022.

Customers with contracts	30/06/2022	30/06/2021
Free Market	48,433	45,574
of which business	769	648
of which retail	47,664	44,926
Greater Protection Market	39,762	40,058
Total	88,195	85,632

A total of 116,196 delivery points refer to these customers as at June 2022. Of these, 75,753 are attributable to customers in the Free Market (12,572 in the Business segment and 63,181 in the Retail segment) and 40,443 to those in the Greater Protection Market. As at 30 June 2021, the total number of delivery points was 118,718. Of these, 72,338 were attributable to customers in the Free Market (13,009 in the Business segment and 59,329 in the Retail segment) and 46,380 to those in the Greater Protection Market.

Delivery points (DP)	30/06/2022	30/06/2021
Free Market	75,753	72,338
of which business	12,572	13,009
of which retail	63,181	59,329
Greater Protection Market	40,443	46,380
Total	116,196	118,718

The Group also continued its activities in the energy efficiency sector, which, as at 30 June 2022, had an order portfolio of Euro 120 million for building efficiency upgrades, referring to a total of 96 upgrades on condominiums and 40 upgrades on one- and/or two-family units. The following table summarises the Group's main economic figures for the period:

Economic results (thousands of €)	30/06/2022	30/06/2021
Net revenues	619,676	248,125
EBITDA	88,557	65,201
EBITDA in % on revenues	14.29%	26.28%
Amortisation, depreciation, provisions and write-downs	27,124	25,949
EBIT	61,434	39,252
EBIT in % on revenues	9.91%	15.82%
Adjusted EBIT	87,832	35,271
Adjusted EBIT in % on revenues	14.17%	14.21%
Financial income and expenses	(404)	(6,198)
EBT	61,029	33,054
EBT in % on revenues	9.85%	13.32%
Tax expenses	22,789	8,799
Tax rate in %	37.34%	26.62%
PERIOD NET RESULT	38,240	24,255
NET RESULT in % on revenues	6.17%	9.78%

In terms of economic values, the Group reported a consolidated net profit of Euro 38.2 million as at 30 June 2022, compared to Euro 24.3 million in the first half of 2021. This result, in addition to being affected by lower production, offset by the better sale prices obtained on production in excess of that covered by previous price hedging contracts, is negatively impacted, for Euro 26.4 million, by significant non-recurring items, deriving from the cost of the extraordinary contribution pursuant to in Article 37 of Decree-Law no. 21 of 2022 (the "Extra-Profit" Contribution) and the estimated charge for the six-month period of the two-way compensation mechanism on the price of electricity introduced with Article 15-bis of Decree-Law no. 4 of 27 January 2022. The upward trend in energy prices, which had already characterised 2021, continued in 2022, impacting the prices of the Single National Price (PUN TWA - Single National Price Time Weighted Average), which in the first half of 2022 reached an average value of Euro 249 per MWh, compared to Euro 67 per MWh in the same period of the previous year, up 272% compared to the first half of 2021, as well as more than 98% higher than the value of Euro 125.46 per MWh at the end of 2021.



The increase in the value of sales prices in the first half of 2022, even in the presence of lower production, allowed the Group to increase the value of Total Revenues, which amounted to Euro 619.7 thousand as at 30 June 2022; in detail, the value of sales and services increased by more than 178%, reaching Euro 606.8 million as at 30 June 2022 compared to Euro 217.8 million as at 30 June 2021. On the other hand, there was a significant decrease in Other Revenues and Income, which dropped by 57.4% from Euro 30.3 million in the first half of 2021 to Euro 12.9 million in 2022. This decrease is due to the change in the item Operating contributions, which mainly includes grants provided by the GSE such as the Energy Account, the Incentive Tariff and the GRIN incentive. The decrease between the two periods under review is mainly a consequence of the lower incentives accrued, since the prices obtained by the market were higher than the incentive tariff, as well as of the reduction in the value of the GRIN incentive, which, between the two periods under examination, decreased by 60.8%.

Operating costs increased significantly to Euro 531.1 million (Euro 182.9 million as at 30 June 2021) due, above all, to the change in electricity prices, which, in addition to an increase in the cost of raw materials represented by the energy purchased wholesale, led to the recognition of hedging costs of about Euro 230 million as at 30 June 2022, against Euro 12.6 million recognised at the same date in 2021.

Personnel costs at Group level remained basically stable at Euro 19.8 million compared to Euro 19.5 million in the comparative period of 2021. As at 30 June 2022, the Group had 621 employees (600 employees as at 31 December 2021) distributed in the companies as follows:

- 415 attributable to CVA (398 as at 31 December 2021);
- 63 attributable to CVA ENERGIE (61 as at 31 December 2021);
- 4 attributable to CVA EOS (3 as at 31 December 2021);
- 139 attributable to DEVAL (138 as at 31 December 2021).

EBITDA was Euro 88.6 million in 2022, compared to Euro 65.2 million in 2021.

Amortisation, depreciation, provisions and write-downs increased by 4.5% as a result of both the increase in the value of depreciation due to the start-up of investments and as a result of the increase in the provision for bad debts, which became necessary due to the valuations made on trade receivables on the reporting date.

After absorbing the costs of amortisation, depreciation and provisions, the Group's EBIT amounted to Euro 61.4 million compared to Euro 39.2 million in 2021, while the adjusted EBIT, i.e., net of the above-mentioned non-recurring items, exceeded Euro 87.8 million compared to Euro 35.2 million in the same period of the previous year, an increase of 82% year-on-year.

Financial income and expenses had a negative balance of Euro 0.4 million, a significant improvement compared to the same period of the previous year (Euro 6.2 million as of June 2021). The change in this item is mainly influenced by the reduction in the change in the fair value of derivative instruments relating to mortgages.

The tax burden increased significantly, resulting in a tax rate of 37% as at 30/06/2022 compared to 27% for the same period in 2021. The difference is mainly attributable to the non-deductibility, for income tax and regional business tax purposes, of the cost of the contribution paid under Article 37 of Decree-Law no. 21 of 21 March 2022, already mentioned above.

Alternative performance indicators

In this Interim Report on Operations, in order to allow for a better assessment of economic-financial operating performance, certain Alternative Performance Indicators (hereinafter also "APIs") are reported, in line with the indications of the European Securities and Markets Authority (ESMA). In accordance with these 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 €

	30/06/2022	30/06/2021	2022 vs 2021	
			Change	% change
Economic and financial data				
EBIT	61,434	39,252	22,182	56.51%
Adjusted EBIT	87,832	35,271	52,561	149.02%
EBITDA	88,557	65,201	23,356	35.82%
Inventories	4,933	3,262	1,672	51.25%
Trade receivables	170,467	96,004	74,463	77.56%
(Trade payables)	(102,203)	(73,107)	(29,096)	39.80%
TRADE WORKING CAPITAL	73,197	26,158	47,039	179.82%
Tax receivables/(payables)	(49,951)	(6,997)	(42,955)	613.93%
Other Asset / (Liabilities)	(26,740)	84,944	(111,684)	(131.48%)
NET WORKING CAPITAL	(3,494)	104,105	(107,600)	(103.36%)
Economic indexes				
ROE	6.46%	3.13%	3.33%	106.36%
ROI	6.62%	4.60%	2.02%	43.91%
Financial independence	32.15%	57.88%	(25.72%)	(44.45%)

Economic data

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

Amounts in thousands of €

	30/06/2022	30/06/2021	2022 vs 2021	
			Change	% change
PRE-TAX RESULT (A)	61,029	33,054	27,975	84.64%
Financial income	860	1,179	(319)	(27.05%)
Financial expenses	(1,264)	(7,377)	6,112	(82.86%)
TOTAL FINANCIAL BALANCE (B)	(404)	(6,198)	5,793	(93.48%)
EBIT (A-B)	67,434	39,252	22,182	56.51%



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 for a more homogeneous analysis of the Group's performance during the financial years.

Amounts in thousands of €

	30/06/2022	30/06/2021	Change	% change
EBIT	61,434	39,252	22,182	56.51%
Contribution pursuant to Art. 37 of D.L. 21 of 21 March 2022	25,372	0	n.a	n.a
Contribution pursuant to Art. 15-bis of Law no. 25 of 28 March 2022	1,026	0	n.a	n.a
Termination of E.T.S. arbitration proceedings	0	(3,307)	n.a	n.a
Reversal to income of provision on ARERA sanction procedure	0	(674)	n.a	n.a
Adjusted EBIT	87,832	35,271	52,561	149.02%

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 the management as the result before tax for the year, financial income/expenses, income/expenses from investment, amortisation, depreciation, provisions and write-downs.

Amounts in thousands of €

	30/06/2022	30/06/2021	Change	% change
EBIT or OPERATING RESULT (A)	61,434	39,252	22,182	56.51%
Amortisation/depreciation	27,022	26,196	826	3.15%
Provisions and write-downs	102	(247)	349	(141.30%)
TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (B)	27,124	25,949	1,175	4.53%
EBITDA or GROSS OPERATING MARGIN (A+B)	88,557	65,201	23,356	35.82%

Financial information

Total financial debt

The statement prepared in accordance with ESMA Recommendation 32/382/1138 of 4 March 2021 is provided below.

From a financial standpoint, the Group's net financial debt at 30 June 2022 amounted to Euro 279.5 million, up from Euro 146.7 million at 31 December 2021; the increase was mainly due to a significant increase in bank loans that the Group had to take out in order to support the value of liquid deposits made to guarantee the settlement of derivative transactions in fulfilment of the margining obligations undertaken when participating in the futures markets ("margin calls") and linked to the energy price hedging strategy.

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 return in 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.

Amounts in thousands of €

	30/06/2022	31/12/2021	Change	% change
A Cash	9	8	1	14.43%
B Other cash and cash equivalents	453,671	176,774	276,896	156.64%
C Securities held for trading	-	50,049	(50,049)	(100.00%)
D CASH AND CASH EQUIVALENTS	453,679	226,831	226,849	100.01%
E Current financial (payables)/receivables	693	675	18	2.62%
F Current financial debt	647,584	252,279	395,305	156.69%
G NET LIQUIDITY	(193,211)	(24,773)	(168,439)	679.94%
H Non-current bank payables	198,210	215,642	(17,432)	(8.08%)
I Trade and other payables non current	-	-	-	n.a.
L Other non current financial asset	93,870	93,731	140	0.15%
M NET FINANCIAL POSITION	(297,551)	(146,684)	(150,866)	102.85%

Net investments - Represents an 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. As at 30/06/2022 they amounted to Euro 16,368 thousand.

Net Working Capital - Represents an 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 €

	30/06/2022	31/12/2021	Change	% change
Inventories	4,933	3,262	1,672	51.25%
Trade receivables	170,467	96,004	74,463	77.56%
(Trade payables)	(102,203)	(73,107)	(29,096)	39.80%
TRADE WORKING CAPITAL	73,197	26,158	47,039	179.82%
Tax receivables/(payables)	(49,951)	(6,997)	(42,955)	613.93%
Other assets/(liabilities)	(26,740)	84,944	(111,684)	(131.48%)
NET WORKING CAPITAL	(3,499)	104,105	(107,600)	(103.36%)

Economic indicators

ROE or Return On Equity - Represents an economic indicator that makes it possible to assess 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	30/06/2022	30/06/2021
Net result of the period (A)	38,240	24,255
Total shareholders' equity (B)	630,274	799,828
Total shareholders' equity, adjusted of the result of the year (B-A)	592,034	775,573
ROE (Return on Equity) [A / (B-A)]	6.46%	3.13%



ROI or Return On Investment - Represents an economic indicator that makes it possible to evaluate the profitability and the economic efficiency of 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	30/06/2022	30/06/2021
EBIT (A)	61,434	39,252
Net Invested Capital (B)	927,825	854,746
ROI (Return on Investment) (A / B)	6.62%	4.60%

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

Amounts in Euro thousands	30/06/2022	31/12/2021
Total shareholders' equity (A)	630,274	824,197
Total Assets (B)	2,414,522	1,651,511
Other current financial assets (C)	693	675
Cash and cash equivalents (D)	453,679	226,831
Adjusted Total Assets (B-C-D)	1,960,149	1,424,005
Financial Independence Index [A / (B-C-D)]	32.15%	57.88%

Group non-financial performance indicators for the period

The following table summarises the key non-financial performance indicators of the Group for the periods ended 30 June 2022 and 30 June 2021:

	30/06/2022	30/06/2021	Change	% Change
Hydroelectric production (GWh)	1,034	1,065	(31)	(2.9%)
Production from other renewable sources (GWh)	175	167	8	5.0%
Electricity sold to wholesale customers (GWh)	547	334	213	64.0%
Electricity sold on the Power Exchange (GWh)	(5)	313	(318)	(101.8%)
Electricity sold to end customers (GWh)	682	742	(60)	(8.1%)
POD Electricity (#/1000)	116	118	(2)	(2.0%)
Number of Free Market Customers	48,433	45,574	2,859	6.3%
Number of Protected Market Customers	35,364	40,058	(4,694)	(11.7%)
Electricity distributed (GWh)	476	438	38	8.7%
Average of the PUN (Single Nationwide Price) Base load (Euro/MWh)	249	67	182	271.8%
Human Resources	621	578	43	7.4%
Temporary workers	14	23	(9)	(39.1%)

Economic and financial analysis of the CVA Group by sector

Below is information on the main values expressed by the Group's Business Units, the breakdown 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 accordance with IFRS 8 - *Operating Segments*.

Economic data by business sector as at 30 June 2022

[€/000]	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
INVESTMENTS BY BUSINESS SECTOR								
(INVEST)/DISINVEST - TANGIBLE ASSETS	8,012	4,077	121	974	834	462	-	14,479
(INVEST)/DISINVEST - INTANGIBLE ASSETS	126	1,531	-	52	180	-	-	1,889
FINANCIAL INVESTMENTS AND GOODWILL	-	-	-	-	-	-	-	-
TOTAL INVESTMENTS AND GOODWILL	8,138	5,608	121	1,025	1,014	462	-	16,368
BALANCE SHEET DATA BY BUSINESS SECTOR								
TANGIBLE ASSETS	309,529	110,336	619	160,358	33,146	795	(2,631)	612,152
INTANGIBLE ASSETS	1,124	3,298	-	6,575	2,287	1	-	13,285
GOODWILL	173,544	11,308	-	44,125	-	-	-	228,976
TRADE RECEIVABLES	42,227	4,466	153,828	3,895	2,116	3,681	(49,126)	161,087
TRADE PAYABLES	(8,716)	(6,982)	(121,227)	(2,137)	(5,345)	(6,976)	49,181	(102,203)
ECONOMIC DATA BY BUSINESS SECTOR								
REVENUES	71,447	16,598	576,104	29,164	1,521	9,568	(84,725)	619,676
OTHER COSTS	(22,323)	(5,245)	(522,631)	(5,351)	(30,686)	(9,562)	84,480	(511,318)
PERSONNEL COSTS	(7,073)	(3,675)	(1,968)	(278)	(6,591)	(216)	-	(19,801)
GROSS OPERATING MARGIN (EBITDA)	42,050	7,678	51,505	23,536	(35,756)	(210)	(245)	88,557
% OF REVENUES	58.86%	46.26%	8.94%	80.70%	-2350.91%	-2.20%	0.29%	14.29%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(12,109)	(4,577)	(162)	(8,898)	(1,602)	0	224	(27,124)
NET OPERATING RESULT (EBIT)	29,942	3,101	51,343	14,638	(37,358)	(210)	(21)	61,434
% OF REVENUES	41.91%	18.68%	8.91%	50.19%	-2456.22%	-2.20%	0.02%	9.91%
NON-RECURRING ITEMS	(128)	-	-	(898)	(25,372)	-	-	(26,398)
ADJUSTED OPERATING RESULT (ADJUSTED EBIT)	30,070	3,101	51,343	15,536	(11,986)	(210)	(21)	87,832
% OF REVENUES	42.09%	18.68%	8.91%	53.27%	-788.03%	-2.20%	0.02%	14.17%
FINANCIAL BALANCE	-	-	-	-	(522)	118	-	(404)
PRE-TAX RESULT	29,942	3,101	51,343	14,638	(37,880)	(93)	(21)	61,029
INCOME TAXES	-	-	-	-	(22,789)	-	-	(22,789)
NET RESULT	29,942	3,101	51,343	14,638	(60,669)	(93)	(21)	38,240



Economic data by business sector as at 30 June 2021

[€/000]	Hydroelectric BU	Distribution BU	Sales BU	Other RES BU	Corporate BU	Energy Efficiency BU	Eliminations	Total Consolidated
INVESTMENTS BY BUSINESS SECTOR								
(INVEST)/DISINVEST - TANGIBLE ASSETS	5,060	4,875	(1)	1,185	590	-	-	11,709
(INVEST)/DISINVEST - INTANGIBLE ASSETS	4	200	-	26	164	-	-	395
FINANCIAL INVESTMENTS AND GOODWILL	-	-	-	-	-	-	-	-
TOTAL INVESTMENTS AND GOODWILL	5,064	5,075	(1)	1,211	754	-	-	12,103
BALANCE SHEET DATA BY BUSINESS SECTOR								
TANGIBLE ASSETS	313,450	107,174	557	175,594	33,939	-	(2,963)	627,750
INTANGIBLE ASSETS	1,131	2,255	-	6,828	1,711	1	-	11,927
GOODWILL	173,544	20,358	-	44,125	-	-	-	238,026
TRADE RECEIVABLES	37,510	6,697	64,150	5,031	2,238	593	(45,704)	70,515
TRADE PAYABLES	(6,373)	(6,851)	(69,083)	(2,761)	(5,107)	(824)	47,554	(43,445)
ECONOMIC DATA BY BUSINESS SECTOR								
REVENUES	72,821	16,784	205,391	27,613	1,454	593	(76,532)	248,125
OTHER COSTS	(21,673)	(5,307)	(202,080)	(5,314)	(4,674)	(642)	76,296	(163,394)
PERSONNEL COSTS	(7,017)	(3,525)	(2,009)	(174)	(6,664)	(141)	-	(19,530)
GROSS OPERATING MARGIN (EBITDA)	44,132	7,952	1,302	22,125	(9,884)	(190)	(236)	65,201
% OF REVENUES	60.60%	47.38%	0.63%	80.13%	-679.57%	-32.09%	0.31%	26.28%
AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS	(11,695)	(4,184)	101	(8,849)	(1,539)	-	217	(25,949)
NET OPERATING RESULT (EBIT)	32,437	3,768	1,403	13,276	(11,422)	(190)	(19)	39,252
% OF REVENUES	44.54%	22.45%	0.68%	48.08%	-785.37%	-32.09%	0.02%	15.82%
NON-RECURRING ITEMS	-	-	674	3,307	-	-	-	3,981
ADJUSTED OPERATING RESULT (ADJUSTED EBIT)	32,437	3,768	729	9,969	(11,422)	(190)	(19)	35,271
% OF REVENUES	44.54%	22.45%	0.36%	36.10%	-785.37%	-32.09%	0.02%	14.21%
FINANCIAL BALANCE	-	-	-	-	(6,198)	-	-	(6,198)
PRE-TAX RESULT	32,437	3,768	1,403	13,276	(17,620)	(190)	(19)	33,054
INCOME TAXES	-	-	-	-	(8,799)	-	-	(8,799)
NET RESULT	32,437	3,768	1,403	13,276	(26,419)	(190)	(19)	24,255

Analysis by Business Unit

Hydro Business Unit

Revenues

The negative change in the item *Total revenues of the BU*, which amounted to Euro 71,447 thousand, results from two opposing dynamics: the positive trend of the item *Revenues from sales and services*, which increased by 8.4% between the two periods, as opposed to the negative change in the item *Other revenues and income*, which was affected by the net decrease in operating contributions deriving from GRIN certificates, which decreased by 59.4% due to the combined effect of the reduction in quantities caused by unfavourable weather conditions for the Group's hydroelectric plants, as well as the reduction in the remuneration of certificates recognised by the GSE.

