FALCK RENEWABLES SpA

Financial report at 31 December 2021

Board of Directors

Milan, 10 March 2022

FALCK RENEWABLES SpA
Share capital € 291,413,891 fully paid in
Registered and fiscal address
20121 Milan – Corso Venezia, 16
Milan Economic and Administrative
Index no. 1675378
Milan Trade Register 03457730962
VAT and tax code 03457730962

The English version is a courtesy translation. The original Italian document is the authoritative version and in case of any discrepancies between the Italian and the English version, the Italian version shall always prevail.

Summary

0. Letter from the Chairman and CEO to shareholders and stakeholders

The year that has just ended represented an important turning point for our Group, despite the continuation of the global pandemic and an increasingly complex international situation characterized by geopolitical factors that have repeatedly shaken the markets, particularly in the second half of the year. The sale of Falck S.p.A.'s shares to a new majority shareholder, the Infrastructure Investment Fund, is the recognition of the great results we have achieved and the value we have created, as well as validation of our strategic approach. The sale highlights all the more our contribution to the success of the energy transition and move to decarbonization as the handover of the Group's reins will bring greater focus on development and growth while continuing to share benefits with all our stakeholders.

2021 has been a record year with Capex reaching €204.8 million - an increase of 9% compared to €188 million in 2020 (the 2021 number includes change in scope). The increase in the number of plants we have in operation brought the Group's total production to 2,813 GWh (+3.8% compared to 2,712 in 2020). Adjusted Ebitda stood at €207.6 million, up from €195.8 million in 2020.

The strong emphasis on development activities led to a marked increase in projects compared to the previous year and resulted in a record pipeline of projects owned by Falck Renewables or developed jointly with JV partners reaching 12.5 GW at the end of January 2022 (2.8 GW at 31 December 2020), of which 59 MW is under construction, 1.4 GW in advanced development and 11 GW in mid-early stage, plus approximately 8 GW of additional projects in the scouting phase. In 2021, we began developing new floating offshore wind projects in Italy and the UK, setting up important new partnerships. Our current offshore pipeline amounts to 7,3 GW. These projects are of great importance for the areas and countries involved and aim to make them increasingly independent from external energy supplies. From the outset, we have consulted local communities on our project proposals with a view to sharing the future benefits these projects will bring with them. In terms of our geographical approach, last year saw a major expansion of activities in countries where we already operate, with the addition of Finland, where we acquired two ready-to-build wind farms. We also started developing new projects in Mexico.

During 2021, we signed additional Power Purchase Agreements (PPAs) with prestigious industrial groups and important electricity suppliers, testifying to the quality of our services and our relationships with a wide range of players in the energy sector. 2021 was characterized by the sharp rise in gas and electricity prices – which are expected to remain high in 2022. This was largely unexpected at the end of 2020 and the beginning of 2021 due to the macroeconomic consequences of the Covid-19 pandemic, and only partially reflected in the Group's results, especially after the non-speculative hedging strategy adopted by the Group to stabilize and make cash generation more predictable, with a view to protecting all the Group's stakeholders.

In terms of our adjusted net financial debt, we recorded an increase to 1.014 million euros (compared to 728.7 million euros as of 31 December 2020), substantially impacted by derivatives related to the energy price hedging strategy implemented during 2021. Without this, the Group's financial position would be 988.8 million euros compared to 705.5 million euros in 2020. This is testament to the soundness and predictability of the cash flow generated by our core business as well as the availability of the credit lines that will see an increase in financial capacity to support our project development program, thanks to the successful outcome of the transaction with the Infrastructure Investment Fund.

Our journey towards a deeper integration of ESG issues within the Group's operational processes continues, with an increased focus in the Non-Financial Statements and the Sustainability Report on the results achieved and initiatives underway. By consistently gathering this information, we have been able to increase our rankings with leading rating agencies, resulting in increased visibility for our ESG commitments. This approach has also led to recognition from leading financial institutions specializing in ESG and our first place in the Top 100 - ESG Sustainability Award 2021. The relevance of the ESG message for our Group, is underlined by our growing presence in the main ESG indices, including the MIB® ESG index launched by Euronext and Borsa Italiana, the first ESG index dedicated to Italian blue-chips, and our inclusion for the second year in the Bloomberg Gender Equality Index.

Our strong commitment to sustainability has enabled us to achieve concrete and tangible results, such as the distribution of €174.8 million (€170.2 million in 2020) in value added, of which €5.2 million (€3.1 million in

2020) benefitted the communities living in the areas in which we operate. 2021 was also the year of our first ever lending crowdfunding campaign to support the financing of our agrivoltaic plant in Scicli, Sicily. The initiative won the "Local community" category of the UnipolSai "L'Italia che verrà" awards, which rewards Italian companies working to design and build the country's sustainable future.
We increased the total number of our plants with a significant community engagement program, with new community benefit schemes implemented in Norway (at Okla) and in Sweden (Brattmyrliden). Thanks to our wind and solar generation, we have avoided the emission into the atmosphere of approximately 537,071 tons of CO_2 equivalent. This is a slight decrease from the 569,800 tons of CO_2 in 2020, due to the use of updated emission factors which take into account the progressive decarbonization of the countries in which we operate.
We have completed an initial and significant cycle of growth that has seen, among other things, the progressive strengthening of relations with all our key stakeholders, achieving significant value creation in the medium term. The years to come will be challenging as we make more progress towards the growth we want to achieve and for which we have laid the foundations over the past few years with our integrated business model which will continue to change in response to future developments.