Gross Operating Margin (EBITDA)

EBITDA amounted to Euro 42,050 thousand, a decrease of 4.7% compared to the same period of the previous year, mainly due to the decrease in revenues, the trend of which had a direct impact on the item given the rather rigid cost structure typical of the business unit's activities. There was also an increase in the costs of raw materials and services, while personnel costs can be considered stable compared to the previous period.

Operating Result (EBIT)

Operating income for the six-month period, amounting to Euro 29,942 thousand, decreased by 7.7% compared to the previous period, confirming the negative trend in EBITDA illustrated above, and also absorbing the upward trend of the item *amortisation, depreciation, provisions and write-downs* due to the increase in the item *amortisation*.

Adjusted Operating Result (Adjusted EBIT)

Adjusted operating income, amounting to Euro 30,70 thousand, includes the economic impact of Euro 128 thousand arising from the amount set aside for the contribution introduced by Compensation Mechanism pursuant to Article 15-bis of Decree-Law no. 4 of 27 January 2022, converted by Law no. 25 of 28 March 2022, which is extensively described in the significant events for the period. Specifically, the contribution refers to the production of the Lillaz plant attributable to the Hydro Business Unit.

Investments

Capital expenditure relating to the Hydro Business Unit shows a total increase of Euro 8,138 thousand, almost all of which can be attributed to property, plant and equipment, as it relates to modernisation of the BU's own plant and machinery. The main investments were in the Montjovet, Chavonne and Aymavilles plants, where major refurbishment and overhauls were carried out on the production units.

Other RES Business Unit

In the comparison between the two periods, total revenues of the Business Unit increased by Euro 1,551 thousand (+5.6%) due to the combined and unambiguous effect of the increase in the production of plants from renewable sources other than hydroelectric (+5%) and the increase in sales prices of the energy produced. In detail, it should be noted that trends are being observed that have opposing impacts on *Total Revenue* values, as already reported for the Hydro Business Unit.



The item *revenues from sales and services* increased by 128.3%, in contrast to the trend in *other revenues and income* (-66.7%), which was mainly affected by the decrease in operating contributions (-58.5%), mainly due to the decrease in the value recognised for GRIN certificates, by virtue of the mechanism for decreasing total incentive tariffs, which guarantee a fixed value of the energy sold and vary inversely to electricity market prices.

Gross Operating Margin (EBITDA)

EBITDA, amounting to Euro 23,536 thousand, benefited almost entirely from the trend in *Total Revenues* described above (+6.4% over the previous period), given the rather rigid structure of the costs necessary to operate the wind and photovoltaic plants included in this view by BU, which were essentially stable. Labour costs increased by over Euro 100 thousand as a result of the strengthening of the organisational structure as of 1 November 2021 by the company CVA EOS, represented in the BU, which as at 30 June 2022 had a workforce of 8 resources, of which 4 employees and 4 temporary staff. The structure consisting of the Other RES Function is aimed at providing support services for the management of all the Group's other RES plants.

The overall margin stood at 80.7% of Revenues, confirming the trend of the previous period.

Operating Result (EBIT)

The operating result, amounting to Euro 14,638 thousand, was affected by the margins described in the previous points due to the substantial stability of the item *amortisation, depreciation, provisions and write-downs*.

Adjusted Operating Result (Adjusted EBIT)

Adjusted EBIT amounted to Euro 15,536 thousand and was affected by Euro 898 thousand, i.e., the amount set aside for the contribution introduced by the Compensation Mechanism pursuant to Article 15-bis of Decree-Law no. 4 of 27 January 2022, converted by Law no. 25 of 28 March 2022, which is extensively described in the significant events for the period. Specifically, the contribution refers to the photovoltaic plants in Alessandria and La Tour.

Investments

The investments relating to the "Other RES" Business Unit made in the first half of 2022 amounted to Euro 1,025 thousand, a slight decrease on the same period of 2021. They mainly contain capital expenditure relating to a series of photovoltaic plants in the authorisation phase, and to a lesser extent relate to extraordinary maintenance and the implementation of the remote control system for the Group's wind plants.

Distribution Business Unit

Revenues

Revenues for the six-month period decreased by Euro 186 thousand (-1.11%) compared to the same period of last year. This decrease was mainly caused by the reduction in tariff revenues for energy transport and equalisation as a result of the reduction in the rate of return defined by the Regulatory Authority.

Gross Operating Margin (EBITDA)

EBITDA decreased by 3.45% (or Euro 274 thousand), due to both a decrease in revenues and an increase in personnel costs of 4.26%, which was linked to a higher number of staff employed in the distribution business.

Operating Result (EBIT)

The operating result for the period decreased by 17.7%, due to the deterioration of EBITDA described above and the increase in depreciation and amortisation costs of Euro 393 thousand.

Adjusted Operating Result (Adjusted EBIT)

No changes were reported. Operating margins totalled 18.68%, compared to 22.45% in the first half of 2021.

Investments

Capital expenditure relating to the Distribution Business Unit in the first half of 2021 increased by Euro 533 thousand compared to the same period of 2021 (10.50%). The main investments made in 2022 were in distribution networks on customer request (Euro 2,052 thousand) and service quality, technological, environmental and load adjustments (Euro 1,248 thousand), remote control and telecommunication systems (Euro 351 thousand), primary substations (Euro 172 thousand), equipment and other investments (Euro 169 thousand), information systems (Euro 1,531 thousand) for the advancement of activities connected to the introduction of a new application map, and in intangible assets and rights of use on leased assets for Euro 85 thousand.

Sales Business Unit

Revenues

The trend in total revenues between the two periods under review shows a marked increase of over Euro 370,713 thousand (+180%), mainly due to the effect of higher electricity prices, which contributed significantly to the volumes handled, both in terms of sales to wholesale customers and at the level of supplies to end customers in the free market and in the greater protection market. Overall, electricity sales revenue increased by more than 170% to Euro 351,415 thousand as at 30 June 2022, compared to Euro 129,823 thousand in 2021. Quantities traded with wholesale customers increased by 64%, while quantities traded with end customers decreased slightly.

Gross Operating Margin (EBITDA)

EBITDA amounted to Euro 51,505 thousand (compared to Euro 1,302 thousand in the previous period), a sharp increase compared to the comparative period, reflecting the benefit of the increase in revenues, in the presence of higher operating costs (year-on-year of 62%), but lower in proportion to the increase in revenues. The cost of resources operating in the BU remains substantially unchanged from the previous period.

Operating Result (EBIT)

The operating result for the first half of 2022, in line with the gross operating margin, also recorded a significant increase of Euro 51,543 thousand, also managing to largely absorb the increase in the item *Amortisation, depreciation, provisions and write-downs*, which showed a negative change of Euro 263 thousand due to the adjustment of the bad debt provision necessary to align the value of receivables with their estimated realisable value in accordance with IFRS 9.

Adjusted Operating Result (Adjusted EBIT)

The 2022 adjusted operating result coincides with the operating result as no non-recurring items were identified.

Investments

In the first half of 2022, investments relating to the Sales Business Unit amounted to Euro 121 thousand mainly to be attributed to investments in buildings as well as furniture and furnishings for restyling activities at the free market customer service branches.



Energy Efficiency Business Unit

Revenues

Emerging Revenues in the first half of 2022 amounted to Euro 9,568 thousand and are attributable in full to energy efficiency activities associated with 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 *Financial balance*, 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 this report.

Gross Operating Margin (EBITDA)

EBITDA came to a negative Euro 210 thousand as at 30 June 2022, reflecting both the value of operating costs for design and renovation activities incurred by the company CVA S.p.A., represented for this activity in this BU, and the costs of internal resources dedicated to the management of upgrades, as the only entity acting as general contractor, offering, in a single contract, both the service of supplying and installing the equipment and the design of the project. It should be noted that downstream of the activities, tax credits of over Euro 6 million have currently been accrued, which have been assigned by customers to the company.

Operating Result (EBIT)

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

Adjusted Operating Result (Adjusted EBIT)

At the reporting date, there were no non-recurring transactions such so as to justify a misalignment between the operating result and the adjusted operating result.

Investments

Investments pertaining to the "Energy Efficiency" Business Unit made in the first half of 2022 amounted to Euro 462 thousand and related to the final stages of the trigeneration project initiated by the Parent Company in the high-efficiency cogeneration sector, which, as more fully described in the Group profile, entered into service in August 2022.

Corporate Business Unit

Revenues

Revenues relating to the Corporate Business Unit mainly refer to rentals of buildings and land owned by the Group as well as the remuneration of some of the staff services that the Parent Company provides under an outsourcing arrangement to the other Group companies, and were substantially stable compared to the same period of the previous year.

Gross Operating Margin (EBITDA)

EBITDA deteriorated by Euro 26,012 thousand, nearly entirely attributable to items relating to the extraordinary contribution imposed by Article 37 of Decree-Law no. 21 of 21 March 2022 on Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis, which has already been discussed in this report.

There was also an increase in operating costs as a result of higher costs for services relating to utilities, maintenance and legal services, while the BU's labour costs basically remained stable.

Operating Result (EBIT)

In the first half of 2022, the Operating Loss amounted to Euro 37,358 thousand, worsening, compared to 2021, of about 26.012 thousand, for the reasons already described in the previous paragraphs, without being affected by the item "Amortisation, depreciation, provisions and write-downs", that remained basically stable.

Adjusted Operating Result (Adjusted EBIT)

Adjusted EBIT amounted to Euro 11,986 thousand and differed from EBIT by Euro 25,372 thousand due to the non-recurring transaction relating to the cost incurred by the Group for the extraordinary contribution imposed by Article 37 of Decree-Law no. 21 of 21 March 2022 on Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis ("Price Cut DL"), converted with amendments by Law no. 51 of 20 May 2022.

Investments

The Corporate Business Unit witnessed an increase in capital expenditure in 2022 to Euro 1,014 thousand, up 34% compared to 2021; the main investments included the renovation of Group-owned real estate complexes and also related to the infrastructural technology refresh project in the server rooms.



Evolution of the regulatory framework

The regulatory and legislative environment of the electricity sector was characterised, during the first half of 2022, by various interventions by the Regulatory Authority for Energy, Networks and the Environment (hereinafter "ARERA" or "Authority"), as well as by national legislators and other entities that regulate the electricity system and the market.

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

It should be noted that the provisions relating to *Interventions on producer remuneration* and *Measures against high energy prices* have been described, together with their financial impacts for the Group, in the *Significant events during the period* section.

Development of renewable sources

Authorisation procedures

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

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

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

- the Aid DL, which also extended the PAS to the construction of connection works for new photovoltaic plants in Eligible Areas (Article 11) and further updated the provisional criteria for the identification of Eligible Areas for photovoltaic plants (Article 6). Furthermore, in the same Article 6, the decree stipulated that floating photovoltaic plants subject to PAS may also be placed in the water reservoirs of quarries that are still in operation. The deadline by which works must begin for the construction of plants fuelled by renewable energy sources authorised through the Single Authorisation procedure has been extended to three years from the issue of the building permit (Article 7-bis) and, with Article 10, the terms and additional documents in the EIA have been reduced and tacit consent has been provided for in the EIA under government responsibility. Finally, the DILA was also extended to specific modernisation projects on existing energy transport infrastructure.

Incentives

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

Electricity market

Discipline of unbalancing

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

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

Transmission capacity utilisation fee

With Resolution 504/2021/R/eel, ARERA confirmed the use of the transmission capacity fee (CCC) for the 2022-2025 four-year period, as an alternative to the long-term transmission rights (LTTR), pursuant to Article 30 of Regulation 2016/1719. Moreover, with Resolution no. 506/2021/R/eel, the Authority approved Terna's proposal for the implementation of the competitive procedures for the allocation of instruments hedging against the risk of volatility of the transmission capacity utilisation fee, for the year 2022, which, compared to the previous year, incorporates the adjustment to the new zone configuration in force as of 1 January 2021.

Sanction proceedings for non-diligent planning strategies

By Resolution no. 249/2022/E/eel, the Authority ordered a further deferral of the deadline (originally set for 28 February 2022 and already deferred to 30 June 2022) for the conclusion of the preliminary investigation proceedings initiated, with Resolution no. 217/2021/E/eel, against 34 operators, including CVA Energie, and, with Resolution no. 419/2021/E/eel, against 16 additional operators, in order to assess the confirmation of the prescriptive measures adopted for non-diligent planning strategies. The new completion deadline for proceedings under Resolution 217/2021/E/eel is set at 31 December 2022; while the deadline for proceedings under Resolution 419/2021/Eel is set at 30 June 2023.



Capacity Market

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

Retail sales

Capacity Market Fee

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

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

Seller list

On 5 May 2022, in implementation of the provisions of Article 1, paragraphs 80-82, of Law 124/2017, the Minister of Ecological Transition signed the decree laying down the methods and technical, financial and integrity requirements to be included and remain on the list of entities qualified to sell electricity to end customers ("Seller List").

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

Facilities following seismic events

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

Credit rating

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

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

Business outlook

The first half of 2022 was characterised by a highly uncertain and volatile macroeconomic environment, due to the ongoing geopolitical crisis and the continuing uncertainty linked to the ongoing COVID-19 pandemic. In the first half of the year, Europe witnessed an exacerbation of difficulties in the supply of raw materials, which is expected to continue for the coming months, resulting in a further increase in the price of electricity and significant inflationary pressures. These factors led the authorities of some European countries to continue adopting policies to limit the increase in electricity prices for end consumers, with measures that in some cases penalise companies operating in the electricity generation and sale sector, as was the case in Italy, for example.

In this context of high market prices and strong price volatility, the CVA Group, in line with sector best practices and its well-established risk policy, has carried out forward hedging mainly through derivative financial instruments, thus reducing the possible negative effects of a decline in prices, albeit at considerably lower prices than at present.

The higher temperatures recorded in summer 2022 and the worst drought in 70 years, in addition to the inevitable and significant negative effects on production volumes in 2022, will have a highly negative impact on energy storage in the Group's basins and, without prejudice to any contributions deriving from possible autumn precipitation, it is estimated that hydroelectric storage will be below the average of previous years.

As global warming intensifies, more frequent droughts are likely to occur over the next decade, hence the need for the CVA Group to identify new sources capable of ensuring stable production volumes. The plan launched in 2021 for the technological diversification of production sources through the construction of new solar and wind power plants will not only contribute to limiting global warming, but will also provide the Group with a well-diversified energy mix with different energy sources tending to be uncorrelated, which can help to ensure stable production volumes and the associated economic-financial results.



Risks and uncertainties

Risk management in the CVA Group

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

In particular, in the course of 2021, this model was updated with a view to continuous improvement, considering not only short- to medium-term risk events but also those impacting industrial and strategic targets in the long term, as well as ESG and sustainability issues in a broader sense. The risk mapping and risk scoring methodology adopted by CVA assigns a relevance index to risk based on the assessment of impact, probability of occurrence and level of control, and the Corporate Risk Model, developed on the basis of industry and international best practices, encompasses in an integrated framework the different types of risk characterising the business in which the Group operates:

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

In particular, with the coordination of the Risk Management Function, the heads of the various corporate areas identify and assess the risks under their responsibility through a Risk Self Assessment process, providing an initial indication of the mitigation actions associated with them. The results of the process are then consolidated centrally in a map, in which risks are prioritised according to the resulting scoring and aggregated to facilitate the coordination of mitigation plans with a view to integrated risk management. The results of the ERM are reported to the Board of Directors, and are used by the General Management as information elements for the preparation of updates to the strategic plan.

Risks related to Climate Change

A source of uncertainty for the Group stems from the possibility that progressive changes in the climate may have 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). In a shorter time frame, the main risks may be due to an increase in the frequency and intensity of extreme weather events that may cause potential damage to plants and/or infrastructure, reduced performance and availability, increased O&M costs and higher insurance costs. The risk management strategy is aimed at the implementation of meteorological models that make it possible to define more accurate and effective production and safety plans, improving risk management; special attention is paid to the management of potential extreme calamitous events that could affect the Group's hydroelectric plants. In addition, the risk mitigation strategy calls for greater technological and geographical diversification of power generation facilities from renewable sources with the strategic plan provision for the construction of new wind and photovoltaic power plants with a capacity of approximately 450 MW. The risk assessment process also includes the presence of adequate insurance coverage as one of the risk transfer solutions.

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

Risks related to the external regulatory context

A potential and significant source of uncertainty for the Group arises from the constant evolution of the relevant legal and regulatory environment with effects on the functioning of markets, tariff plans, required levels of service quality, and technical-operational compliance. The CVA Group, with reference to such potential risks, operates continuous monitoring and constructive dialogue with institutions aimed at seeking moments of dialogue and timely evaluation of regulatory changes that have occurred, working to minimise the economic impact resulting from them. Details of the regulatory impacts for the year can be found in the specific chapter on *Evolution of the Regulatory Framework* in this report. In particular, please note:

- the impact in terms of economic fallout of the various interventions on producer remuneration ("Aid DL" and "Aid-bis DL", "Price Cut DL") to which, however, there is strong opposition from all operators;
- the impact in terms of operational cost of measures against high energy prices (social bonus, payments in instalments and tax credit).
- the potentially positive impact of the various pieces of legislation aimed at making authorisation procedures for the construction of new renewable source plants faster and simpler, as well as the launch of the secondary market of the Capacity Market managed by Terna and set forth in the Regulation approved by the Ministerial Decree of 28 June 2019.
- The evolution of the regulatory environment linked to climate change is also analysed in the disclosure process pursuant to TCFD recommendations.

Strategic risks

The growth path embarked upon by the Group includes, first and foremost, the diversification of renewable source energy production plants through **the construction of approximately 450 MW of wind and photovoltaic power plants**. The hydroelectric sector, on the other hand, is involved in the maintenance and expansion of existing capacity through significant repowering and modernisation, also in preparation for 2029, when the main hydroelectric concessions expire.