To achieve this, it will be essential going forward, as it has been in recent years, to count on the great abilities and professionalism of all our colleagues, who are the key to achieving significant results over the next few years. As we embark on the next stage of the Falck Renewables' journey we thank them for their huge contribution to our achievements so far and also pay tribute to the work of outgoing Chairman Enrico Falck, who has done so much to make the company all it is today. We look forward to building on that success into the future.

1. Notice of Shareholders’ Meeting

FALCK RENEWABLES S.P.A.
With registered offices in Milano, Corso Venezia 16
Fully paid up share capital: € 325,968,319.00
Milano Monza Brianza Lodi Companies Register, Tax and VAT Code 03457730962
Website: www.falckrenewables.com

CALL NOTICE
ORDINARY SHAREHOLDERS’ MEETING

Shareholders eligible to vote are invited at the Ordinary Shareholders’ Meeting convened on **28 April 2022** at **11:00 a.m.**, on single call, at Company’s offices in Milan (Italy), Corso Venezia 16, to discuss and resolve upon the following

AGENDA

1. Annual financial Report at 31 December 2021: approval of the Financial Statements at 31 December 2021, together with the Board of Directors’ Report on Operations, the Statutory Auditors’ Report and the Legal Auditing Firms’ Report: related and consequent resolutions. Presentation of the Consolidated Financial Statements at 31 December 2021.

2. Composition of the Board of Directors and other resolutions regarding the directors:
   2.1 appointment, pursuant to Article 2386, first paragraph, of the Italian Civil Code and Article 17 of the Company’s Articles of Association, of 4 Directors. Related and consequent resolutions
   2.2 authorization of the work activities carried out, and of the offices held, by the Directors in companies outside the group. Related and consequent resolutions.

3. Annual report on the remuneration policy and compensation paid:
   3.1 approval of the “2022 Remuneration Policy” contained in Section I, pursuant to Article 123-*ter*, paragraph 3-*bis*, of Legislative Decree no.58/98;
   3.2 consultative vote on the “compensation paid in 2021” indicated in Section II, pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree no.58/98.

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*The Company has decided to make use of the option established by Article 106 of Decree Law no. 18 of 17 March 2020, setting out "Measures to strengthen the National Health Service and economic support for families, workers and companies connected with the epidemiological emergency by COVID-19" converted into law with amendments by no. 27 of 24 April 2020 (the “**Decree**”) – as extended by effect of Article 3 of Decree Law No. 228 of 30 December 2021 converted into law with amendments by no. 15 of 25 February 2022 - to provide that shareholders' participation in the Shareholders' Meeting shall be **exclusively through the designated representative** pursuant to Article 135-undecies of Legislative Decree no. 58/98, i.e. through Società per Amministrazioni Fiduciarie Spafid S.p.A, with registered office in Milan, ("**Designated Representative**" or "**Spafid**"), without physical participation by shareholders.*

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1 Notice of Shareholders' Meeting

Share Capital and shares with voting rights (art. 125-*quarter* of Legislative Decree No. 58/98)

To date, the share capital of Falck Renewables S.p.A. (hereinafter the "**Company**") subscribed and fully paid up, amounts to € 325,968,319.00, and is divided into 325,968,319 shares, with no stated nominal value. Each share entitles its owner to one vote. At today's date, the Company owns 609,499 shares with suspended voting rights.

Entitlement to participate and vote at the Shareholders' Meeting

In relation to the intervention and vote from the entitled individuals, we are providing the following information (in compliance with art.125-*bis* of the Legislative Decree 58/98):

- Under art. 83-*sexies* of the Legislative Decree 58/98 the entitlement to intervene and exercise voting rights at Shareholders' Meeting - which may be exercised **exclusively through the Designated Representative -** is evidenced by a notice to be made to the Company by the authorised intermediary, based on the latter's accounting records at the end of the seventh trading day preceding the scheduled date of the Shareholders' Meeting, i.e., **April 19, 2022** *(record date)*. Any persons that will prove to be shareholders of the Company following such date, shall not be entitled to intervene and vote at the Shareholders' Meeting. The intermediary's notice must reach the Company by the end of the third trading day preceding the scheduled date of the Shareholders' Meeting, i.e., no later than the **April 25, 2022**. This is without prejudice to the legitimate attendance and voting, if the notice is received by Company after the specified term of **April 19, 2022**, provided that it is received before the start of works of the meeting on single call;
- No voting procedures by correspondence or electronic message are foreseen.

The participation of the directors, statutory auditors, the secretary of the meeting, the representative of the auditing firm and the Designated Representative will take place in compliance with the containment measures provided for by law, including through the use of remote connection systems, in accordance with the provisions in force.

Participation in the Shareholders' Meeting and granting of proxy to the Designated representative

Shareholders wanting to attend the Shareholders' Meeting must, therefore, confer upon the Designated Representative the delegation - with voting instructions - on all or some of the proposed resolutions on the items on the agenda, using the specific delegation form prepared by said Designated Representative in accordance with the Company and available on the Company's website https://www.falckrenewables.com/en/corporate-governance/shareholders-meetings#28-04-2022.

The proxy with voting instructions must be sent, together with a copy of an identity document of the proxy grantor with current validity or, if the proxy grantor is a legal person, the *pro tempore* legal representative or another person with relevant powers, together with suitable documentation to certify its qualification and powers, to the aforesaid Designated Representative, by the end of the second trading day prior to the date of the Shareholders' Meeting (i.e. by 11:59 p.m. on **April 26, 2022**), with the following alternative methods: (i) transmission of a copy reproduced electronically (PDF) to the certified e-mail address assemblee2022@pec.spafid.it (ref. "Proxy AGM Falck Renewables 2022") from one's certified e-mail address (or failing that, from one's ordinary e-mail address, in this case the proxy with the voting instructions must be signed with a qualified electronic or digital signature); (ii) original transmission, by courier ore registered A/R to Spafid S.p.A., Foro Bonaparte n. 10, 20121 Milan (ref. "Proxy AGM Falck Renewables 2022") by anticipating a copy reproduced electronically (PDF) by ordinary e-mail to assemblee2022@pec.spafid.it (ref. "Proxy AGM Falck Renewables 2022").