Strategic planning also includes the consolidation of other important areas:

- **energy efficiency**, with the continuation in 2022 of general contractor activities within the framework of the opportunities established under the "Superbonus";
- **electricity distribution**, through investments in the modernisation and resilience of the distribution network in Valle d'Aosta;
- **energy marketing**, by expanding the acquisition of retail customers leaving the greater protection market and optimising the portfolio of business customers.

Furthermore, as part of its sustainability journey, the CVA Group has defined **an integrated strategy whereby it combines corporate growth with environmental and social sustainability**, by setting specific sustainability targets. The risk of not or only partially achieving the strategic targets could entail both an economic-financial impact as a result of lower growth in the Group's margins and reputational impacts as a result of failing to meet stakeholder expectations. Among the main risk factors affecting the various development areas are: possible authorisation problems and delays in the commissioning of new plants, the presence of competitors with greater investment capacity, uncertainties over legislative and regulatory developments, and unforeseeable external events such as the COVID-19 pandemic or the Russia-Ukraine conflict, with ensuing impacts on the profitability of planned initiatives. In addition, the supply chain crisis intensified in the first half of 2022, exacerbating difficulties in the procurement of certain materials that are used in the ordinary operation and maintenance of plants, and prospectively at the construction sites of development initiatives. This phenomenon is accompanied by a significant and generalised increase in the prices of materials, equipment, machinery and services.

To evaluate and monitor its strategic objectives, in April 2022 the Group established the Strategy, Innovation and Sustainability Area, which includes the Strategic Planning and Analysis Office. During annual risk assessment activities, the Enterprise Risk Management process monitors the risks associated with strategic and sustainability objectives and submits them to the Management in order to prioritise any corrective actions.



Information Security Risk

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

The recent increase in security threats to systems and networks has raised the level of attention and engagement on the part of the management and the relevant corporate functions. Incidents and system breaches could compromise the confidentiality, integrity and availability of such data and lead to misuse of information, loss of financial resources and operational disruptions. The same events could also lead to litigation, fines and disqualifications, as well as operating and other costs.

In order to reduce this risk, a number of actions have been taken and are being implemented by the Group, including, first and foremost:

- **The ISO/IEC 27001 certification process:** ISO 27001 is the international standard that provides specifications and requirements for managing, monitoring, controlling and improving information security. In the first half of 2022, activities continued effectively for the implementation of the Information Security Management System (ISMS); the results of the gap analysis were consolidated, the first vertical "IT and TLC systems" risk assessment was carried out and the deployment of remedial actions began. The goal is to achieve ISO 27001 certification by the end of 2022.
- **The ISO/IEC 27701 certification process:** ISO 27701 is the international standard that provides the framework for the Privacy Information Management System (PIMS). The standard deals with how organisations should handle personal data and supports them in demonstrating compliance with applicable privacy regulations; the ISO is closely synergistic with and related to ISO 27001 as it is based on the same requirements; also for this reason, the goal is to achieve ISO 27701 certification in parallel with ISO 27001, by the end of 2022
- **The ISO/IEC 22301 certification process:** *Business Continuity Management* of the IT and TLC systems is aimed at minimising and managing the negative effects of a service interruption and ensuring service continuity. The project started at the beginning of 2022 and to date the Business Impact Analysis (BIA) has been completed, making it possible to determine the business impact of an interruption in IT and TLC support services. Certification is expected by the end of 2023

The ISO/IEC 27001, 27701 and 22301 standard certification projects have entailed and will entail numerous adaptation and improvement actions, including the drafting of specific policies, plans and internal procedures, the precise and risk-based governance of access to information, in-depth vulnerability assessments of systems and applications aimed at identifying the most critical assets, training and awareness-raising activities and, in general, the integrated and holistic management of company security for all assets, both physical and digital.

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

Significant investments were also dedicated to the security of the electricity distribution network. In the first half of the year, the renewal of DEVAL's remote control system platform was completed, through a modernisation of the system and the purchase of new technological equipment; the renewal of the application map dedicated to the management of the distribution network and meter reading is also in progress. These measures will reduce the possibility of failure or vulnerability to potential cyber attacks with consequences in terms of business continuity and the quality of services provided to customers.

Finally, various periodic and/or event-driven audits (e.g. vulnerability assessments and penetration tests) are carried out in the ordinary course of business. An ongoing training and information programme is also underway to spread the culture of privacy and cyber security, including through phishing simulations to assess the degree of employee awareness.

Financial risks

Commodity price risk

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

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

At 30 June 2022, the Group holds financial and physical derivative contracts aimed at hedging the risk of fluctuations in the price of electricity generated by the purchase and sale portfolio; in addition, it holds in its portfolio some physical and financial positions on the price of energy traded for purely short-term brokerage and/or arbitrage purposes. As in previous years, the Company has deemed it necessary to face the risk of volatility in the amount for the allocation of transport capacity to supplement the rules governing dispatching economic conditions, referring to the differential between zone prices and the single national price, participating in 2021 in the 2022 CCC annual auction and also in the monthly auctions taking place this year.

Credit risk

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

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

Liquidity risk

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



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

Interest rate risk

Interest rate risk is the risk of higher financing costs due to an unfavourable change in interest rates. The Group is exposed to market risk arising from changes in interest rates exclusively with reference to rates in the Eurozone, as all of the Group's debt is denominated in Euros. The Group has implemented a strategy of balancing fixed- and floating-rate debt, as a result of which, at 30 June 2022, approximately 69.25% of gross financial debt was fixed-rate, including the effect of hedging derivatives.

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

Exchange rate risk

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

Risks connected to the commercial activity

Market competitiveness risk

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

Counterparty risk

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

- 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;
- 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;

- response: this includes corrective action taken if risk limits are exceeded or if the creditworthiness of the counterparty deteriorates. These actions aim to minimise losses and maximise coverage of the credit exposure associated with the counterparty.

Tax risks

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

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 steering committee made up of the companies' top management and whose activities in 2021 were reported in the Energy Efficiency Business Unit.

First ERDF-funded research project launched

April 2022 saw the launch of the "Application of second life batteries for energy storage in renewable energy plants - Bess-2L" research project, financed within the scope of the 2014/20 ERDF Growth and Employment Investment Programme of the Valle d'Aosta Region, which aims to test the possibility of reusing second life batteries for energy storage in stationary environments. As part of the project, in which CVA is the leader of a partnership comprising the Polytechnic of Turin and the company Podium Advanced Technologies, a 1 MWh electrochemical storage system is to be connected to CVA's flowing hydroelectric power plant. Such an experiment can simulate the behaviour of other non-programmable source plants (NPRS), on which it would be more complex to do a small-scale pilot. The system will consist of 500 kWh of new batteries and 500 kWh of second life, automotive batteries with a reduced residual capacity of 20%.

The project will make it possible:

- to study how to regulate energy flows in the presence of electrochemical storage;
- to understand how to use second life batteries in NPRS plants;
- to identify charge and discharge profiles and monitor the mechanical state of the entire production plant with predictive maintenance techniques;
- to create the communication, management and control system for this type of application and then to assess technical and economic feasibility and replicability on other plants.
- The project will end in December 2024. The total budget is Euro 1,156,645.75, of which CVA is responsible for Euro 772,626.90, with an ERDF contribution of Euro 480,872.49.



CONSOLIDATED FINANCIAL REPORT OF THE CVA GROUP AT 30 June 2022

Consolidated Income Statement

Amounts in Euro thousands	NOTE	June 2022	June 2021
Revenues			
Revenues from sales and services	(1)	606,757	217,795
Other revenues and income	(2)	12,919	30,330
TOTAL REVENUES (A)		619,676	248,125
of which: impact of non-recurring items		-	3,797
Operating costs			
Costs for raw materials and services	(3)	465,851	142,035
Personnel costs	(4)	19,801	19,530
Other operating costs	(5)	48,011	23,563
Capitalised days of work	(6)	(2,544)	(2,204)
TOTAL OPERATING COSTS (B)		531,119	182,924
of which: impact of non-recurring items		26,398	(183)
EBITDA (A-B)		88,577	65,201
of which: impact of non-recurring items		(26,398)	3,981
Amortisation, depreciation, provisions and write-downs			
Amortisation and depreciation	(7)	27,022	26,196
Provisions and write-downs	(8)	102	(247)
TOTAL AMORTISATION, DEPRECIATION, PROVISIONS AND WRITE-DOWNS (C)		27,124	25,949
of which: impact of non-recurring items		-	-
EBIT (A-B+/-C)		61,434	39,252
of which: impact of non-recurring items		(26,398)	3,981
Financial management			
Financial income	(9)	860	1,179
Financial expenses	(9)	1,264	7,377
TOTAL FINANCIAL BALANCE (D)		(404)	(6,198)
of which: impact of non-recurring items		-	-
PRE-TAX RESULT (A-B+/-C+/-D)		61,029	33,054
of which: impact of non-recurring items		(26,398)	3,981
Gains/(losses) for income taxes	(10)	22,789	8,799
Net result of continuing operations		38,240	24,255
Net result of discontinued operations		-	-
PERIOD NET RESULT		38,240	24,255
Profit/(loss) attributable to the Group		37,991	23,695
Profit/(loss) attributable to non-controlling interests		249	560
Basic earnings per share (Euro)		0.10	0.06
Diluted earnings per share (Euro)		0.10	0.06



Consolidated Statement of Other Comprehensive Income

Amounts in Euro thousands	Notes	June 2022	June 2021
Result of the period (A)	(27)	38,240	24,255
Other components of the Comprehensive Income Statement that can be reclassified to the Income Statement in subsequent periods (net of the tax effect)			
- Effective portion of changes in fair value of cash flow hedges	(27)	(285,025)	(5,261)
- Share of change in fair value attributable to cost of cash flow hedging (cost of hedging)	(27)	113,205	-
Total other components of Comprehensive Income that can be reclassified to the Income Statement in subsequent periods (net of the tax effect) (B)		(171,820)	(5,261)
Other components of Comprehensive Income that cannot be reclassified to the Income Statement in subsequent periods (net of taxes)			
- Remeasurement of liabilities for defined benefit plans for employees	(27)	678	-
Total other components of the Comprehensive Income Statement that cannot be reclassified to the Income Statement in subsequent periods (net of taxes) (C)		678	-
Total profit/(loss) recognised directly in equity (B+C)		(171,142)	(5,261)
TOTAL PROFIT RECOGNISED IN THE YEAR (A+B+C)		(132,902)	18,994

Consolidated Balance Sheet: Assets

Amounts in Euro thousands	Notes	June 2022	December 2021
ASSETS			
Non-current assets			
Tangible assets	(11) - (13)	612,152	623,165
Intangible assets	(12) - (13)	13,285	12,587
Goodwill	(14)	228,976	228,976
Financial investments	(15)	2,362	2,362
Deferred tax assets	(16)	185,773	66,883
Tax receivables	(22)	4,278	11
Assets for non-current financial derivatives	(23)	6,143	4,659
Other non-current financial assets	(17)	93,870	93,731
Trade receivables	(20)	9,379	8,619
Other non-current assets	(18)	5,364	4,499
TOTAL NON-CURRENT ASSETS		1,161,582	1,045,492
Current assets			
Inventories	(19)	4,933	3,262
Trade receivables	(20)	61,088	87,384
Receivables for income taxes	(21)	4,771	4,850
Other tax receivables	(22)	14,177	13,350
Assets for current financial derivatives	(23)	303,477	96,235
Other current financial assets	(24)	693	675
Other current assets	(25)	308,243	173,431
Cash and cash equivalents	(26)	453,679	226,831
TOTAL CURRENT ASSETS		1,251,061	606,019
Assets classified as held for sale		-	-
TOTAL ASSETS		2,412,643	1,651,511



Consolidated Balance Sheet: Liabilities

	Notes	June 2022	December 2021
SHAREHOLDERS' EQUITY			
Share capital		395,000	395,000
Other reserves		132,350	243,128
Accumulated Profits/(Losses)		56,229	43,134
Net result of the year		37,991	133,441
Shareholders' equity attributable to the Group		621,571	814,703
Shareholders' equity - Minority interests		8,704	9,495
TOTAL SHAREHOLDERS' EQUITY	(27)	630,274	824,197
LIABILITIES			
Non-current liabilities			
Employee benefits	(28)	4,418	5,723
Provisions for risks and charges	(29)	34,133	34,431
Deferred tax liabilities	(16)	58,809	7,663
Liabilities for non-current financial derivatives	(23)	77,446	49,736
Other non-current financial liabilities	(13) - (30)	198,210	215,642
Other non-current liabilities	(31)	22,743	22,637
TOTAL NON-CURRENT LIABILITIES		395,758	335,832
Current liabilities			
Employee benefits	(28)	547	1,032
Provisions for risks and charges	(29)	221	221
Trade payables	(32)	102,203	73,107
Payables for income taxes	(33)	44,418	20,611
Other tax payables	(33)	24,481	4,587
Liabilities for current financial derivatives	(23)	537,504	118,554
Other current financial liabilities	(13) - (30)	647,584	252,279
Other current liabilities	(35)	29,652	21,091
TOTAL CURRENT LIABILITIES		1,386,610	491,481
Liabilities related to assets held for sale		-	-
TOTAL EQUITY AND LIABILITIES		2,412,643	1,651,511

Consolidated Statement Of Changes In Shareholders' Equity

Amounts in Euro thousands	Share capital	Other reserves	Reserve from remeasurement for employee benefit plans	Cash flow hedge reserve	Cost of hedging reserve	Net result of the year	Group shareholders' equity	Shareholders' equity - Minority interests	Total shareholders' equity
At 01 January 2021	395,000	362,738	(1,679)	(6,342)	-	59,977	809,694	7,650	817,344
Allocation of 2020 profits/(losses)	-	23,400	-	-	-	(23,400)	-	-	-
- profits carried forward	-	-	-	-	-	(36,577)	(36,577)	-	(36,577)
- distribution of dividends	-	-	-	-	-	-	-	-	-
Comprehensive profit/(loss) recognised in the year	-	-	(80)	(84,859)	(6,993)	133,441	(91,933)	-	(91,933)
- profits and losses recognised directly in equity	-	-	-	-	-	133,441	133,441	1,819	135,259
- profit for the year	-	-	-	-	-	-	78	26	104
Other changes	395,000	386,216	(1,760)	(91,201)	(6,993)	133,441	814,703	9,495	824,197
At 31 December 2021	395,000	386,216	(1,760)	(91,201)	(6,993)	133,441	814,703	9,495	824,197
At 01 January 2022	395,000	386,216	(1,760)	(91,201)	(6,993)	133,441	814,703	9,495	824,197
Allocation of 2021 profits/(losses)	-	73,440	-	-	-	(73,440)	-	-	-
- profits carried forward	-	-	-	-	-	(60,001)	(60,001)	(1,047)	(61,047)
- distribution of dividends	-	-	-	-	-	-	-	-	-
Comprehensive profit/(loss) recognised in the year	-	-	678	(285,025)	113,205	37,991	(171,142)	249	(171,142)
- profits and losses recognised directly in equity	-	-	-	-	-	37,991	37,991	249	38,240
- profit for the year	-	20	-	-	-	-	20	6	26
Other changes	395,000	459,675	(1,082)	(376,226)	106,212	37,991	621,571	8,704	630,274
As at 31 June 2022	395,000	459,675	(1,082)	(376,226)	106,212	37,991	621,571	8,704	630,274



Consolidated Statement of Cash Flows

Amounts in Euro thousands	June 2022	June 2021
A. Cash flows from operating activities (indirect method)		
Profit (loss) of the year	38,241	24,255
Income taxes	22,789	8,799
Net financial interest expenses	404	6,198
Allocations and reversal to income of provisions for risks and charges	(661)	2,343
Allocations and reversal to income of employee severance indemnity (TFR) and other benefits	(70)	255
Amortisation/Depreciation of fixed assets	27,022	26,196
Provisions related to trade receivables	965	(221)
Write-downs, revaluations and gains/losses	117	130
Result from shareholdings carried at equity	-	-
Other adjustments for non-monetary elements	(1,163)	(9,822)
CASH FLOW AFTER ADJUSTMENTS OF NON-MONETARY ITEMS	87,644	58,132
Changes in NWC		
Decrease/(increase) in trade receivables net of write-downs	(75,429)	(576)
Increase/(decrease) in payables to suppliers	29,096	(16,764)
Increase/(decrease) in other current assets/liabilities	(111,326)	(22,789)
of which: net taxes (paid)/reimbursed	1,756	(1,637)
Changes in NWC	(157,659)	(40,129)
Cash flow after changes in NWC	(70,015)	18,002
Other changes not included in changes in NWC		
Net change in provisions for risks and charges	(130)	(4,173)
Net change in Employee severance indemnity (TFR) and other employee benefits	(858)	(572)
Change in other assets and liabilities not included in NWC	(759)	193
Other changes not included in changes in NWC	(1,747)	(4,552)
CASH FLOW FROM OPERATING ACTIVITIES (A)	(71,762)	13,450
B. Cash flows from investment activities		
(Investments)/divestments - Tangible assets	(14,479)	(11,709)
(Investments)/divestments - Intangible assets	(1,889)	(395)
(Investments)/divestments - Financial investments and goodwill	-	-
(Investments)/divestments or repayments - Financial assets (current and non-current)	303	(1,382)
CASH FLOWS FROM INVESTMENT ACTIVITIES (B)	(16,065)	(13,485)
C. Cash flows from financing activities		
Interest collected/(paid)	(1,503)	(7,976)
Borrowed capital	316,179	(18,709)
Increase/(decrease) in financial assets/liabilities centralised treasury	-	-
New/(Repayment of) loans	316,179	(18,709)
Equity	0	0
Paid capital increase	-	-
(Capital redemption)	-	-
Other capital increases (decreases)	0	0
Change in receivables from shareholders	-	-
Sale (purchase) of treasury shares	-	-
Dividends (and interim dividends) paid	-	-
CASH FLOW FROM FINANCING ACTIVITIES (C)	314,676	(26,686)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	226,849	(26,721)
Of which net cash and cash equivalents from extraordinary transactions	-	-
Cash and cash equivalents at 1 January	226,831	195,103
Cash and cash equivalents at 30 June	453,679	168,382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ITEMS

Form and content of the financial statements

The consolidated financial report of the CVA Group for the first half of 2022 ended 30 June 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).

The interim condensed consolidated financial statements for the six months ended 30 June 2022 of the CVA Group have been prepared in accordance with IAS 34 (Interim Financial Reporting) and, as permitted by this standard, do not include all of the information required in annual consolidated financial statements; therefore, they must be read in conjunction with the CVA Group's consolidated financial statements prepared for the year 2021.

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

The Consolidated Annual Financial Report has been prepared on a general historical cost basis, with the exception of items that under IFRS must or can be measured at fair value. The Consolidated Financial Report at 30 June 2022 consists of the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related Notes to the Consolidated Financial Statements items.

In accordance with IAS 1 (Presentation of Financial Statements), the comparative information in the financial statements refers to 30 June 2021 for income statement items and 31 December 2021 for balance sheet items, unless specified otherwise. 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 Balance Sheet, 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.