The proxy, thus conferred, shall be valid only for the proposals in relation to which voting instructions were conferred. The proxy and voting instructions can be revoked by the end of the second trading day prior to the date set for the Shareholders' Meeting (*i.e.* by 11:59 p.m. on **April 26, 2022**) in the above manner.

In accordance with said Decree, the Designated Representative may also be granted proxies and/or sub-delegations pursuant to article 135-*novies* of the Legislative Decree 58/98 as an exception to article 135-*undecies*, paragraph 4 of the Legislative Decree 58/98. For this purpose, the specific proxy/sub-delegation, form available on the website https://www.falckrenewables.com/en/corporate-governance/shareholders-meetings#28-04-2022 must be used.

In order to grant and send proxies/sub-delegations, the procedures set out above form must be followed and also reported on the proxy form. The proxy must be received by and no later than 6:00 p.m. on the day before the date of the Shareholders' Meeting (and in any case no later than the meeting starts). The proxy pursuant to art. 135-*novies* of the Legislative Decree 58/98 and the related voting instructions can always be revoked before said deadline.
Any information relating to the granting of proxies and further methods of sending and notifying such proxies may be requested to the Designated Representative at the e-mail address confidential@spafid.it or by calling (+39) 0280687335 or (+39) 0280687319.

Right to request integrations and to present new proposals of resolutions (art. 126-*bis*, paragraph 1, first sentence, of Legislative Decree No. 58/98)

In compliance with the law, the Shareholders, who individually or jointly account for at least one fortieth of the share capital may request, within ten days of publication of this notice of calling (i.e. within **April 8, 2022**), the integration of the list of items on the Agenda, specifying in the request the additional proposed items, or present proposals of resolutions on items already on the Agenda.
Shareholder for whom the Company has received the notice from an authorised intermediary pursuant to the applicable laws are entitled to request integration of the list of items on the Agenda or present proposals of resolutions.
The requests, together with the certificate attesting entitlement to participate, must be presented in writing and be submitted to the Company via certified e-mail address FKR.societario@legalmail.it or the e-mail address segreteria.societaria@falckrenewables.com.
By the same deadline and in the same manner as per the request of integration of the Agenda, the Shareholders shall submit a report on the motivations of for the proposals of resolutions on the new items for which they require discussion or for the proposal of resolutions presented on items already on the Agenda.
The notice of possible additional items placed on the Agenda or possible presentation of further proposals of resolutions on items already on the Agenda is given by the Company in the same form prescribed for the publication of this notice of calling, at least fifteen days prior to the scheduled date of the Shareholders' Meeting.
Contextually with the publication of such integration notice, the report drawn up by the requesting Shareholders, accompanied by possible observations by the Board of Directors, shall be made available to the public by the Company in the same forms.
Please be reminded that the Agenda cannot be integrated with items on which, in accordance with the law, the Shareholders' Meeting resolves on proposal of the administrative body or on the basis of a project or report prepared by it, other than those specified under Article 125-*ter*, paragraph 1, of Legislative Decree No. 58/98.

Presentation of individual proposals of resolutions (art. 126-*bis*, paragraph 1, penultimate sentence, of Legislative Decree No. 58/98)

Since the participation in the Shareholders' Meeting and the exercise of voting rights shall be exclusively through the Designated Representative, for the purposes of this Shareholders' Meeting, in order to enable those concerned to exercise their right pursuant to Art. 126-*bis*, paragraph 1, penultimate sentence, of Legislative Decree No. 58/98, Shareholders may individually submit proposals of resolutions to the Company on the items on the agenda by **April 12, 2022** so that the Company may proceed with their subsequent publication. Shareholders submitting proposals shall legitimise their right by transmitting to the Company appropriate documentation issued in accordance with the applicable provisions by the intermediary holding the account in which the ordinary shares are registered. The proposals of resolutions and the aforementioned documentation relating to legitimation must be sent to the following certified e-mail address FKR.societario@legalmail.it or to the e-mail address segreteria.societaria@falckrenewables.com. The proposals of resolutions received within the terms and according to the above procedures shall be published on the Company's website by **April 13, 2022**, so that Shareholders eligible to vote may examine them for the purpose of granting proxies and/or sub-delegations, with the related voting instructions, to the Designated Representative. For the purposes of the above, the Company reserves the right to verify the relevance of the proposals with respect to the items on the agenda, their completeness and their compliance with the applicable provisions, as well as the legitimacy of the proposers.

Right to ask questions on items on the Agenda (art. 127-*ter* of Legislative Decree No. 58/98)

The shareholders with voting rights and in relation to whom the Company has received a specific notice with relevant certification evidencing the capacity as shareholder from an authorised intermediary may ask questions on the items on the agenda even before the Shareholders' Meeting, by means of electronic communication to the certified e-mail FKR.societario@legalmail.it or e-mail segreteria.societaria@falckrenewables.com.
The certification is not necessary, if the specific notice necessary for the intervention in the Shareholders' Meeting is received by the Company from the authorised intermediary itself.
Questions must be presented by **April 19, 2022** (the seventh trading day prior to the Shareholders' Meeting). The Company will answer questions received by that deadline, by the second trading day prior to the Shareholders' Meeting (i.e. by **April 26, 2022**), by publishing the answers on the company's website https://www.falckrenewables.com/en/corporate-governance/shareholders-meetings#28-04-2022.

Documentation

The documents regarding the Shareholders' Meeting, as provided for by applicable laws, shall be made available to Shareholders ant on the Company's website https://www.falckrenewables.com/en/corporate-governance/shareholders-meetings#28-04-2022, as well as on the authorised storage system "eMarket STORAGE" (available at www.emarketstorage.com) as follow:

- by March 31, 2022, the Annual Financial Report and the other documents referred to in Article 154-*ter* of Legislative Decree no. 58/98 and therefore the draft Financial Statements and the consolidated financial statements at 31 December 2021, the Report on Operations, the Statutory Auditors' Report and the Legal Auditing Firms' Report, the 2021 Corporate Governance and Ownership Structure Report and;

- by April 7, 2022, the Annual Remuneration Report

- as of today's date the Explanatory Reports drawn up pursuant to Article 125-*ter* of Legislative Decree no. 58/98 on the items on the agenda with related resolution proposals.

Those eligible to vote have the right to obtain copy of the documentation regarding the Shareholders' Meeting.

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The full text of call notice has been published on today's date, on the Company's website and on the authorized storage system "eMarket STORAGE" (available at www.emarketstorage.com), and for extract on the newspaper "MF/Milano Finanza".

Milan, March 29, 2022
The Chairman of the Board of Directors
Olov Mikael Kramer

The official text is the Italian version of the document. Any discrepancies or differences arisen in the translation are not binding and have no legal effect. In case of any dispute on the content of the document, the Italian original shall always prevail.

2. Company officers

Board of Directors

Olov Mikael Kramer (**)	Executive Chairman
John Hoskins Foster (**)	Vice Chairman
Volpe Toni	CEO
Caldera Elisabetta (*)	Director
Dassù Marta (*)	Director
Mark Alan Walters (**)	Director
Giadrossi Nicoletta (*)	Director
Grenon Georgina (*)	Director
Sneha Sinha (**)	Director
Ott Andrew Lee (*)	Director
Pietrogrande Paolo (*)	Director
Stefini Silvia (*)	Director

(*) Independent members for Consolidated Finance Act and self-regulatory purposes
(**) appointed by co-option of the Board of Directors on 24 February 2022 and in office until the next shareholders' Meeting.
The Board of Directors was appointed by the Shareholders' Meeting on 7 May 2020

Board of Statutory Auditors

Righetti Dario	Chairman
Conca Giovanna	Statutory Auditor
Paleologo Oriundi Patrizia	Statutory Auditor
Busetto Domenico	Alternative Auditor
Delfrate Daniela	Alternative Auditor

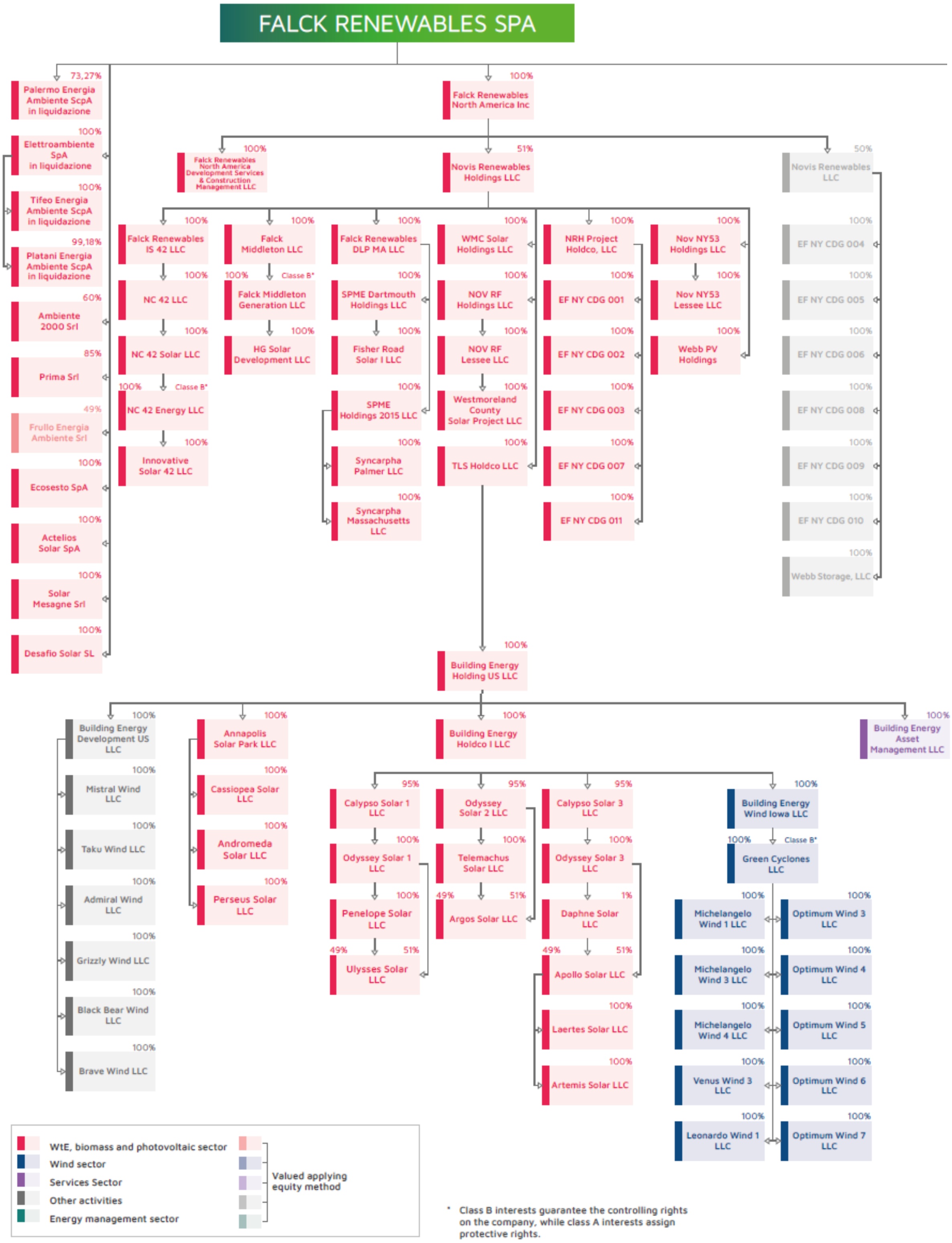
The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 7 May 2020