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

The scope and principles of consolidation did not change compared to the financial statements for the year ended 31 December 2021. Therefore, for the definition of the criteria adopted to identify the boundaries of the area and for consolidation operations, please refer to the financial statements as at 31 December 2021.

Summary of the main accounting standards adopted in preparing the Consolidated Financial Statements at 30 June 2022

The accounting principles and consolidation principles adopted for the preparation of the interim condensed consolidated financial statements as at 30 June 2022 are the same as those used in the annual consolidated financial statements as at 31 December 2021, to which reference should be made, with the exception of:

- the changes to accounting standards issued by the IASB and effective as of 1 January 2022 and described below;
- the adjustments required by the nature of interim reporting.

In addition, in the interim condensed consolidated financial statements as at 30 June 2022, the income taxes for the period of the individual consolidated companies are determined on the basis of the best possible estimate in relation to the information available and on the reasonable prediction of trends for the financial year up to the end of the tax period. Current income tax liabilities for the interim period of the individual consolidated companies are recorded under "Income Tax Liabilities" net of payments on account and tax credits (limited to those for which reimbursement has not been requested), as well as "Income Tax Assets", if this balance is positive. Deferred tax changes "Deferred tax assets" and "Deferred tax liabilities", respectively.

New Standards and Interpretations transposed by the EU and in force as of 2022

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRSs in force from 1 January 2022 are briefly described below.

Limited changes to IFRSs

On 28 June 2021, Regulation (EU) no. 2021/1080 was issued, which transposed a set of limited amendments to the IFRSs. The set includes amendments to three IFRSs, as well as annual improvements to IFRSs, which concern minor, non-urgent (but necessary) changes. These amendments are to be applied for financial years beginning on or after 1 January 2022. The amendments issued are as follows:

- **IAS 16: "Property, Plant and Equipment" - Proceeds before intended use**

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of items produced while the entity is preparing the asset for its intended use (e.g. proceeds from the sale of samples produced while testing a machine to see if it is functioning properly). The proceeds from the sale of these samples, together with the costs for their production, must be recognised in the income statement.

- **IAS 37: "Onerous Contracts - Costs of Fulfilling a Contract"**

The amendment clarifies the meaning of "costs that relate directly to the contract" by specifying that these costs include:

- incremental costs for the performance of that contract (e.g., labour and direct materials); and
- an allocation of other costs directly related to the performance of contracts (e.g., an allocation of depreciation for an item of Property, Plant and Equipment used to perform the contract).

The amendment also clarifies that, before determining a separate provision for an onerous contract, an entity must recognise any impairment loss that has occurred on the assets used in performing the contract, rather than on the assets dedicated to that contract.

The change may result in more onerous provisions being recognised, as previously some entities only included incremental costs in the costs of fulfilling a contract.



- **IFRS 3: "Reference to the conceptual framework"**

The Board updated IFRS 3, "Business Combinations", to refer to the Conceptual Framework for 2018 financial reporting to determine what constitutes an asset or liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting.

These changes do not change the accounting procedures established for business combinations.

The adoption of these amendments had no impact on the interim condensed consolidated financial statements as at 30 June 2022.

Annual Improvements to IFRS Cycle 2018-2020

Amendment to IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities

This amendment sets out the fees to be included in the 10% test for derecognition of financial liabilities (In the case of a modification or exchange of a financial liability, IFRS 9 Financial Instruments specifies a '10%' quantitative test. This test assesses whether the new contractual terms between the borrower and the lender are substantially different from the original contractual terms, in determining whether the original financial liability should be derecognised).

Costs or commissions may be paid to third parties or to the creditor. Under the amendment, costs or commissions paid to third parties will not be included in the 10% test.

Amendment to the illustrative examples accompanying IFRS 16, "Leases"

The Board amended Illustrative Example 13 accompanying IFRS 16 to remove the illustration of lessor payments relating to leasehold improvements. The reason for the amendment is to eliminate any potential confusion regarding the treatment of lease incentives.

Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent company. IFRS 1 permits an exemption if a subsidiary adopts IFRS at a later date than its parent company. The subsidiary may measure its assets and liabilities at the carrying amounts that would be included in the consolidated financial statements of the parent company, based on the date of the parent company's transition to IFRS, if no adjustments have been made for consolidation procedures and for the effects of the business combination in which the parent company acquired the subsidiary.

The Board amended IFRS 1 to allow entities that have adopted this IFRS 1 exemption to also measure cumulative translation differences using amounts reported by the parent company, based on the parent company's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences in order to reduce costs for first-time adopters. This change will also apply to associates and joint ventures that have obtained the same exemption from IFRS 1.

All of these changes are in force as from 1 January 2022, and earlier application is permitted.

The adoption of these amendments had no impact on the interim condensed consolidated financial statements as at 30 June 2022.

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
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

The potential impacts on the consolidated financial statements deriving from the new Standards/Interpretations are still being assessed.

Significant accounting estimates

The preparation of the interim condensed consolidated financial statements for the six months ended 30 June 2022 and the related notes in accordance with IFRS requires management to make estimates and assumptions also based on subjective judgements, past experience and assumptions considered reasonable and realistic in relation to information known at the time of the estimate. These estimates affect the values of assets and liabilities in the financial statements and the disclosure relating to contingent assets and liabilities at the reporting date as well as the amount of revenues and costs in the reporting period. The actual results reported may differ, even significantly, from these estimates as a result of possible changes in the factors considered in determining these estimates. The estimates are reviewed periodically.

With regard to the most significant accounting estimates, reference is made to those presented in the annual consolidated financial statements as at 31 December 2021.

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

Revenues from sales and services totalled Euro 606,757 thousand in the first half of 2022 (Euro 217,795 thousand in the first half of 2021). A breakdown of revenues by nature is provided below:



2022													
	Hydro		Distribution		Sales		Other RES		Energy efficiency		Corporate		Total Group
	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	
REVENUES FROM SALES AND SERVICES	66,827	(66,574)	15,809	(8,093)	575,150	(2,623)	23,381	(6,691)	9,568	-	4,629	(4,627)	606,757
Sale of electricity	62,158	(61,905)	-	-	351,415	(1,876)	22,757	(6,262)	-	-	-	-	366,287
To wholesale customers	62,158	(61,905)	-	-	361,040	-	22,757	(6,262)	-	-	-	-	377,788
To end customers - Free Market	-	-	-	-	111,590	(1,454)	-	-	-	-	-	-	110,136
To end customers - Greater Protection Market	-	-	-	-	5,604	(422)	-	-	-	-	-	-	5,182
Effects of energy hedging instruments in HA	-	-	-	-	(126,819)	-	-	-	-	-	-	-	(126,819)
Income from commodities trading activities	-	-	-	-	3,934	-	-	-	-	-	-	-	3,934
Income from commodities hedging derivatives not in HA	-	-	-	-	181,706	-	-	-	-	-	-	-	181,706
Fees for use of the system	2,595	(2,595)	-	-	18,038	(103)	-	-	-	-	-	-	17,935
Revenues for energy transport	-	-	14,777	(7,982)	16,740	(117)	-	-	-	-	-	-	23,418
Connection fees and fixed fees	-	-	783	(110)	1,126	(527)	-	-	-	-	-	-	1,272
Disposal of energy certificates/securities	1,928	(1,928)	-	-	2,034	0	245	(245)	-	-	-	-	2,034
Provision of services	146	(146)	249	(1)	157	-	379	(184)	9,568	-	4,629	(4,627)	10,171



2022													
	Hydro		Distribution		Sales		Other RES		Energy efficiency		Corporate		Total Group
	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	Total	Intra-group items	
REVENUES FROM SALES AND SERVICES	61,649	(61,482)	15,822	(7,549)	205,167	(1,552)	10,242	(5,098)	593	-	4,687	(4,684)	217,795
Sale of electricity	61,274	(61,107)	-	-	129,823	(508)	10,081	(5,023)	-	-	-	-	134,541
To wholesale customers	61,274	(61,107)	-	-	83,893	-	10,081	(5,023)	-	-	-	-	89,118
To end customers - Free Market	-	-	-	-	45,640	(392)	-	-	-	-	-	-	45,248
To end customers - Greater Protection Market	-	-	-	-	3,191	(116)	-	-	-	-	-	-	3,076
Effects of energy hedging instruments in HA	-	-	-	-	(2,901)	-	-	-	-	-	-	-	(2,901)
Income from commodities trading activities	-	-	-	-	1,454	-	-	-	-	-	-	-	1,454
Income from commodities hedging derivatives not in HA	-	-	-	-	1,048	-	-	-	-	-	-	-	1,048
Fees for use of the system	-	-	-	-	10,499	(78)	-	-	-	-	-	-	10,420
Revenues for energy transport	-	-	15,027	(7,441)	59,975	(413)	-	-	-	-	-	-	67,149
Connection fees and fixed fees	-	-	711	(103)	1,452	(550)	-	-	-	-	-	-	1,510
Disposal of energy certificates/securities	224	(224)	-	-	614	(3)	45	(45)	-	-	-	-	611
Provision of services	151	(151)	84	(4)	302	-	115	(30)	593	-	4,687	(4,684)	1,062

For further details regarding the breakdown and performance of revenues by nature and Business Unit, reference is made to what is illustrated in the specific section of the Financial Report at 30 June 2022.

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 3,934 thousand (Euro 1,454 thousand at 30 June 2021) as shown in the table below:

Amounts in Euro thousands	2022	2021
RESULT FROM TRADING ACTIVITIES	3,934	1,454
Income from trading activities	215,986	34,620
Expenses from trading activities	(212,052)	(33,166)

2. Other revenues and income

The breakdown of the item "Other operating revenues and income" is shown in the following table:

Amounts in Euro thousands	2022	2021
OTHER REVENUES AND INCOME	12,919	30,330
GRIN (former Green Certificates)	7,257	17,399
Energy account photovoltaic plants	2,730	2,506
Incentive tariffs	390	575
Contribution for the purchase of TEE certificates	83	4,653
Other operating contributions	427	336
Penalties and insurance reimbursements	1,072	4,109
Other income	960	753

- The item "GRIN" amounted to Euro 7,257 thousand in the first half of 2022 (Euro 17,399 thousand in the first half of 2021) and refers to the contribution received from the GSE on the basis of the incentive mechanism replacing "green certificates". The reduction is due to the decrease in the unit value of the GRIN incentive, from Euro 109.36/MWh in the first half of 2021 to Euro 42.85/MWh in the first half of 2022 (the value of the incentive is established annually by the GSE on the basis of the provisions of the Ministerial Decree of 6 July 2012 as amended), despite an increase in the production of incentivised plants (particularly wind plants).
- The item "Energy account photovoltaic plants" amounted to Euro 2,730 thousand in the first half of 2022 (Euro 2,506 thousand in the first half of 2021) and refers to the grants for the year accrued as per the Energy Account mechanism on the production of the Valenza and Alessandria plants owned by CVA. The increase in the value of photovoltaic production incentives is mainly attributable to an increase in production in the photovoltaic sector.
- The item "Incentive tariffs" amounted to Euro 83 thousand in the first half of 2022 (Euro 4,653 thousand in the first half of 2021) and refers to the amount received from the GSE by way of the "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, almost completely eliminated, is due to the sharp rise in energy market prices.
- The item "TEE certificates", amounting to Euro 390 thousand in the first half of 2022 (Euro 575 thousand in the first half of 2021), refers to the cancellation of 1,134 securities relating to the minimum obligations established for the May 2022 maturity date.
- "Other operating contributions", amounting to Euro 427 thousand in the first half of 2022 (Euro 336 thousand in the first half of 2021), 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 290 thousand (Euro 296 thousand in the first half of 2021). The award relates to service continuity levels realised in 2022 and determined based on the number and duration of outages.

- Overall, the contributions received on hydroelectric production amount to Euro 4,516 thousand, those on wind production to Euro 2,824 thousand, those on photovoltaic production to Euro 2,730 thousand and those on energy distribution to Euro 680 thousand.
- "Penalties and insurance reimbursements", which amounted to Euro 1,072 thousand in the first half of 2022 as compared with Euro 4,109 thousand in the first half of 2021, 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 decrease in the item is mainly due to the non-recurring indemnity of Euro 3,747 received from Renexia in the first half of 2021 (please refer to the financial statements as at 31 December 2021 for further details in this regard). There was also an increase in social bonuses received from distributors, which increased from Euro 62 thousand at 30 June 2021 to Euro 754 thousand at 30 June 2022.
- At 30 June 2022, the item "Other income" amounted to Euro 960 thousand (Euro 753 thousand at 30 June 2021) and mainly refers to the following types:
 - income from leases of properties amounted to Euro 460 thousand in the first half of 2022 (Euro 430 thousand in the first half of 2021). 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 176 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 57 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 465,851 thousand in the first half of 2022 (Euro 142,035 thousand in the first half of 2021).

Their breakdown by type is shown in the table below:

Amounts in Euro thousands	2022	2021
COSTS FOR RAW MATERIALS AND SERVICES	465,851	142,035
Costs for raw materials	186,691	12,634
Expenses for energy transport	13,965	49,292
Expenses from commodities hedging activities	230,026	13,181
Costs for services	22,494	55,781
Expenses for use of the system	12,188	10,302
Connection fees and similar	341	686
Costs for rents and leases	147	160

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 212,052 thousand (Euro 33,166 thousand at 30 June 2021), because, as explained in greater detail above, the margin generated is represented in accordance with the "net presentation" and, being positive, is shown under revenues.

Costs for raw materials

The item "Costs for raw materials" totalled Euro 186,691 thousand in the first half of 2022 (Euro 49,292 thousand in the first half of 2021). The detail of costs for raw materials is as follows:



Amounts in Euro thousands	2022	2021
COSTS FOR RAW MATERIALS	186,691	49,292
Wholesale electricity	184,838	47,332
From wholesale suppliers	241,759	49,340
Effects of energy hedging instruments in HA	(56,920)	(2,007)
Raw and ancillary materials and consumables	1,249	1,229
Energy securities/certificates	420	626
Vehicle power sources	183	105

Wholesale electric power represents all transactions carried out with wholesalers (including the GME), as well as imbalances between consumption and production units. Purchases thus defined are shown inclusive of the effects of the hedges relating to them. The increase recorded was mainly the result of price dynamics during the period.

The costs of certificates/energy certificates are open to the costs for procurement of Guarantee of Origin Certificates (for the portion necessary to cover the quantities of renewable energy sold and not produced by the Group's plants) and TEE Certificates.

Automotive power sources represent the cost of purchasing fossil fuels and electricity for transport.

Costs for services

The item "Costs for services" totalled Euro 22,494 thousand in the first half of 2022 (Euro 13,181 thousand in the first half of 2021). Details are shown in the following table:

Amounts in Euro thousands	2022	2021
COSTS FOR SERVICES	22,494	13,181
Services for energy efficiency interventions	9,415	614
Maintenance	3,732	4,010
Insurance	1,947	1,442
Commercial, legal, administrative and professional consultancy	1,835	2,124
Costs for Information & Communication Technology services - IT services	992	823
Telephone and data transmission services	978	928
Regarding personnel	841	579
Advertising	429	318
Fees for Directors, Auditors, SB and Independent Auditors	400	385
Costs for bank and postal services	306	284
Car park management expenses	197	188
Trips and transfers, representation	169	221
Miscellaneous utilities	80	67
Other costs for services	1,174	1,198

The increase in costs for services is mainly due to the increase in the item "Services for energy efficiency measures", amounting to Euro +8,801 compared to the first half of 2022. Costs related to energy efficiency interventions correspond to all external costs incurred as part of the CVA general contractor activity in the sector of building energy efficiency.

Maintenance costs are attributable for Euro 703 thousand to the maintenance of hydroelectric plants, for Euro 2,192 thousand to wind and photovoltaic plants and for Euro 555 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.

Consultancy costs decreased compared to the first half of the year 2022 (Euro -289 thousand). Personnel expenses increased by Euro 262 thousand, mainly due to three factors: costs for employee training increased (Euro +95 thousand); costs for canteen replacement service, which were lower in H1 2021 due to the pandemic, returned to a higher level (Euro +60 thousand); costs for services of temporary employment companies increased (Euro +34 thousand) due 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 446 thousand);
- Charges to GSE for the management of incentives (Euro 200 thousand);
- Waste disposal (Euro 74 thousand);
- Security services (Euro 68 thousand);
- Transportation of goods by helicopters and/or other special vehicles (Euro 51 thousand);
- Expenses for obtaining a rating (Euro 51 thousand);
- Services on plant areas such as snow removal, green area maintenance, etc... (Euro 48 thousand);

Costs for rents and leases

The item "Costs for rents and leases" amounted to Euro 147 thousand in the first half of 2022 (Euro 160 thousand in the first half of 2021) and the breakdown is as follows:

Amounts in Euro thousands	2022	2021
COSTS FOR RENTS AND LEASES	147	160
License and software fees	125	185
Car park rental fees	11	1
Rents and leases	1	(62)
Other costs for rents and leases	9	36

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 recorded in the first half of 2021 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	2022	2021
PERSONNEL COSTS	19,801	19,530
Wages and salaries	14,203	13,826
Social security contributions	4,555	4,350
Employee severance indemnity and others	499	853
Other personnel costs	544	501

The item "Personnel costs" totalled Euro 19,801 thousand in the first half of 2022 (Euro 19,530 thousand in 2021). 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 size of mainly white and blue collar workers;
 - 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;
- social security charges: INPS contribution rates decreased between 2021 and 2022;
- employee severance indemnities and other employee benefits: a decrease of Euro -354 thousand was recorded, largely due to the recognition of actuarial gains recognised in the income statement in accordance with IAS 19 as a result of changes in inflation and discount rates.

It should be noted that category transitions had no significant impact during the first half of 2022.



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

	2022	2021	Change
Executives	3	2	+1
Managers	63	63	-
White collars	366	347	+19
Blue collars	179	169	+10
TOTAL	611	581	+30

5. Other operating costs

In the first half of 2022, other operating costs amounted to Euro 48,011 thousand (Euro 23,563 thousand in the first half of 2021) and are detailed as follows:

Amounts in Euro thousands	2022	2021
OTHER OPERATING COSTS	48,011	23,563
Stamp duties, levies and various taxes	26,191	3,950
Fees for the diversion of water for hydroelectric use, contributions, licences and other fees	18,486	18,390
Indemnities and penalties	1,586	1,196
Other sundry expenses	1,747	26

The item "Stamp duties, levies and various taxes" amounted to Euro 26,191 thousand in the first half of 2022 (Euro 3,950 thousand in the first half of 2021) and includes municipal taxes and fees, including IMU, TASI, TOSAP, COSAP and stamp and registration duties. As at 30 June 2022, the item also includes the extraordinary contribution pursuant to Article 37 of DL 21/2022 established as an "extraordinary solidarity levy" for the year 2022, to be paid by entities operating in the territory of the State, for the subsequent sale of goods, in the production of electricity. The contribution amounts to a total of Euro 25,372 thousand for the Group. The item should be regarded as non-recurring. The situation in the first half of 2021, on the other hand, was characterised by the recognition of a provision for the Single Financial Fee of Euro 2,872 thousand to be borne by energy sellers. This fee, following clarifications and regulatory changes, was later found not to be due.