Independent Auditors

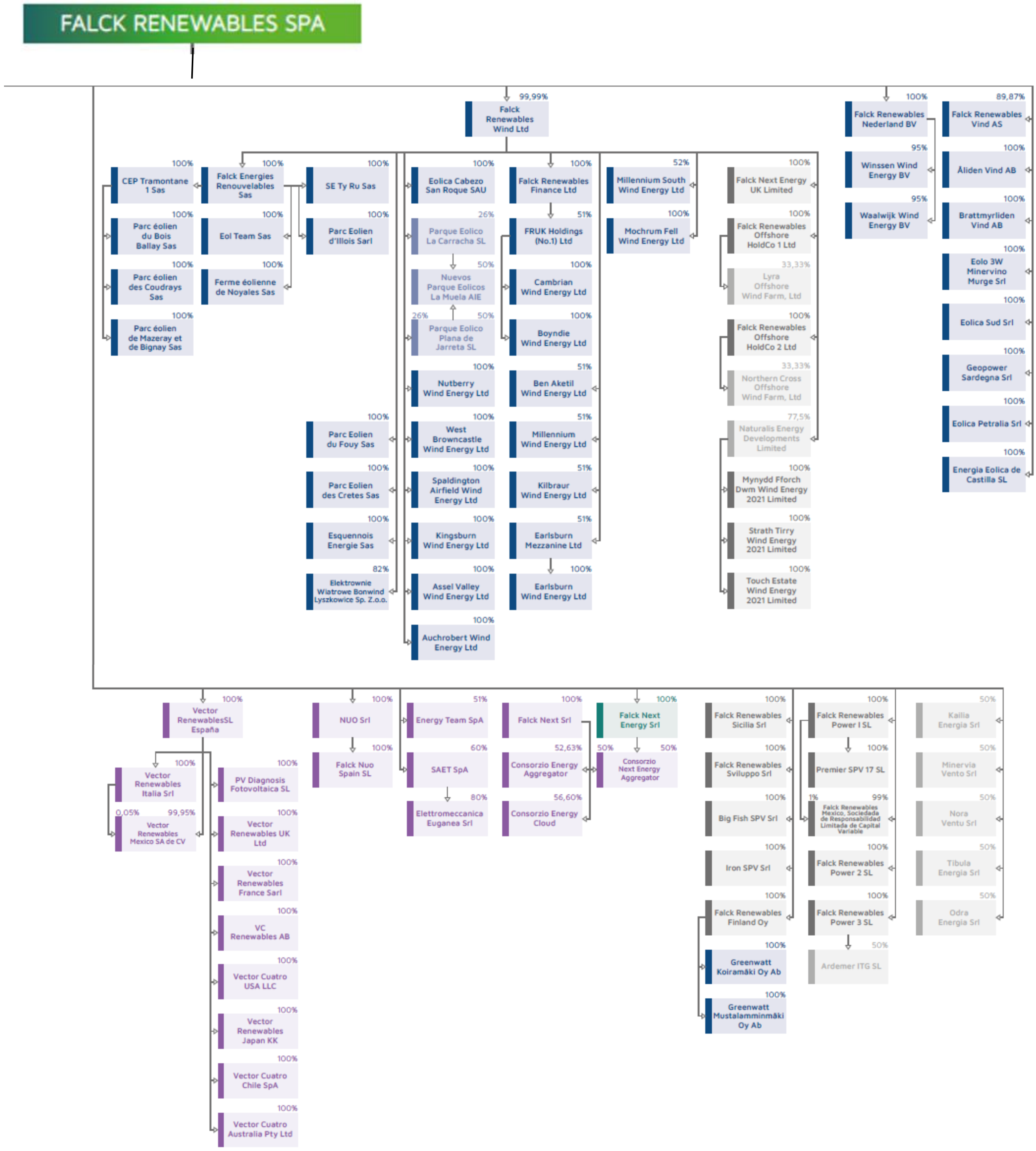
PricewaterhouseCoopers SpA

3. Group presentation

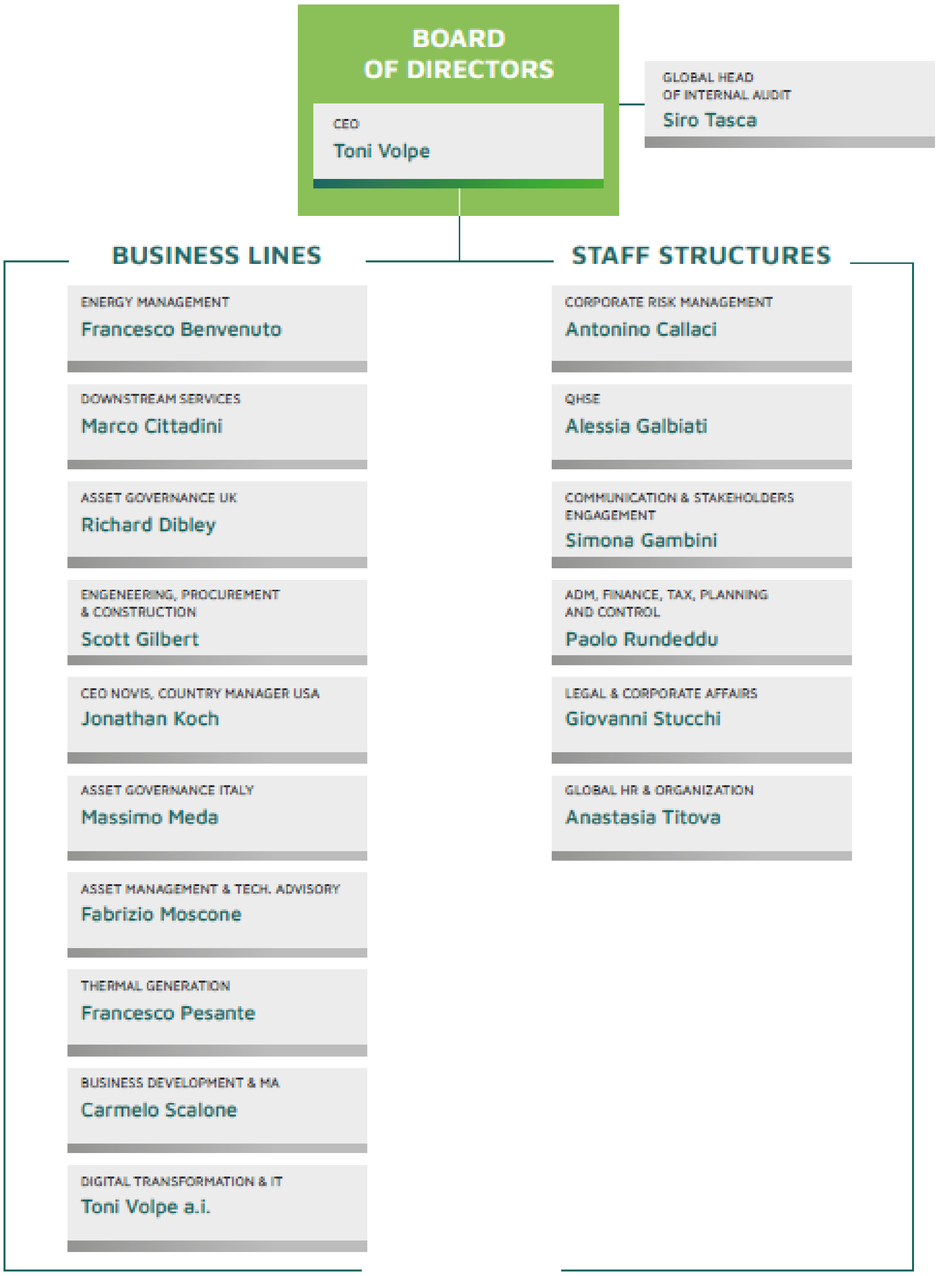
3.1 Group structure



3 Group presentation



3.2 Organisational structure



3.3. Our management

Our management is committed every day to achieving our mission: to create shared and lasting value for all our stakeholders, in full respect of the environment that surrounds us, by generating clean energy and offering services in the management of processes along the entire renewable energy chain.

TONI VOLPE
CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER
Chief Executive Officer and General Manager of Falck Renewables SpA since 2016.
Toni Volpe leads the group in achieving its mission.
Born in Salerno on 3 May 1972, he graduated with honours in Management Engineering from Milan Polytechnic in 1997 and received his MBA from Columbia University School of Business in New York in 2002. He started his career in 1997 at Decathlon Logistics in France and from 1998 to 2004 he worked as an advisor at Bain&Company in Milan. He joined the Enel Group in 2004 covering Corporate Strategy and reporting directly to the group's CEO. He became the Chairman and CEO of Enel Green Power North America in 2005 where he remained for six years. Between 2011 and 2014 he returned to the group's holding with the position of CEO of HR Global Services. He took over the position of Country Manager and CEO of Enel Romania in 2014.