The item "Fees for the diversion of water for hydroelectric use, contributions, licenses and other fees", equal to Euro 18,486 thousand in the first half of 2022 (Euro 18,390 thousand in the first half of 2021), includes the fees for hydroelectric use of state, waterways and mountain catchment basins due to the Region and other public bodies such as the Municipalities and the Province of Turin for the derivation of water based on the relevant legislation. On a residual basis, it also includes the fees paid to bodies and authorities for the exercise of the Group's activities. It should be noted that this item includes contingent assets of Euro 340 thousand recorded following the verification that the surcharges on the surpassing of nominal power of hydroelectric diversions were not due to the BIM, which led to the reversal to income and cancellation of the liabilities present in the financial statements with reference to this issue.

The item "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 557 thousand in the first half of 2022, increased by Euro 451 thousand compared to the previous year;
- environmental compensation due to the municipalities where the Group's wind plants are located (Euro 712 thousand, Euro +179 thousand compared to the first half of previous year);

The item "Other sundry expenses" amounted to Euro 1,747 (Euro 26 thousand in the first half of 2021) and mainly includes losses on disposals of assets (Euro 117 thousand), membership fees pertaining to Group companies (Euro 203 thousand), expenses for fish restocking (Euro 177 thousand) and various donations (Euro 123 thousand). As at 30 June 2022, the item also includes the extraordinary contribution to the GSE pursuant to Article 15-bis of Legislative Decree 4/2022, established for the year 2022, which provides for a levy on the higher profits obtained from the sale of electricity from renewable sources, following the increase in the market price of electricity. The portion of the contribution pertaining to the half-year amounted to Euro 1,026 thousand.

The production plants subject to this levy must have specific characteristics and for the Group the plants involved are: the photovoltaic plant in Alessandria, the photovoltaic plant in La Tour and the hydroelectric plant in Lillaz. **The item should be regarded as non-recurring.**

This item also includes "fines, penalties and sanctions", which in the current period amounted to Euro 4 thousand, while they showed a negative value of Euro -670 thousand in the first half of 2022 (for more details, see the financial statements as at 31 December 2021).

6. Capitalised days of work

In the first half of 2022, capitalised days of work amounted to Euro 2,544 thousand (Euro 2,204 thousand in the first half of 2021). 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 1,704 thousand. The residual portion of 840 refers to CVA.

7. Amortisation and depreciation

Amortisation/depreciation can be detailed as follows:

Amounts in Euro thousands	2022	2021
AMORTISATION/DEPRECIATION	27,022	26,196
Proprietary tangible assets	25,412	24,795
Rights of use on tangible assets	419	408
Proprietary intangible assets	1,167	969
Rights of use for intangible assets	24	23

Depreciation of proprietary tangible assets amounted to Euro 25,412 thousand in the first half of 2022 (Euro 24,795 thousand in the first half of 2021) and refer to the depreciation of buildings, industrial and commercial equipment, plant and machinery and other goods, as better detailed in the table below:

Amounts in Euro thousands	2022	2021
DEPRECIATION OF PROPRIETARY TANGIBLE ASSETS	25,412	24,795
Buildings	2,424	2,368
Plants and machinery	22,279	21,595
Industrial and commercial equipment	111	108
Other assets	520	649
Leasehold improvements	78	75

Amortisation of proprietary intangible assets amounted to Euro 1,167 thousand in the first half of 2022 (Euro 969 thousand in the first half of 2021). They are detailed below:

Amounts in Euro thousands	2022	2021
AMORTISATION OF PROPRIETARY INTANGIBLE ASSETS	1,167	969
Industrial patents and intellectual property rights	860	656
Concessions, licences, trademarks and similar rights	47	47
Other intangible assets	260	267

The amortisation of rights of use is recognised in accordance with IFRS 16 for a total of Euro 443 thousand, including Euro 419 thousand for rights of use of property, plant and equipment (land, buildings, vehicles and equipment) and Euro 24 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 amounted to a total of Euro 102 thousand (a negative Euro 247 thousand in the first half of 2021); in the current half-year, provisions and write-downs exceeded the reversal to income of provisions, unlike in the first half of 2021 when only reversals to income were recorded. Provisions for bad debts in the amount of Euro 965 thousand and the reversal to income of provisions for risks in the amount of Euro 863 thousand were recorded during the current half-year.

Below are details:

Amounts in Euro thousands	2022	2021
PROVISIONS AND WRITE-DOWNS	102	(247)
Net write-downs		
Ordinary	965	(221)
Extraordinary	-	-
Net provisions		
Ordinary	(863)	(26)
Extraordinary	-	-

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

Amounts in Euro thousands	2022	2021
ORDINARY WRITE-DOWNS	965	(221)
Write-downs of fixed assets	-	-
Write-downs of receivables	965	(159)
Proceeds from provisions for bad debts	-	(62)
EXTRAORDINARY WRITE-DOWNS	-	-
Impairment of goodwill	-	-

In the current half-year, the item consisted of Euro 102 thousand for the write-down of trade receivables and Euro 863 thousand for the write-down of "Other receivables", the latter in order to write down the receivables arising from refunds made to customers by way of surtax on the state excise tax. These refunds are the result of the orders following the negative rulings at first instance that saw CVA ENERGIE lose out against customers in the context of the litigation opened as a result of the declared incompatibility of the state surtax with the European system. These receivables were written down in line with the estimated risk ratio on all litigation. This provision is balanced by the reversion described below. In the first half of 2021, the item "write-downs" consisted of the ordinary reversal to income of the provision for bad debts relating to trade receivables of CVA Energie and the reversal to income of the provision for bad debts relating to trade receivables of CVA Spa.

The following table provides a breakdown of "Provisions for risks and charges":

Amounts in Euro thousands	2022	2021
ORDINARY PROVISIONS	(863)	(26)
Allocations to provisions for risks and charges	-	-
Reversal to income of provisions for sundry risks and charges	(863)	(26)
EXTRAORDINARY PROVISIONS	-	-

The reversal to income recorded in ordinary items corresponds to the release of Euro 863 thousand, mentioned above, from the provision allocated in 2019 by 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, offset by the write-down of receivables emerging following reimbursements made to customers.

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 note 29.

9. Financial management

Financial management generated a negative margin of Euro 404 thousand (negative margin of Euro 6,198 thousand in the first half of the previous year). The breakdown of the margin is shown in the following table:

Amounts in Euro thousands	2022	2021
FINANCIAL MANAGEMENT	(404)	(6,198)
Financial income	860	1,179
Financial expenses	1,264	7,377
Results from investments	-	-

Financial income

Financial income amounted to Euro 860 thousand in the first half of 2022 (Euro 1,179 thousand in the first half of 2021). The following table provides a breakdown of this item:

Amounts in Euro thousands	2022	2021
INCOME	860	1,179
Interest income and income from financial investments	461	820
Interest income on receivables	251	143
Interest income and income on financial receivables from related parties	124	134
Interest income on bank deposits	14	76
Other income	9	6

Interest income from financial investments consists of income accrued on capitalisation policies and on the securities portfolio for Euro 453 thousand and Euro 8 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 (of which the majority refers to energy efficiency activities).

Financial expenses

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

Amounts in Euro thousands	2022	2021
EXPENSES	1,264	7,377
Interest expense on bonds	293	-
Interest and expense on bank loans	266	7,187
Interest expense on rights of use (IFRS16)	96	111
Other financial expenses	610	79

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 "Interest and expense on bank loans", equal to Euro 266 thousand in the first half of 2022 (Euro 7,187 thousand in the first half of 2021), 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 decrease compared to the previous year is mainly due to the presence in 2021 of a non-recurring item linked to the charges incurred for the early termination of certain IRS contracts for the early repayment of the underlying loan (Euro 6,244 thousand).



Interest expense on rights of use is equal to the interest calculated on lease contracts accounted for in accordance with the new standard IFRS 16; information is given in note 13.

The item "Other financial expenses" has a value of Euro 610 thousand in the first half of 2022 (Euro 79 thousand in the first half of 2021) and includes charges for discounting provisions (specifically provisions for plant dismantling 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: There are no changes in the first half of 2022, similar to the situation in 2021.

Amounts in Euro thousands	2022	2021
RESULTS FROM INVESTMENTS	-	-
Write-backs/(write-downs) of equity investments	-	-
Financial investments	-	-

10. Income taxes

Income taxes have a negative value on the net result equal to Euro 16,196 thousand in the first half of 2022 (Euro 8,799 thousand in the first half of 2021) and the breakdown is as follows:

Amounts in Euro thousands	2022	2021
INCOME TAXES	22,789	8,799
Current IRES	20,196	7,816
Current IRAP	1,992	1,282
IRES deferred tax assets	43	(329)
IRAP deferred tax assets	73	(90)
IRES deferred tax liabilities	467	27
IRAP deferred tax liabilities	76	94
Taxes from previous years	(57)	(2)
Substitute taxes	-	-

The increase in current taxes is attributable not only to an increase in the pre-tax result, but also to the non-deductibility of the extraordinary contribution pursuant to Article 37 of DL 21/2022, which generated an increase in the tax burden of about Euro 7 million.

Net deferred tax assets and liabilities for IRES and IRAP are positive for Euro 658 thousand in the first half of 2022 (negative for Euro 298 thousand in the first half of 2021). They correspond to the estimated effects on deferred taxation in the interim financial statements.

For IRAP purposes, the ordinary rate of 3.9% was applied, with the exception of DEVAL, which is subject to a tax rate of 4.2% because it operates under a concession.

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	2022
Pre-tax result	A	61,029
Theoretical tax expense	B	14,647
Temporary differences taxable in subsequent years	C	(2,013)
Temporary differences deductible in subsequent years	D	2,953
Reversal of taxable temporary differences from previous years	E	69
Reversal of deductible temporary differences from previous years	F	(3,381)
Permanent differences	G	25,490
Taxable amount	[A+C+D+E+F+G]	84,146
Current taxes	[I]	20,195
Effective rate	[L]	33,09%

Notes to the Consolidated Balance Sheet items

The breakdown of the main items of the consolidated balance sheet at 30 June 2022 is provided below compared with the situation at 31 December 2021.

11. Proprietary tangible assets

Tangible assets totalled Euro 612,154 thousand at 30 June 2022 (Euro 623,165 thousand at 31 December 2021). Tangible assets are all the proprietary tangible assets and the rights of use on tangible assets. Their breakdown and changes are shown in the table below:

Euro thousands	Proprietary tangible assets	Rights of use on tangible assets	Total
Historical cost	1,210,405	10,613	1,221,018
Provisions for depreciation	(595,789)	(2,065)	(597,854)
Net value at 31.12.2021	614,617	8,548	623,165
Increases	14,101	308	14,409
Decreases due to contract termination	-	(3)	
Depreciation	(25,411)	(419)	(25,830)
Change in Accumulated depreciation for concluded contracts	-	66	66
Change in Right of use for concluded contracts	-	(66)	(66)
Reclassifications	(5)	-	(5)
Disposals	(160)	-	(160)
Other changes	455	120	575
Total net changes in H1 2022	(11,019)	6	(11,013)
Historical cost	1,224,432	10,972	1,235,404
Provisions for depreciation	(620,833)	(2,418)	(623,250)
Net value at 30.06.2022	603,600	8,554	612,154



The breakdown and change in the item "Proprietary tangible assets" is shown in the following table:

Euro thousands	Land	Buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Tangible assets in progress and advances	Total
Historical cost	9,462	138,107	1,023,759	4,633	12,090	3,045	19,309	1,210,405
Provisions for depreciation	(29)	(52,728)	(529,122)	(3,580)	(9,356)	(974)	-	(595,789)
Net value at 31.12.2021	9,434	85,378	494,638	1,053	2,734	2,072	19,309	614,617
Increases	2	81	2,385	141	28	-	11,464	14,101
Depreciation	-	(2,424)	(22,279)	(110)	(520)	(78)	-	(25,411)
Reclassifications	-	801	4,383	8	169	-	(5,365)	(5)
Disposals	(1)	-	(134)	-	-	-	(24)	(160)
Other changes	-	270	185	-	-	-	-	455
Total net changes in 2022	1	(1,272)	(15,460)	38	(323)	(78)	6,075	(11,019)
Historical cost	9,464	139,230	1,030,248	4,776	12,284	3,048	25,383	1,224,432
Provisions for depreciation	(29)	(55,123)	(551,071)	(3,685)	(9,871)	(1,054)	-	(620,833)
Net value at 30.06.2022	9,435	84,107	479,177	1,091	2,411	1,994	25,383	603,600

Land

This item mainly includes land related to the Group's industrial buildings.

Buildings

This item mainly includes the industrial buildings connected to the Group's plants.

Plants and machinery

This item includes costs relating to hydroelectric, wind and photovoltaic production plants and the distribution networks. Electricity production assets include freely transferable works connected with concessions.

Industrial and commercial equipment

This item includes costs related to the purchase of complementary or ancillary assets for plant and machinery and various equipment.

Other assets

This item includes costs related to the purchase of furniture and office equipment and vehicles.

Leasehold improvements

This item mainly includes the costs incurred by CVA for the construction of a photovoltaic plant located at the ISITIP School Institute, as part of a project developed with the Institute itself and improvements related to the plants of Lamacarvotta and Lamia di Clemente.

Assets in progress and advances

The item "Assets in progress" includes all the charges incurred for investments in progress and not yet in operation.

In the first half of 2022, there was an increase in tangible assets due primarily to the combined effect of the ordinary depreciation process (Euro 25,411 thousand) and net investments for the year (Euro 14,078 thousand).

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
Courmayeur - new plant design studies	-	86	-	-	86
Gabiet Dam - main object: seismic retrofitting of guard house and valve room	1	5	-	-	6
Beauregard dam - works on dam (main object: Automation and Control)	94	-	-	-	94
Headquarters building - Chatillon - extraordinary maintenance - main activity Revamping of air conditioning system	454	148	(187)	-	414
Instrumental building - Aosta (via Clavalité) - extraordinary maintenance	106	12	(117)	-	1
Other RES plants - extraordinary incremental maintenance	67	137	(185)	-	19
Chatillon plant - extraordinary maintenance (main object: new impellers)	349	52	(163)	-	238
Avisé plant - extraordinary maintenance (main object: new impellers)	237	130	-	-	368
Aymaville plant - extraordinary maintenance (main object: overhauling of turbine and generators)	230	475	(106)	-	599
Champagne 1 plant - extraordinary maintenance (main object: pipeline, spillway, intake works)	4	-	-	-	4
Chavonne plant - extraordinary maintenance	1,542	570	-	-	2,112
Covalou plant - plant refurbishment (main object: GRI Impeller purchase - pipeline)	18	8	-	-	26
Gressoney plant - settlement agreement for forced pipeline replacement work	-	291	-	-	291
Gressoney plant - generator overhaul	3	217	(220)	-	-
Hone 1 plant - plant modernisation (main object: generator and turbine overhauling and purchase hub+blades transformer)	4,815	286	(44)	-	5,057
Hone 2 plant - extraordinary maintenance (main object: shunt channel)	1,353	63	(23)	-	1,393
Lillaz plant - redoing intake Les Goilles	-	44	-	-	44
Monjovet plant - extraordinary maintenance (main object: rebuilding of turbine and alternator unit)	740	1,723	(21)	-	2,442
Perreres plant - extraordinary maintenance (main object: pipeline)	64	28	-	-	93
Place Moulin plant - extraordinary maintenance (main object: redoing of protective barriers)	-	8	-	-	8
Quart plant - extraordinary maintenance (main object: redoing of plant)	581	1	-	-	582
Saint Clair plant - extraordinary maintenance (main object: automation)	157	52	-	-	209
Signayes plant - extraordinary maintenance (main object: redoing of plant unit 2)	339	655	(48)	-	946
Valpelline plant - extraordinary maintenance (main object: automation)	-	75	-	-	75
Verres plant - extraordinary maintenance (main object: purchase and replacement impellers)	297	51	(133)	-	214
Pont Saint Martin plant - cracked cable inside channel	-	173	(174)	-	-
Pont Saint Martin plant - extraordinary maintenance (main object: new impellers)	270	205	-	-	474
Trigeneration plant	345	462	-	-	807
Perreres property complex Building B renovation works	-	167	(167)	-	-
IT services - hardware implementation (main object: Technological refresh of server rooms)	-	82	(82)	-	-



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
Other hydroelectric plants - Fire-fighting transformers	9	45	(14)	-	39
Other hydroelectric power plants - extraordinary incremental maintenance	1,270	1,486	(1,851)	-	904
Wind plants - Implementation of remote control at PT	106	3	-	-	109
Wind plants - extraordinary incremental maintenance	119	78	-	-	197
Development of new Wind-Photovoltaic plants	2,588	650	-	-	3,238
High voltage network	-	172	(172)	-	-
Medium voltage network	550	1,511	(1,081)	-	980
Low voltage network	515	1,789	(1,958)	-	346
Other distribution systems	229	545	(292)	-	482
Advances on investments	771	112	-	(427)	456
Other investments	1,086	1,908	(966)	-	2,029
TOTAL	19,308	14,505	(8,003)	(427)	25,382

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	38,636	739	39,375
Provisions for amortisation	(26,657)	(132)	(26,789)
Net value at 31.12.2021	11,980	607	12,586
Increases	1,864	-	1,864
Decreases due to contract termination	-	-	-
Amortisation	(1,167)	(24)	(1,191)
Change in Accumulated amortisation for concluded contracts	-	-	-
Change in Right of use for concluded contracts	-	-	-
Reclassifications	5	-	5
Disposals	-	-	-
Other changes	-	20	20
Total net changes in H1 2022	702	(4)	698
Historical cost	40,506	758	41,264
Provisions for amortisation	(27,824)	(156)	(27,980)
Net value at 30.06.2022	12,682	603	13,284

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	24,587	2,298	1,323	10,428	38,636
Provisions for amortisation	(21,167)	(1,009)	-	(4,480)	(26,657)
Net value at 31.12.2021	3,420	1,289	1,323	5,948	11,980
Increases	1,167	57	640	-	1,864
Amortisation	(807)	(100)	-	(260)	(1,167)
Reclassifications	54	-	(51)	2	5
Disposals	-	-	-	-	-
Other changes	-	-	-	-	-
Total net changes in 2022	414	(43)	589	(258)	702
Historical cost	25,808	2,355	1,912	10,430	40,506
Provisions for amortisation	(21,974)	(1,109)	-	(4,741)	(27,824)
Net value at 30.06.2022	3,834	1,246	1,912	5,690	12,682

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 the first half of 2022 is essentially due to the combined effect of the ordinary amortisation process (Euro 1,167 thousand) and investments for the year (Euro 1,864 thousand).