He also joined the Board of WindEurope in 2020.
In December, he won the Green Energy category at the CEO Italian Awards 2021 of Business International (Gruppo Fiera Milano) in collaboration with Forbes Italia.

BUSINESS LINES

FRANCESCO BENVENUTO
HEAD OF ENERGY MANAGEMENT
Francesco has been head of the Energy Management area of Falck Renewables SpA since 2018, he is CEO of Falck Energy Srl and director of Prima Srl and ECOSESTO SpA.
Francesco graduated in Management Engineering and is Chartered Financial Analyst and member of the CFA Institute since 2016.
He worked for Accenture SpA from 2003 to 2006 where he handled advisory projects on energy issues for the main Italian utilities. In 2006 he worked at the Dalmine Energie branch of the Tenaris group, where he dealt with market analysis, investment valuation and P&C. He joined the EDF group in 2008, initially working at Edison Trading in Milan and then for EDF SA in Paris, where he held various positions and later became Head of Pricing and Sourcing of the retail and wholesale portfolio and lastly taking the position of Head of Portfolio Management with responsibility for planning and optimisation of the EDF group's generation park in France.
The strategic activities of his team are of fundamental support for the group's Business Development and Downstream Services activities: revenues modelling, market analysis, optimisation of market assets, negotiation and pricing of PPAs, management portfolio and financial compliance and reporting.