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

At 30 June 2022, rights of use of tangible and intangible assets amounted to Euro 9,156 thousand (Euro 9,155 thousand at 31 December 2021). The following table summarises the breakdown and movements during the year, as well as the movements of the related financial liabilities recorded in the balance sheet liabilities:

	Intangible rights of use	Tangible rights of use			Total
	Building rights and easement fees	Rights of use on real estate	Rights of use on industrial and commercial equipment	Rights of use on other assets	
Net value at 31.12.2021	607	7,731	87	731	9,155
Increases for new contracts	-	148	-	161	308
Decreases due to contract termination	-	(1)	-	(2)	(3)
Amortisation	(24)	(251)	(12)	(156)	(443)
Change in Accumulated amortisation for concluded contracts	-	51	-	15	66
Change in Right of use for concluded contracts	-	(51)	-	(15)	(66)
Reclassifications	-	-	-	-	-
Other changes	20	120	-	-	139
Total net changes as at 30.06.2022	(4)	15	(12)	2	2
Closing value of right of use	758	9,360	93	1,519	11,730
Provisions for amortisation	(156)	(1,614)	(18)	(786)	(2,574)
Net value at 30.06.2022	603	7,746	75	733	9,156
Financial liabilities					
Closing financial liability 2021	616	7,281	87	731	8,716
Increases for new contracts	-	88	-	160	248
Decreases due to contract termination	-	(1)	-	(2)	(3)
Changes in fees	20	121	-	-	141
Instalments paid	(36)	(392)	(12)	(163)	(602)
of which:					-
principal share	(25)	(258)	(11)	(155)	(450)
interest	(10)	(134)	(0)	(8)	(153)
Liability instalments	603	7,117	76	735	8,530
accrued interest	4	60	0	0	65
Closing financial liability at 30.06.2022	607	7,177	76	735	8,595

	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	
Residual instalments					
CURRENT	60	675	24	257	1,015
NON CURRENT	667	8,833	53	520	10,072
accrued interest	(7)	(85)	(0)	(3)	(95)
Non lease component	-	-	-	3	3
Total costs on the income statement at 30.06.2022	(31)	(337)	(12)	(157)	(536)

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	1,015	3,222	6,850
Financial liabilities	667	2,233	5,630

14. Goodwill

At 30 June 2022, goodwill amounted to Euro 228,976 thousand (unchanged compared to 31 December 2021).

For the criteria and methods used to value goodwill, please refer to the 2021 financial statements. The following table shows the allocation of the item Goodwill to the Cash-Generating Units (CGUs):

Amounts in Euro thousands	2022	2021
Hydroelectric	173,544	173,544
Other RES	44,125	44,125
Distribution	11,307	11,307
Total goodwill	228,976	228,976

With reference to the values as of 30 June 2022, it should be noted that while on the Hydroelectric and Other RES CGUs the directors did not detect any signs of impairment that made it necessary to anticipate the execution of the test, which is normally performed at year-end, for the Distribution CGU, on the other hand, it was deemed that there were potential signs of impairment. For this reason, the test was carried out according to the same methodologies used in the 2021 financial statements by updating the plans and the WACC. The test showed no impairment. As at 30 June 2021, there were no signs of impairment on any of the CGUs.



The WACC used in performing the impairment test as at 30 June 2022 and 31 December 2021 is shown below:

Percentage values	2022	2021
Distribution	4.45%	3.98%

15. Financial investments

At 30 June 2022, financial investments amounted to Euro 2,362 thousand (unchanged compared to 31 December 2021). The value did not change because no interim situation of the investee companies was available and processing them would have been disproportionately burdensome compared to the information value generated. As a summary, we report the composition of this item in the financial statements as at 31 December 2021:

- financial investments valued using the equity method, consisting of financial 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 financial investment valued with the equity method amounts to Euro 2,200 and represents 10.98% of the shareholders' equity. The share held amounts to 15.31%. 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.
- non-controlling interests measured at fair value, at 30 June 2022 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 financial 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. 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	2022	2021
Deferred tax assets for:		
Differences in value on tangible and intangible assets	15,605	15,207
Write-down of trade and other receivables	1,288	1,288
Charges, bonuses and other employee benefits	682	1,054
Provisions for risks and charges	5,671	5,884
Non-deductible interest	-	-
Application of IFRS 15	4,484	4,613
Valuation of financial instruments	157,723	38,505
Other items	319	333
Total deferred tax assets	185,773	66,883

Deferred tax assets and liabilities	2022	2021
Deferred tax liabilities for:		
Differences in value on tangible and intangible assets	(7,540)	(7,045)
Charges, bonuses and other employee benefits	(171)	(129)
Default interest not collected	-	-
Valuation of financial instruments	(51,010)	(407)
Other items	(88)	(82)
Total deferred tax liabilities	(58,809)	(7,663)
Deferred tax assets and liabilities	2022	2021
Total net deferred tax assets/(liabilities)	126,964	59,220
Net change	67,744	(8,187)
of which:		
Ø Adjustments in statement	-	-
Ø Change in scope of consolidation	-	-
Ø In Income Statement	(658)	52,536
Ø In Shareholders' Equity	68,403	(60,723)

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 185,773 thousand at 30 June 2022 (Euro 66,883 thousand at 31 December 2021).

The increase in the value of deferred tax assets estimated in June 2022 is due to the combined impact of several effects, including an increase in differences in value on tangible and intangible assets and on the valuation of financial instruments and the reduction in differences on provisions for employee benefits (which reduced following the increase in the discounting rates). 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 derivative liabilities designated in hedge accounting.

Deferred taxes amounted to Euro 58,809 thousand at 30 June 2022 (Euro 7,663 thousand at 31 December 2021). They increased mainly as a result of the growth in differences on fixed assets (in particular due to the tax-only amortisation of goodwill - in this regard, please refer to the 2021 financial statements for a description of the realignment of statutory values for tax purposes carried out in 2021) and, above all, the differences generated by determining the tax effect on changes in the fair value of hedging derivative assets designated in hedge accounting.

Deferred taxation was estimated taking into account ordinary IRES and IRAP rates (24% and 3.9% respectively)

17. Non-current financial assets

At 30 June 2022, non-current financial assets amounted to Euro 93,870 thousand (Euro 93,731 thousand at 31 December 2021). The item is detailed in the following table:

Amounts in Euro thousands	2021	2020
NON-CURRENT FINANCIAL ASSETS	93,870	93,731
Insurance policies	87,236	86,784
Loan to associate	6,634	6,947

Capitalisation insurance policies, which amounted to Euro 87,236 at 30 June 2022 (Euro 86,784 thousand at 31 December 2021), refer to the fair value of cash investments related to the underwriting of long-term insurance policies, which increased as a result of the returns accrued by single operations. Interim reporting is not available for all operations, and therefore, in such cases, the value remained the same as at 31 December 2021.

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 6,634 thousand at 30 June 2022 (Euro 6,947 thousand at 31 December 2021).



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

Amounts in Euro thousands	INSURED CAPITAL	CAPITAL REVALUED AT 31.12.2021	EXPIRY
INSURANCE POLICIES	83,612	87,236	
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	1,328	n.a.
Aviva S.p.A.	5,307	5,724	n.a.
Aviva S.p.A.	5,307	5,724	n.a.
Aviva S.p.A.	5,307	5,724	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 5,364 thousand at 30 June 2022 (Euro 4,499 thousand at 31 December 2021), mainly included guarantee deposits with third parties in accordance with contractual obligations and medium/long-term receivables from employees, relating to loans granted to employees and interest bearing. In particular, the main components of guarantee deposits are the cash guarantees presented to Terna for participation in capacity market auctions and the guarantees given to energy distributors outside the Group.

The item is detailed in the following table:

Amounts in Euro thousands	2022	2021
OTHER NON-CURRENT ASSETS	5,364	4,499
Security deposits	3,985	3,130
Receivables from employees	1,379	1,369
Other assets	-	-

19. Inventories

At 30 June 2022, inventories amounted to Euro 4,933 thousand (Euro 3,262 thousand at 31 December 2021). Inventories, mainly attributable to DEVAL (Euro 3,277 thousand at 30 June 2022), consist of materials and equipment for operation, maintenance and construction of the distribution plants. The remaining portion of inventories, on the other hand, is mainly to be attributed to materials and spare parts serving the hydroelectric plants. Any obsolete materials are constantly written down during the year.

20. Current and non-current trade receivables

At 30 June 2022, current and non-current trade receivables amounted to Euro 170,467 thousand (Euro 96,004 thousand at 31 December 2021).

The detail is shown in the following table:

Amounts in Euro thousands	2022	2021
CURRENT TRADE RECEIVABLES	161,088	87,384
Receivables from customers	170,121	96,086
Receivables from suppliers	226	471
Bad debts provision	(9,259)	(9,173)
NON-CURRENT TRADE RECEIVABLES	9,379	8,619
Receivables from customers	9,379	8,619
TOTAL TRADE RECEIVABLES	170,467	96,004

Receivables from customers increased compared to the previous year mainly as a result of higher energy prices. The non-current portion also increased (Euro +760 thousand), represented by receivables accrued for energy efficiency activities and, to a lesser extent, by the portion of receivables for supplied energy due beyond 12 months due to the instalment payments granted to some customers as a result of the COVID-19 emergency.

Overall, receivables from customers include receivables (for invoices issued or to be issued):

- for the sale of electricity to end customers both in the free market and in the Greater Protection market;
- for the sale of electric power on a wholesale basis to traders, GME, GSE and Terna;
- for energy transmission and grid connection service; provided to sellers that are not part of the Group.
- for the above bills for energy efficiency of buildings.

Receivables from suppliers consist of receivables for credit notes to be received or received for adjustments to the amounts invoiced by them.

The net balance takes into account the bad debts provision of Euro 9,259 thousand (Euro 9,173 thousand at 31 December 2021) determined using a model based on ECLs consistent with the relevant provisions of IFRS 9. Following this analysis, the bad debts provision was increased, in order to adjust it to the probable risk of loss, by means of a provision of Euro 86 thousand (a release of Euro 348 thousand had been made in December 2021).

21. Receivables for income taxes

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

Amounts in Euro thousands	2022	2021
RECEIVABLES FOR INCOME TAXES	4,771	4,850
IRES	4,652	4,850
IRAP	119	-

This item includes the tax credit from the tax authorities for IRES, amounting to Euro 4,652 thousand as of 30 June 2022 (Euro 4,850 thousand as of 31 December 2021), and for IRAP, amounting to Euro 119 thousand (there were no IRAP receivables at the end of last year). 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).



22. Other current and non-current tax receivables

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

Amounts in Euro thousands	2022	2021
CURRENT TAX RECEIVABLES	14,177	13,350
Receivables from Tax Authorities for VAT	9	10
Receivables from Tax Authorities for excise	13,106	12,980
Other tax receivables	1,062	361
NON-CURRENT TAX RECEIVABLES	4,278	11
Other tax receivables	4,278	11

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 11,989 thousand, net receivables for excise duties in dispute of Euro 659 thousand and net receivables relating to tax and additional taxes requested for excise duty reimbursement, for Euro 458 thousand.

The item "Other tax receivables" mainly includes, in both the current and non-current portions, the receivables credits from customers as part of energy efficiency activities (Euro 844 thousand current and Euro 4,194 current). For a more detailed discussion on the management of credits acquired in building energy efficiency operations, please refer to the section on the "significant use of estimates" in the 2021 financial statements.

The item "receivables from Tax Authorities for VAT" for Euro 9 thousand at 30 June 2022 (Euro 10 thousand at 31 December 2021) shows the VAT receivable balance from the Tax Authorities for the companies presenting a credit position at 30 June. In all cases, these are receivables which, due to their origin, cannot be included in the Group VAT settlement, either because they arose in companies that are not members of the scheme or because they arose before they joined the scheme.

23. Current and non-current derivatives

Derivative instruments (assets and liabilities) refer to the measurement at fair value of commodity derivatives (electricity) and interest rates at the reporting date.

The following is a breakdown at the reporting date and the related comparative information:

Amounts in Euro thousands	2022	2021
DERIVATIVE ASSETS	309,620	100,894
Non-current derivative assets	6,143	4,659
Current derivative assets	303,477	96,235

Amounts in Euro thousands	2022	2021
DERIVATIVE LIABILITIES	614,950	168,290
Non-current derivative liabilities	77,446	49,736
Current derivative liabilities	537,504	118,554

It is noted that, at 30 June 2022 and 31 December 2021, there are no positions offset among assets and liabilities for derivative financial instruments.

Fair value derivatives by type of transactions and accounting methods

The following tables show the fair value of derivatives (assets and liabilities) at the reporting date, divided according to the type of accounting treatment applied (cash flow hedge or trading) and the derivative instrument used:

Derivative assets

Amounts in Euro thousands	At 30 June 2022	At 31 December 2021
	Fair value Assets	Fair value Assets
Cash flow hedge derivatives		
Energy derivatives		
Swaps/Forwards	-	-
Futures	55,064	14,575
Options	-	-
Interest derivatives		
Interest rate swaps	40,178	4,281
Asset Linked Inflation Swap	-	-
Total cash flow hedge derivatives	95,242	18,856
Hedging derivatives not in Hedge Accounts		
Energy derivatives		
Swaps/Forwards	-	49,309
Futures	84,556	-
Options	-	-
Interest derivatives		
Interest rate swaps	440	-
Asset Linked Inflation Swap	-	-
Total hedging derivatives not in Hedge Accounts	84,996	49,309
Trading derivatives		
Energy derivatives		
Swaps/Forwards	11,266	1,232
Futures	118,116	31,497
Options	-	-
Interest derivatives		
Interest rate swaps	-	-
Asset Linked Inflation Swap	-	-
Total trading derivatives	129,382	32,729
TOTAL DERIVATIVE ASSETS	309,620	100,894

Derivative liabilities

Amounts in Euro thousands	At 30 June 2022	At 31 December 2021
	Fair value Liabilities	Fair value Liabilities
Cash flow hedge derivatives		
Energy derivatives		
Swaps/Forwards	-	-
Futures	365,501	95,111
Options	-	-
Interest derivatives		
Interest rate swaps	-	3,945
Asset Linked Inflation Swap	-	-
Total cash flow hedge derivatives	365,501	99,056



Amounts in Euro thousands	At 30 June 2022	At 31 December 2021
	Fair value Liabilities	Fair value Liabilities
Hedging derivatives not in Hedge Accounts		
Energy derivatives		
Swaps/Forwards	115,628	-
Futures	4,164	33,702
Options	-	-
Interest derivatives		
Interest rate swaps	66	734
Asset Linked Inflation Swap	-	-
Total hedging derivatives not in Hedge Accounts	119,858	34,436
Trading derivatives		
Energy derivatives		
Swaps/Forwards	40,880	6,117
Futures	88,710	28,681
Options	-	-
Interest derivatives		
Interest rate swaps	-	-
Asset Linked Inflation Swap	-	-
Total trading derivatives	129,590	34,798
TOTAL DERIVATIVE LIABILITIES	614,950	168,290

Hedge accounting

For details on the hedge accounting application model, please refer to the 2021 financial statements, as no changes have occurred since then.

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 30 June 2022, gross of the tax effect:

	Book value
Opening balances at 1.1.2021	(8,097)
Changes in fair value with impact in equity	(137,115)
Effects released to Income Statement	8,937
Closing balances at 31.12.2021	(136,275)
Changes in fair value with impact in equity	(392,027)
Effects released to Income Statement	151,576
Closing balances at 30.06.2022	(376,726)

With reference to commodity transactions, the effectiveness of hedging derivatives recognised at 30 June 2022 in the cash flow hedge reserve and the cost of hedging reserve (negative for Euro 417,886 thousand, gross of the tax effect) is partly related to derivatives settled early in the course of the year and previous years (negative for Euro 109,936 thousand) and partly to the derivatives existing at the reporting date (negative for Euro 307,950 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) in 2022 (negative for Euro 110,658 thousand) and partly in 2023 (negative for Euro 221,934 thousand) and the difference in 2024 and thereafter (negative for Euro 61,664 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 30 June 2022 in the Cash Flow Hedge reserve (positive for approximately Euro 41,160 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 within the subsequent 12 months (net collections estimated as approximately Euro 39,504 thousand) and partly beyond 12 months (net collections estimated as Euro 2,462 thousand).

Sensitivity analysis of commodity price and interest and inflation rate risk

As explained in the following paragraphs, the Group is exposed to the risk of fluctuations in commodity prices - with exclusive reference to the price of electricity - and to the risk of fluctuating interest rates the volatility of which could have negative effects on the cash flows and on the income prospects of the Group.

The following is a sensitivity analysis to reasonably possible changes in electricity prices and interest and inflation rates at the reference date, keeping all the other variables underlying the valuation model constant. In particular, for the present analysis, the range of assumed variations on the electricity price curve is $\pm 10\%$, on the interest rate curve ± 50 bps (basis points).

Sensitivity analysis of commodity price risk and interest rate at 30 June 2022

Description	Change in the rate	At 30 June 2022			
		Impact on Income Statement (before taxes)		Impact on Shareholders' Equity (before taxes)	
		Increase	Decrease	Increase	Decrease
Changes in fair value of rate derivatives designated in Hedge Accounting	± 50 bps	43	(95)	17,261	(17,904)
Changes in fair value of rate derivatives not designated in Hedge Accounting	± 50 bps	169	(275)	-	-

Description	Commodity prices	At 30 June 2022			
		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	$\pm 10\%$	-	-	(74,928)	74,928
Changes in fair value of Commodity derivatives not designated in Hedge Accounting	$\pm 10\%$	(5,932)	5,932	-	-
Changes in fair value of trading Commodity derivatives	$\pm 10\%$	(1,175)	1,175	-	-

Market risks on Commodity prices

For more information regarding market risks on commodity prices, reference is made to the Financial Report as at 30 June 2022.

Interest rate risk

For more information regarding market risks on interest rates, reference is made to the Financial Report as at 30 June 2022.



Inflation rate risk

For more information regarding market risks on inflation rates, reference is made to the Financial Report as at 30 June 2022.

24. Other current financial assets

The breakdown of other current financial assets is shown in the following table:

Amounts in Euro thousands	2022	2021
OTHER CURRENT FINANCIAL ASSETS	693	675
Loans to associates	682	675
Other financial assets	11	-

Financial receivables from associated companies amounted to Euro 682 thousand (Euro 675 thousand at 31 December 2021) and refer to the short-term portion relating to the loan receivable granted to TELCHA.

"Other financial assets", amounting to Euro 11 thousand (not present at 31 December 2021), include interest income from various banks.