MARCO CITTADINI
GLOBAL HEAD OF ENERGY MANAGEMENT & DOWNSTREAM SERVICES
Global Head of Energy Management & Downstream Services since 2016. Marco Cittadini and his team are mainly responsible for monitoring energy markets and the regulatory environment; managing energy contracts, dispatching, hedging, trading and risk management activities for both the group and its customers; developing and investing in energy efficiency, distributed generation and storage solutions for energy consumers; enabling energy digitisation and flexibility for end customers, as well as building electrical stations and accumulation systems for the group and third parties.
He holds a degree in Engineering and a Master's degree in International Economics from SDA Bocconi in Milan. From 1997 to 2000 he worked in the UK for the American Allegheny Technologies Group. From 2001 to 2004 he worked for Sapient SpA, a US-based consultancy focused on digital innovation. He subsequently served as CEO of Poyry Energy Srl in Italy and, for the same Finnish group, held international roles in Zurich,

in management and technical consultancy services for renewable energy and energy markets. Until 2016, he was Director of Strategy and Innovation at Siram SpA and CEO of Simav SpA, both companies of the French Veolia group.

RICHARD DIBLEY
HEAD OF ASSET GOVERNANCE UK
Richard Dibley has been Head of Asset Governance for the UK since 2017, responsible for the governance of the Group's 12 wind farms in the UK totalling 413 MW of installed capacity. He joined the Group in 2013 working initially in Business Development and Regulatory. In 2017, he was appointed director of Falck Renewables' UK businesses.
His career in the wind energy sector began in technical and environmental consultancy, having gained a BSc in Geology from the University of Edinburgh in 1996 and an MSc in Mining Geology from the Camborne School of Mines (CSM) in 1997.
Working in various international markets including the US, Canada and later the UK, Richard has supported a considerable number of wind energy development companies, from small independent developers to major utilities. His work included feasibility studies, technical and commercial evaluation of projects, carrying out environmental impact assessments and obtaining planning permission for projects.

SCOTT GILBERT
GLOBAL HEAD OF ENGINEERING AND CONSTRUCTION
As Global Head of Engineering and Construction since 2017, Scott Gilbert is responsible for ensuring that the Group's new assets are properly engineered, procured, constructed and delivered into operation, safely and sustainably, in line with its strategic objectives. Scott also undertakes the organization and management of the group's companies in the Nordics.
He joined Falck Renewables in 2009 and worked as Project Manager and later became Head of Design and Construction.
Scott holds a degree in Civil & Transportation Engineering from Napier University in Edinburgh and spent the first 10 years of his career at Balfour Beatty Group, also working for Sweco, a leading European engineering consultancy.

JONATHAN KOCH
CEO NOVIS, COUNTRY MANAGER USA
Jonathan Koch joined the Company in 2017.
He currently serves as Country Manager USA and CEO of Novis Renewables, an exclusive partnership between ENI S.p.A (ENI.MI) and Falck Renewables North America, Inc., to develop, own and operate solar, wind and storage in the US.
Jon completed the Corporate Environmental Management Program (now called the Erb Institute) at the University of Michigan and earned a joint MBA and Masters of Science in Resource Policy in 1996. He received a B.A. from Tufts University in 1990.
He began his career at Booz, Allen & Hamilton consulting (from 1990 to 1998), then moved to General Electric's energy division where he focused on distributed generation and internet strategy. In 1999, Mr. Koch co-founded and managed Sundial, an internet company focused on provisioning utility services online. In 2003, Mr. Koch co-founded and served as Managing Director at US Renewables Group, a private equity fund focused on investing in clean fuels and renewable energy including solar, wind, geothermal, biomass, biodiesel, cellulosic ethanol and energy storage.
He currently serves on the Board of US BitCoin and previously served on the Boards of Renewable Energy Group (NASDAQ: REGI) acquired by Chevron; Pipestem Energy Group acquired by Magellan; Westerly Wind, projects sold to First Wind; General Compression; Fulcrum BioEnergy; Niagara Generation; and OPX Biotechnologies acquired by Cargill.

MASSIMO MEDA
HEAD OF ASSET GOVERNANCE ITALY
Head of Asset Governance for the Italian solar and wind companies of the Group since 2016. Massimo Meda manages the Group's assets in accordance with applicable laws and Group policies.
After graduating in Electrical Engineering from Milan Polytechnic and working in the submarine cable sector for Pirelli SpA (now Prysmian), he joined AEM (now A2A), dealing with the tariff systems for products in the energy market, which at the time was a monopoly. When the electricity market was liberalised in 1999, he led the start-up of the energy division of the Camuzzi Group (later acquired by Enel). In 2002 he moved to the Swiss company Atel (now Alpiq), developing its presence in the Italian market to supply industrial customers and, as the first in Italy, starting to supply resellers. In 2007 he joined Actelios SpA (now Falck Renewables SpA) and worked in agro-energy. With the creation of Falck Renewables, he became head of the Energy and Portfolio Management unit and started up the energy dispatching and trading company Falck Renewables Energy Srl. From 2014 to 2016 he was Energy Director of Terni Steelworks for ThyssenKrupp.