25. Other current assets

At 30 June 2022, the item "Other current assets" amounted to Euro 308,243 thousand (Euro 173,431 thousand at 31 December 2021) and is detailed in the following table:

Amounts in Euro thousands	2022	2021
OTHER CURRENT ASSETS	308,243	173,431
Security deposits	260,795	151,380
Deferred assets	24,887	8,757
Receivables from the G.S.E. for incentives	4,761	4,954
Receivables from C.S.E.A.	1,465	2,433
Receivables from social security institutions	465	67
Other current assets	15,870	5,839

Security deposits

The item security deposits mainly includes the nominal value of the security deposits receivable of CVA ENERGIE equal to Euro 260,795 thousand at 30 June 2022 (Euro 151,380 thousand at 31 December 2021), which comprise:

- receivables amounting to Euro 1,975 thousand at 30 June 2022 (Euro 2,525 thousand at 31 December 2021) referring to the opening of a security deposit of the "Business Account" opened at the Joint Allocation Office, a company that manages cross-border transmission capacity for Central Western Europe and the borders of Italy and Northern Switzerland. The rules for participation in auctions for transport capacity at the border, require the deposit of an amount to guarantee transactions carried out on a current account in the name of the Joint Allocation Office (the "Business Account"). The amounts for the transport capacity purchased are also debited on this account and, therefore, the guarantee is subject to interim changes for its constant adjustment. The amount of the guarantee is defined according to the type of auction being participated in and the purchase volumes;
- receivables of Euro 258,791 thousand at 30 June 2022 (Euro 148,823 thousand at 31 December 2021) for guarantee deposits with Banca BNP, which was selected from a list of qualified operators as Clearing Bank to operate on the EEX (European Energy Exchange), the main European financial organised market, as well as on the EPEX Spot (European Power Exchange), which underlies physical energy exchanges on the market. The sharp increase recorded can be attributed to the sharp rise in forward energy prices during the half-year, which led to growth in escrow deposits for financial derivative transactions.

Deferred assets

This item mainly consists of deferred assets relating to water derivation surcharges (Euro 24,887 thousand at 30 June 2022, Euro 8,757 thousand at 31 December 2021) paid in advance by 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 4,761 thousand at 30 June 2022 (Euro 4,954 thousand at 31 December 2021).

Receivables from C.S.E.A.

The main components of this item are:

- The receivable for distribution service continuity premiums, which includes the estimated service continuity premium (totalling Euro 875 thousand as of 30 June 2022) relating to the year 2021 for Euro 575 thousand and the year 2022 for Euro 300 thousand);
- Energy efficiency bond receivables, which refer to the value of bonds acquired during the December 2021-May 2022 period net of collections (Euro 590 thousand at 30 June 2022);
- the receivable pertaining to DEVAL, relating to the equalisation mechanisms applied to electricity distributors. The balance as at 30 June 2022 was nil, whereas it amounted to Euro 1,054 thousand as at 31 December 2021. In fact, Deval assigned the 2022 equalisation receivables to a factoring company without recourse.

Other current assets

The residual items included in other current assets amounted to Euro 15,870 thousand at 30 June 2022 (Euro 5,839 thousand at 31 December 2021) and mainly refer to:

- receivables from customers for additional tax refunded: these are receivables that arose from refunds made in respect of the additional tax on the state excise tax by virtue of the negative rulings at first instance that saw CVA ENERGIE lose out against customers as part of the disputes opened following the declared incompatibility of this tax with the European legal system. These receivables have a value of Euro 8,160 thousand and have been written down by Euro 1,020 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 7,056 thousand at 30 June 2022 (Euro 2,437 thousand at 31 December 2021), consisting mainly of advances related to energy efficiency work on buildings;
- advances provided to the Municipalities on amounts due for environmental compensation for the presence of production plants of Euro 1,361 thousand at 30 June 2022, unchanged compared to the previous year (unchanged compared to 31 December 2021).



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 453,679 thousand at 30 June 2022 (Euro 226,831 thousand at 31 December 2021); 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	2022	2021
CASH AND CASH EQUIVALENTS	453,679	226,831
Cash and cash equivalents	37	21
Bank accounts	453,642	176,761
Short-term deposits	-	50,049

27. Shareholders' equity

The breakdown of shareholders' equity is as follows:

Amounts in Euro thousands	2022	2021
SHAREHOLDERS' EQUITY	630,274	824,197
Share capital	395,000	395,000
Reserves and profits (losses) carried forward	188,579	286,262
Net result of the year	37,991	133,441
Minorities Shareholders' Equity	8,704	9,495

Share capital

The share capital amounted to Euro 395,000 thousand, divided into 395,000,000 shares with a nominal value of Euro 1 each.

During the first half of 2022 and the year 2021, there were no changes in the amount.

Reserves and profits (losses) carried forward

The item "Reserves and profits (losses) carried forward" is as follows:

Amounts in Euro thousands	2022	2021
RESERVES AND PROFITS (LOSSES) CARRIED FORWARD	188,579	286,262
Legal reserve	60,616	55,000
Cash flow hedge reserve	(376,226)	(91,201)
Cost of Hedging reserve	106,212	(6,993)
IAS 19 reserves - Employee Benefits	(1,082)	(1,760)
Realignment reserve pursuant to Article 110 DL 104/2020	186,649	186,649
Other reserves and profits (losses) carried forward	212,410	144,566

Legal reserve

The legal reserve amounted to Euro 60,616 thousand at 30 June 2022 (Euro 55,000 thousand at 31 December 2021). The increase recorded is equal to the allocation of one-twentieth of the 2021 profit of CVA, as required by Article 2430 of the Civil Code.

Cash flow hedge reserve (OCI)

This reserve, which is negative for Euro 376,226 thousand (a negative Euro 91,201 thousand at 31 December 2021), includes the effective portion of the change in fair value of hedging derivatives on changes in energy prices and interest rates classified as cash flow hedges for accounting purposes. The reserve is determined net of the related tax effects and changes are 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 30 June 2022, it has a value of Euro 106,212 thousand (negative for Euro 6,993 at 31 December 2021). The reserve is expressed net of the tax effect.

Its movement was also reported in other comprehensive income components reclassifiable to 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 1,082 thousand (negative for Euro 1,760 thousand at 31 December 2021). The reserve is determined net of the related tax effects and is reported in other comprehensive income as a component not reclassifiable to profit or loss in subsequent periods. Changes are attributable to the change in employee benefit liabilities due to the change (increase) in their real discount rate.

Reserve for realignment of tax value of goodwill pursuant to Article 110 DL 104/2020

Following the realignment of the statutory and tax values of goodwill in the course of 2021, carried out pursuant to Article 110 of Decree-Law 104/2020, a special reserve was set up, amounting to Euro 186,649 thousand, a value subject to realignment net of the substitute tax, with a specific tax suspension restriction for tax purposes (as governed by paragraph 8 of the aforementioned provision). The realignment operation was completed during the previous year by CVA SPA, CVA EOS and DEVAL.

Other reserves

The item mainly includes:

- Accumulated retained earnings of Euro 73,455 thousand (Euro 52,280 as at 31 December 2021). This consists of the Group's undistributed profits and consolidation differences allocated to equity. Their movement is justified by the 2021 profit carried forward.
- the extraordinary reserve amounts to Euro 128,620 thousand (Euro 81,912 thousand at 31 December 2021) and includes the allocation of the CVA profit made in the previous years, as approved by the Shareholders' Meeting.
- the First Time Adoption ("FTA") reserve of Euro 9,824 thousand (unchanged compared to the previous year ending on 31.12.2021), which represents the balancing entry in shareholders' equity deriving from the initial 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 35 thousand (Euro 74 thousand at 31 December 2021);
- the merger reserve for Euro 476 thousand and equal to the net merger capital resulting from the 2001 CVA merger operation.



Group net result

The Group net result was positive for Euro 20,954 thousand in the first half of 2022 (Euro 133,440 thousand at 31 December 2021). This item includes the profit pertaining to the Group recognised in the year under review.

28. Employee benefits

Employee benefits amounted to Euro 4,964 thousand at 30 June 2022 (Euro 6,754 thousand at 31 December 2021).

Amounts in Euro thousands	Employee severance indemnity (TFR)	Early retirement (isopensione)	Loyalty bonus	Energy discount	Employee bonuses	Other employee benefits	Total
Current value of the obligation at 31/12/2020	3,433	(0)	1,470	806	451	709	6,870
Current cost	7	-	81	2	510	(79)	521
Financial expenses	17	-	8	4	-	3	31
Increases/(decreases) for acquisitions and transfers	(80)	-	(9)	-	-	-	(89)
Benefits provided	(139)	-	(77)	(33)	(451)	(78)	(778)
Revaluations (*)	215	-	93	(71)	-	(38)	199
Other changes	-	-	-	-	-	-	-
Current value of the obligation at 31/12/2021	3,452	(0)	1,567	708	510	516	6,752
Current cost	4	-	44	1	229	7	285
Financial expenses	16	-	8	3	-	2	30
Increases/(decreases) for acquisitions and transfers	-	-	-	-	-	-	-
Benefits provided	(169)	-	(39)	(37)	(497)	(37)	(779)
Revaluations (*)	(667)	-	(432)	(148)	-	(77)	(1,324)
Other changes	-	-	-	-	-	-	-
Current value of the obligation at 30/06/2022	2,637	(0)	1,147	527	241	411	4,964
of which							
current portion	174	-	61	26	241	44	546
non-current portion	2,463	(0)	1,086	501	-	368	4,418

The following components mainly fall into the category of defined benefit plans:

- severance indemnity (TFR) recognised in compliance with the provisions of current legislation. The value of the liabilities in question amounted to Euro 2,637 thousand at 30 June 2022 (Euro 3,452 thousand at 31 December 2021);
- the company loyalty bonus to be paid to employees, determined on the basis of the achievement of a certain length of service, equal to Euro 1,147 thousand at 30 June 2022 (Euro 1,566 at 31 December 2021);
- the energy discount fund allocated against the agreement entered into on 6 May 2019 to overcome electricity tariff concessions for former employees and which provides former employees who have so requested with a payment of an annual lump sum of Euro 360 fixed until the age of sixty-five. The liability accrued amounted to Euro 527 thousand (Euro 709 thousand at 31 December 2021).
- The provision for employee bonuses is equal to the amounts set aside for incentives to be paid to department heads and executives upon achievement of specific objectives (according to the corporate MBO plan) in the amount of Euro 241 thousand;
- other employee benefits totalled Euro 411 thousand at 30 June 2022 (Euro 517 thousand at 31 December 2021) and are represented by: (i) additional allowance for FOPEN contributions recognised to employees who have chosen this option as part of the agreement entered into in May 2019 to overcome the concessions on energy tariffs and who are entitled to the payment of a fixed amount to the supplementary pension fund or in coupons up to the age of 65 regardless of the age at which they will cease service; (ii) additional monthly payments due to eligible employees based on the requirements set forth in the CCNL (the "IMA") by the July 2001 agreement.

For the purpose of defining the amount of the current value of the obligations, an estimate was made of the future provisions which, on the basis of development assumptions related to both the numerical development of the community and the salary development, will be provided to each employee in the case of continuation of work, retirement, death, resignation or request for anticipation.

The only exception is the provision for employee bonuses, which, in view of its nature as a short-term benefit (bonuses are paid in the following year), has not been discounted. Since these premiums have a prevalent valuation component in their determination, they have been recorded under provisions and not under payables.

The main economic and financial assumptions adopted for the calculations are as follows:

Euro thousands	H1 2022	2021
Discount rate	3.20%	1.00%
Annual inflation rate	2.00%	1.75%
Annual salary increase rate	2.60%	2.60%
Annual TFR advance frequencies	3.00%	3.00%

The change in the real discount rate (given by the combination of the discount rate and inflation) is the main cause of the decrease in liabilities. 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		Change in liabilities	
	when the rate changes -0.50%	One year cost	when the rate changes 0.50%	One year cost
Employee severance indemnity (TFR)	129	9	(122)	9
Early retirement (isopensione)	-	-	-	-
Loyalty bonus	79	94	(72)	82
Other employee benefits	43	15	(40)	15

29. Provisions for risks and charges

At 30 June 2022, provisions for risks and charges amounted to Euro 34,354 thousand (Euro 34,652 thousand at 31 December 2021). The breakdown of the provisions is shown in the following table:

Euro thousands	Provision for disputes	Provisions for charges	Provision for excise duty dispute	Provision for additional excise duty dispute	Other provisions	Book value
Value at 31.12.2021	2,917	18,285	3,420	10,031	34,652	29,061
(Uses)	(17)	(86)	(17)	(10)	(130)	(4,697)
(Releases)	-	(105)	-	(863)	(968)	(975)
Allocations	-	344	-	-	344	11,663
Other changes	-	455	-	-	455	-
Value at 30.06.2022	2,900	18,894	3,403	9,158	34,354	(401)
of which						34,652
current portion	221	-	-	-	221	
non-current portion	2,679	18,894	3,403	9,158	34,133	221
non-current portion	2,712	18,237	3,420	10,031	32	34,431

- Provision for self-producer excise duty dispute:** the provision amounts to Euro 3,403 thousand. The change recorded relates to its use to cover legal expenses for the period. For a description of its origin, please refer to the financial statements at 31 December 2021.



- **Provision for additional excise duty dispute:** the provision amounts to Euro 9,158 thousand. The change recorded is linked to its utilisation to cover legal expenses for the period as well as its reversal to income for Euro 863 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. For a description of its origin, please refer to the financial statements at 31 December 2021.
- **Provisions for disputes:** provisions for disputes amounted to Euro 2,900 thousand (Euro 2,917 thousand at 31 December 2021). No new provisions were recognised. The number of existing ones and their changes are summarised in the following table:

PROVISION FOR DISPUTES	31/12/2021	Allocations	Uses	Releases	Other changes	30/06/2022
Leased cabins litigation	757	-	(17)	-	-	740
ARERA sanction proceedings provision	1,404	-	-	-	-	1,404
Sundry excise duty dispute	459	-	-	-	-	459
Distribution line interference provision	183	-	-	-	-	183
Provision for regulatory risks, disputes, customers and traders - distribution activities	100	-	-	-	-	100
Provision for civil case with subcontractor employee	14	-	-	-	-	14
TOTAL	2,917	-	(17)	-	-	2,900

For a description of their origin, please refer to the financial statements at 31 December 2021.

- **Provision for charges:** provisions for charges amounted to Euro 18,894 thousand (Euro 18,285 thousand at 31 December 2021). No new provisions were recognised. The number of existing ones and their changes are summarised in the following table:

PROVISIONS FOR CHARGES	31/12/2021	Allocations	Uses	Releases	Other changes	30/06/2022
Construction of drainage trench	65	-	-	-	-	65
Fees for exceeding nominal powers concessions	130	-	-	(105)	-	25
Plant dismantling	5,490	37	-	-	455	5,982
Maintenance staff bonuses	219	134	(44)	-	-	309
Data network fees	19	-	-	-	-	19
Imbalance charges	11,204	-	-	-	-	11,204
Aosta lighting plant remediation	105	-	-	-	-	105
Province of Foggia compensation indemnities	653	173	-	-	-	826
Securing of property and land	353	-	(38)	-	-	315
Insurance deductibles	48	-	(4)	-	-	44
TOTAL	18,285	344	(86)	(105)	455	18,894

For a description of their origin, please refer to the financial statements at 31 December 2021.

It should be noted that the change recorded in the dismantling provisions and reported under "other changes" corresponds to the adjustment of the liability for changes in the inflation and discount rates. This change had no economic effect, but resulted in a change in the property, plant and equipment to which these provisions refer.

30. Current and non-current financial liabilities

Non-current financial liabilities amounted to Euro 198,210 thousand at 30 June 2022 (Euro 215,642 thousand at 31 December 2021), and consisted mainly of the long-term portion of bank loans held by the Group (valued at amortised cost); the long-term share of bonds; liabilities entered in respect of rights of use in accordance with IFRS 16 (as described in note 13) and of the financial liabilities still outstanding for the acquisition of area rights on the land where the Valenza photovoltaic plant and the Tarifa wind power plant are located.

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	2022	2021
NON-CURRENT FINANCIAL LIABILITIES	198,210	215,642
Bank loans	138,453	155,954
Financial liabilities for leasing	7,862	7,903
Bonds	49,647	49,557
Other financial payables	2,249	2,228

Other current financial liabilities, amounting to Euro 647,584 thousand at 30 June 2022 (Euro 252,279 thousand at 31 December 2021), have a similar composition, including the short-term portion of the same items. These are joined by:

- new short-term bank loan contracts with various credit institutions;
- payables to shareholders for dividends approved but not yet paid out (under "Other financial payables") for Euro 61,597 thousand, of which Euro 60,000 thousand approved by CVA to the parent company Finaosta and Euro 1,597 thousand by VALDIGNE to the shareholder Municipality of Pré-Saint-Didier. The "other financial payables" include the DEVAL payables for factoring operations carried out to obtain liquidity (at 30 June 2022 the payables amounted to Euro 1,108 thousand);
- payables to the parent company were paid off arising from the short-term loan obtained through a trade credit policy from FINAOSTA.

In general, short-term financial liabilities have increased sharply to raise the cash needed to cope with the ongoing turmoil in energy markets and guarantee "margin calls" in the energy futures markets. This increase in sources is substantially matched by the increase in assets for security deposits.

Amounts in Euro thousands	2022	2021
CURRENT FINANCIAL LIABILITIES	647,584	252,279
Bank loans	583,584	233,430
Financial liabilities for leasing	733	813
Bonds	337	60
Loan from parent company	-	15,001
Other financial payables	62,929	2,975



The changes in loans payable for the year are shown below, with a breakdown between monetary and non-monetary changes:

Group Companies	Counterparty	31/12/2021	Monetary net change	Non-monetary net change	30/06/2022
CVA S.p.A. a.s.u.	Intesa Sanpaolo	26,962	(8,980)	6	17,988
CVA S.p.A. a.s.u.	Intesa Sanpaolo	100,000	-	-	100,000
CVA S.p.A. a.s.u.	Intesa Sanpaolo	48,000	150,000	-	198,000
CVA S.p.A. a.s.u.	BNL	68,825	-	210	69,035
CVA S.p.A. a.s.u.	Mediobanca	30,000	-	-	30,000
CVA S.p.A. a.s.u.	Mediobanca	50,000	50,020	-	100,020
CVA S.p.A. a.s.u.	EIB	54,972	(5,506)	29	49,495
CVA S.p.A. a.s.u.	Bond 2021/2028	49,617	-	367	49,984
CVA S.p.A. a.s.u.	Finaosta S.p.A.	15,001	(15,001)	-	-
CVA S.p.A. a.s.u.	Unicredit	-	50,000	86	50,086
CVA S.p.A. a.s.u.	BNL	-	100,000	10	100,010
Valdigne Energie S.r.l. a.s.u.	Intesa Sanpaolo	6,814	(2,273)	2	4,543
Deval S.p.A a s.u.	Cariparma	3,810	(951)	2	2,861
TOTAL		454,001	317,309	712	772,022

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 30 June 2022

Amounts in Euro thousands		Year 2022 - Reference to June				
		1 year	1-2 years	2-5 years	> 5 years	Total
Loans payable (bank, from parent company and bonds)	Capital flows	583,444	11,958	127,500	50,000	772,902
	Interest flows	2,184	1,698	3,319	1,119	8,320

31. Other non-current liabilities

The item "other non-current liabilities" amounted to Euro 22,743 thousand at 30 June 2022 (Euro 22,637 thousand at 31 December 2021) and mainly consists of the portion beyond 12 months of deferred income recorded against contributions received from customers, third parties and local authorities for distribution plant-related activities. The application of IFRS 15 involves the deferment of contributions received from customers on the basis of the nature of the obligation resulting from the contract with customers, with the recognition of the related deferred liability, released on the basis of the useful life of the asset to which the contribution refers.

The item "Other non-current liabilities" also includes deferred income in respect of capital grants of Euro 1,520 thousand, the largest of which relates to the Lamacarvotta wind farm, for Euro 1,141 thousand at 30 June 2022, 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	2022	2021
TRADE PAYABLES	102,203	73,107
Payables to suppliers	101,739	70,036
Trade payables	464	3,071

Payables to suppliers

These are trade payables to suppliers, related:

- for Euro 75,379 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 5,879 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 37,825 thousand at 30 June 2022 (Euro 20,611 thousand at 31 December 2021) mainly refer to estimated payables for current taxes accrued during the half-year (Euro 31,702 thousand for IRES and Euro 2,703 thousand for IRAP) and payables for substitute tax on the realignment of goodwill (Euro 3,420 thousand). Other tax payables, on the other hand, amounted to Euro 24,481 thousand (Euro 4,587 thousand as of 31 December 2021) and increased considerably due to the liability for the extraordinary contribution on extra-profit pursuant to Art. 37 DL 21/2022 (Euro 17,272 thousand).

34. Other current liabilities

At 30 June 2022, other current liabilities amounted to Euro 29,652 thousand (Euro 21,091 thousand at 31 December 2021) and are mainly related to the following categories:

Amounts in Euro thousands	2022	2021
OTHER CURRENT LIABILITIES	29,652	21,091
Payables to C.S.E.A.	4,747	3,220
Deferred liabilities	2,659	2,450
Payables to employees	5,299	3,311
Payables for security deposits	1,550	1,598
Payables to INPS and other social security institutions	3,657	2,710
Advances from customers	4,986	5,375
Fees and supra-fees	2,862	-
Other current liabilities	3,891	2,427



A description of the main components is given below:

- advances from customers, amounting to Euro 4,986 thousand (they were Euro 5,375 thousand at 31 December 2021) include:
 - advances invoiced to customers on energy efficiency work in buildings (Euro 2,806 thousand);
 - 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 5,299 thousand at 30 June 2022 (Euro 3,311 thousand at 31 December 2021), mainly relating to expenses for holidays and leave accrued by Group employees, and not taken at the reporting date;
- payables to the "Energy and Environmental Services Fund", relating to the payable deriving from the application of the equalisation mechanisms on sales to end customers in Greater Protection, by CVA ENERGIE, equal to Euro 3,112 thousand at 30 June 2022 (Euro 49 thousand at 31 December 2021), as well as the payables of DEVAL to CSEA for the payment of components A and UC charged to customers, and to be transferred to CSEA (Euro 1,635 thousand at 30 June 2022 and Euro 3,171 thousand at 31 December 2021);
- payables to INPS and other social security institutions, equal to Euro 3,657 thousand at 30 June 2022 (Euro 2,710 thousand at 31 December 2021), such as INPS, INAIL and other supplementary pension funds;
- deferred liabilities, mainly comprising deferrals on contributions received from customers, third parties and local authorities for plant-related activities are also recorded in accordance with IFRS 15 as described for non-current deferrals. This item also includes prepaid expenses for grants in the nature of capital contributions received by the Group;
- payables for security deposits and guarantees collected, equal to Euro 1,550 thousand at 30 June 2022 (Euro 1,598 thousand at 31 December 2021), deriving from the security deposits paid by customers at the time of activation of the user to guarantee the correct fulfilment of the obligations assumed;
- other current liabilities, which mainly comprise the payables for environmental compensation indemnities due on the production of the wind farms (Euro 939 thousand), the payable to the GSE for the extraordinary contribution pursuant to Art. 15-bis of DL 04/22, amounting to Euro 1,026 thousand (contribution on higher profit obtained from the sale of electricity from renewable sources, as described in Note 5) and payables for the repayment of the RAI licence fee invoiced in the bill by CVA ENERGIE (Euro 934 thousand).

35. Categories of financial instruments

The following table shows the values of the financial statements at 30 June 2022 of financial assets and liabilities, broken down into the categories of financial instruments defined by IFRS 9:

Financial assets

Amounts in Euro thousands	2022	2021
Financial assets measured at fair value	309,620	100,894
Assets for financial derivatives in hedge accounting	95,242	18,856
Assets for financial derivatives not in hedge accounting	214,378	82,038
Loans and receivables	7,316	7,622
Securities	682	675
Loans receivables from associates	6,634	6,947
Financial assets held to maturity	-	-
Financial assets available for sale	87,236	86,784
Securities	-	-
Insurance policies	87,236	86,784

Financial liabilities

Amounts in Euro thousands	2022	2021
Financial liabilities measured at fair value	614,950	168,290
Liabilities for financial derivatives in hedge accounting	365,501	99,056
Liabilities for financial derivatives not in hedge accounting	249,449	69,234
Financial liabilities measured at amortised cost	772,021	454,001

36. Fair value of financial instruments

The following table illustrates, for financial instruments recorded in the balance sheet, the fair value valuation at the end of the reference period and the related level in the fair value hierarchy previously shown, comparing it with the value recorded in the financial statements:

Fair value hierarchy at 30 June 2022

Amounts in Euro thousands	Book value	2022			
		Total	Level 1	Level 2	Level 3
Financial assets	404,173	404,708	269,002	135,706	-
Loans receivable from associates and parent companies	7,316	7,852	-	7,852	-
Capitalisation insurance policies	87,236	87,236	-	87,236	-
Assets for financial derivatives	309,620	309,620	269,002	40,618	-
Certificates of deposit and repurchase agreements	50,049	50,049	-	50,049	-

Amounts in Euro thousands	Book value	2022			
		Total	Level 1	Level 2	Level 3
Financial liabilities	1,386,971	1,239,457	614,884	624,574	-
Bank loans and bonds	772,021	624,508	-	624,508	-
Liabilities for financial derivatives	614,950	614,950	614,884	66	-



Fair value hierarchy at 31 December 2021

2021					
Amounts in Euro thousands	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets	245,349	246,714	96,613	150,101	-
Loans receivable from associates and parent companies	7,622	8,987	-	8,987	-
Capitalisation 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	-

2021					
Amounts in Euro thousands	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial liabilities	622,291	632,121	163,611	468,510	-
Bank loans and bonds	454,001	463,831	-	463,831	-
Liabilities for financial derivatives	168,290	168,290	163,611	4,679	-

In general, the fair value of derivatives traded on regulated markets (such as future commodities) is determined using the official prices for financial instruments (Level 1). For financial instruments not listed on regulated markets, on the other hand, the relative fair value is determined using appropriate valuation models for each category, using the market data available at the reporting date and discounting expected cash flows based on the interest rate curves (Level 2 input data). With reference to cash and cash equivalents and other short-term financial assets or liabilities, the nominal value recognised in the financial statements represents a reasonable approximation of the relative fair value.

Other information

Transactions with related parties

With regard to the identification of the economic and financial 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 other related parties in June 2022: For income statement items, the comparison period is June 2021; for balance sheet items it is December 2021.

Receivables from related parties

Amounts in Euro thousands	June 2022				December 2021			
	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)	Financial receivables	Trade receivables	Other receivables	Rights of Use (IFRS 16)
Company								
Finaosta S.p.A.	-	13	-	-	-	-	11	-
Associated Companies	7,316	-	-	-	7,622	1	-	-
Téléchauffage Aoste S.r.l.	7,316	-	-	-	7,622	1	-	-
Other companies	-	18	-	-	-	53	-	-
Finaosta Group Companies	-	354	403	-	-	1,428	413	-
Funivie Piccolo San Bernardo S.p.A.	-	14	83	-	-	260	85	-
Monterosa S.p.A.	-	49	-	-	-	316	-	-
Pila S.p.A.	-	52	83	-	-	340	85	-
Courmayeur Mont Blanc Funivie S.p.A.	-	15	79	-	-	167	81	-
Cervino S.p.A.	-	136	150	-	-	258	154	-
FUNIVIE MONTE BIANCO S.P.A.	-	26	8	-	-	38	8	-
ISECO S.P.A.	-	13	-	-	-	19	-	-
STRUTTURA VALLE D'AOSTA S.R.L.	-	24	-	-	-	20	-	-
AUTOPORTO VALLE D'AOSTA S.P.A.	-	12	-	-	-	10	-	-
PROGETTO FORMAZIONE S.C.R.L.	-	1	-	-	-	-	-	-
Other Finaosta Group companies	-	12	-	-	-	-	-	-
Valle d'Aosta Region and its investees	-	460	9,816	2	-	578	575	3
Valle d'Aosta Region	-	289	9,795	2	-	328	575	3
Council of the Valle d'Aosta Region	-	26	-	-	-	-	-	-
Casinò de la Vallée	-	94	-	-	-	165	-	-
AEROPORTO VALLE D'AOSTA S.P.A.	-	33	-	-	-	67	-	-
SITRASB S.P.A.	-	6	-	-	-	10	-	-
IN.VA S.P.A.	-	12	20	-	-	8	-	-
VALECO S.P.A.	-	-	-	-	-	-	-	-
Other companies controlled by the Valle d'Aosta Region	-	-	1	-	-	-	-	-
Directors, Executives with strategic responsibilities and Statutory Auditors	-	3	-	-	-	-	3	-
Other related parties	-	36	-	-	-	1	-	-
TOTAL	7,316	884	10,219	2	7,622	2,072	991	3



Payables to related parties

Amounts in Euro thousands						
Company	June 2022			December 2021		
	Trade payables	Financial payables and IFRS 16	Other payables	Trade payables	Financial payables and IFRS 16	Other payables
Finaosta S.p.A.	-	60,001	-	-	15,001	-
Associated Companies	-	-	-	7	-	-
Other companies	-	-	-	-	-	-
Finaosta Group Companies	-	-	-	3	-	-
Progetto Formazione S.c.r.l.	-	-	-	2	-	-
Autoporto VALLE D'AOSTA S.P.A.	-	-	-	1	-	-
Valle d'Aosta Region and its investees	-	1	2	40	3	-
Valle d'Aosta Region	-	1	-	-	3	-
Council of the Valle d'Aosta Region	-	-	2	-	-	-
Valeco S.p.A.	-	-	-	40	-	-
Directors, Executives with strategic responsibilities and Statutory Auditors	-	-	326	-	-	96
TOTAL	-	60,002	328	50	15,004	96

Revenues and other income with related parties

Amounts in Euro thousands						
Company	June 2022			June 2021		
	Revenues from sales and services	Other revenues and income	Financial income	Revenues from sales and services	Other revenues and income	Financial income
Finaosta S.p.A.	33	-	-	50	-	-
Associated Companies	3	-	124	3	-	134
Téléchauffage Aoste S.r.l.	3	-	124	3	-	134
Other companies	119	-	-	54	-	-
Finaosta Group Companies	3,033	176	-	2,465	119	-
Cervino S.p.A.	687	95	-	401	52	-
Monterosa S.p.A.	819	81	-	574	67	-
Funivie Piccolo San Bernardo S.p.A.	346	-	-	264	-	-
Pila S.p.A.	391	-	-	295	-	-
Courmayeur Mont Blanc Funivie S.p.A.	334	-	-	430	-	-
Funivie Monte Bianco S.p.A.	164	-	-	172	-	-
STRUTTURA VALLE D'AOSTA S.R.L.	143	-	-	115	-	-
ISECO S.p.A.	92	-	-	140	-	-
AUTOPORTO VALLE D'AOSTA S.p.A.	47	-	-	67	-	-
Other Finaosta Group companies	10	-	-	7	-	-
Valle d'Aosta Region and its investees	1,325	161	-	967	149	-
Valle d'Aosta Region	997	13	-	889	-	-
Council of the Valle d'Aosta Region	-	148	-	-	149	-
Casino de la Vallée	217	-	-	77	-	-
SITRASB S.p.A.	44	-	-	93	-	-
IN.VA S.P.A.	67	-	-	58	-	-
Other companies controlled by the Valle d'Aosta Region	-	-	-	4	-	-
Other related parties	120	-	-	34	-	-
Directors, Executives with strategic responsibilities and Statutory Auditors	9	7	-	4	5	-
TOTAL	4,642	344	124	3,577	273	134



Costs and other expenses with related parties

Company	June 2022			June 2021		
	Operating costs	Amortisation, depreciation and interest	Financial expenses	Operating costs	Amortisation, depreciation and interest	Financial expenses
		IFRS 16			IFRS 16	
Finaosta S.p.A.	-	-	37	-	-	-
Associated Companies	-	-	-	-	-	-
Other companies	-	-	-	-	-	-
Finaosta Group Companies	-	-	-	-	-	-
Valle d'Aosta Region and its investees	9,094	1	-	8,958	1	-
Valle d'Aosta Region	9,074	1	-	8,938	1	-
Regional Council	-	-	-	-	-	-
IN.VA S.P.A.	20	-	-	20	-	-
VALECO S.P.A.	-	-	-	-	-	-
Other companies controlled by the Valle d'Aosta Region	-	-	-	1	-	-
Directors, Executives with strategic responsibilities and Statutory Auditors	528	-	-	379	-	-
TOTAL	9,622	1	37	9,337	1	-

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 June 2022 at an interest rate of 0.50%. Interest of Euro 37 thousand accrued during the period.

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 and its subsidiaries, and of FINAOSTA. The relations with these parties are mainly of a commercial nature, related to the supply of electricity, as well as compensation for the services performed by the directors, by the executives with strategic responsibilities and auditors with respect to CVA. In the specific case of the Region, the main economic relationship arises from the economic relationship between the concessionaire and the granter with regard to hydroelectric concessions. The fees due to the Region for the exploitation of water for hydroelectric purposes are, in fact, of paramount importance with their value of Euro 9,306 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.

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:

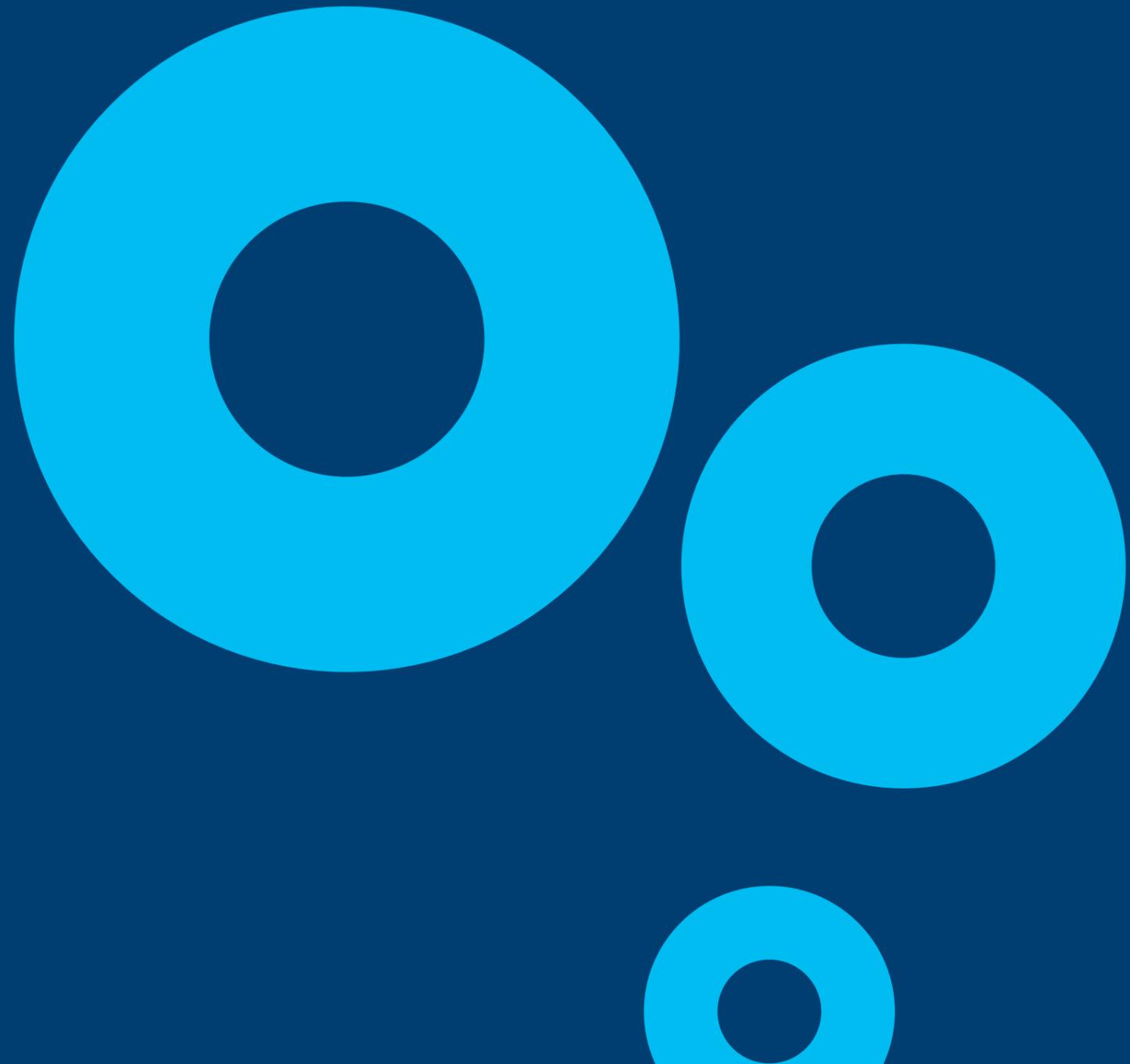
- the Parent Company has issued personal sureties for the benefit of suppliers to guarantee the correct fulfilment of all the contractual obligations of the subsidiaries, for a total amount of Euro 118,426 thousand at 30 June 2022 (Euro 73,446 thousand at 31 December 2021). More specifically, at 30 June 2022, the main ones refer to personal guarantees issued for:
 - CVA ENERGIE for Euro 109,338 thousand;
 - DEVAL, as distributor of the Group, for Euro 3,984 thousand;
 - VALDIGNE for Euro 4,889 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 725 thousand (Euro 2,112 at 31 December 2021);
- there were Euro 42,320 thousand (Euro 56,147 at 31 December 2021) for sureties issued by leading banking and insurance institutions to guarantee the correct fulfilment of all contractual obligations to suppliers and all tax obligations of Group companies.

Chief Executive Officer
Giuseppe Argirò



Chairman
Marco Cantamessa





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

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