FABRIZIO MOSCONE
GLOBAL HEAD OF ASSET MANAGEMENT AND TECHNICAL ADVISORY
He joined the group in January 2021 as Global Head of Asset Management and Technical Advisory of Falck Renewables SpA and Chairman of Vector Renewables, one of the main independent advisory firms in the renewable energy segment.
Born in Turin on 25 October 1967, he graduated with honours in Economics and Commerce from the University of Turin in 1992, after having served in the Carabinieri (Italian military police) and collaborating with SSA - School of Management. He has worked in Italy, Denmark and the United States for Accenture, Olivetti, Enel, RSA and Sella. As part of his experience in the IT advisory, energy and financial services segments he worked in international contexts holding the position of CFO in Olivetti Denmark, Enel Latin America, Enel North America and RSA Italia where he was CEO Italy from 2009 to 2015. During his five years at Sella he built, started and brought up to speed Centrico, a technological provider of open core banking systems.

FRANCESCO PESANTE
HEAD OF THERMAL GENERATION
In 2020 he joined Falck Renewables SpA as Head of Thermal Generation coordinating a team of about 60 people in charge of the operation and maintenance of the Group's thermal plants, the commercial and operational management of fuels and by-products and the definition and implementation of plant improvements. Since the beginning of 2021, he has also been in charge of the Procurement and General Services unit, managing strategic purchases for the Italian SPVs and services/supplies for the Group's Italian offices.
Born in Cava de' Tirreni in 1982, he graduated with honours in Mechanical Engineering from the University of Salerno. He began his professional career as a thermo-fluid dynamics and structural researcher in the automotive and industrial plant engineering sectors, developing new products with innovative technologies. In 2008 he joined Enel, where he was in charge of Operation and Maintenance for several of the Group's Italian thermal power plants. After moving to Chile in 2015, he held positions of increasing responsibility until he became Head of the HSEQ Unit for the Group's thermal companies operating in Chile and Argentina.

CARMELO SCALONE
GLOBAL HEAD OF BUSINESS DEVELOPMENT AND M&A
Global Head of Business Development and M&A since 2017. Carmelo Scalone leads an international team whose main mission is to expand Falck Renewables SpA's portfolio and international presence, combining greenfield development, acquisitions, entrance in new markets and technological diversification.
He has a degree in Electrical Engineering from La Sapienza University in Rome and has completed a course in Business Administration at the Management School at Bocconi University in Milan and an Advanced Management Program at IESE Business School in Barcelona. Prior to joining Falck Renewables in 2017, he was on the Executive Committee of EDF Renouvelables in Paris, with global responsibility for Business Development activities. He has been working in the renewable energy sector since 2000. Between 2000 and 2007, he served as CEO of Gamesa Energía Italia in Rome and later as Executive Vice President of the Gamesa

Group for the entire Mediterranean region. From 2007 to 2013, he was Executive Vice President of Business Development at EDP Renewables in Madrid. He started his career with ABB, in Italy and Sweden, holding increasing positions of responsibility during 8 years, including Chief Commercial Officer in ABB Energy Automation.

STAFF STRUCTURES

ANTONINO CALLACI
HEAD OF RISK MANAGEMENT
Antonino Callaci joined Falck Renewables in 2013 as Internal Audit Manager and, subsequently, in 2018 he became Global Head of Risk Management and Business Continuity with the responsibility of defining the Group's Business Continuity strategy in agreement with the Process Owners and managing the Enterprise Risk Management framework for the identification, measurement, management and reporting of risks within the different business sectors in which the Group operates.
After graduating with honours in Business Administration from the University of Pisa, in 2005 he earned a Master's degree in Auditing and Internal Control from the same University, and in 2018 he finalised the Executive Course in Enterprise Risk Management at MIP, the Business School of Milan Polytechnic.
He began his professional career in 2005 as a Process Analyst at ABB, and then continued until 2012 at Protiviti, a multinational management consulting group leader in the analysis and design of Governance, Organisation and Control models, with which he managed numerous Risk & Compliance projects for companies operating in various sectors, both in Italy and abroad.

ALESSIA GALBIATI
GLOBAL HEAD OF QHSE
Global Head of QHSE since 2018. Alessia Galbiati and her team are responsible for ensuring high QHSE standards throughout the Group.
After graduating in Chemical Engineering from Milan Polytechnic, she has been working on Health & Safety issues since 1999, with increasingly important roles in leading multinationals in the chemical and pharmaceutical sector. She was responsible for safety at SmithKline Beecham, an official in the technical-scientific division of Federchimica, and then worked at BASF where she took on the role of HSE Manager for the Southern European Business Centre, acquiring skills in several sectors, including Fine Chemicals, Coil, Coating, and Polyurethanes. During her time at BASF she personally oversaw the Due Diligence activities of the acquisitions and integration of Degussa Construction Chemicals, Engelhard and Ciba Specialty Chemicals and was a Member of BASF's Responsible Care Europe. After a brief stint at Schering Plough, in 2010 she joined Bracco as HSE Head, playing a corporate governance role related to all Bracco's business lines. She is a former member of Federchimica's Responsible Care and Transport Emergency Service Directive Commission.

SIMONA GAMBINI
GLOBAL HEAD OF COMMUNICATION & STAKEHOLDER ENGAGEMENT
She joined Falck Renewables SpA in April 2021 as Global Head of Communication & Stakeholder Engagement. Simona Gambini earned a Master’s degree in Economy and Psychology of Organisations at the University of Zurich and an Executive Master of Science in Communications Management at the University of Lugano. She has more than 20 years of international leadership experience for listed companies, a consistent track record as communication and marketing manager, with particular experience in branding, in relations with the press and investors, in crisis communication and B2B marketing in diverse industrial segments (energy/utilities, commodities, metals and mines, textile machines).
She worked for companies such as ZVV, Landqart, and AG STOXX Ltd. She joined Leica Geosystem in 2004 as Director of Marketing and Global Communication. From 2007 to 2010 she held the position of Manager of Corporate Communication and Investor Relations at Vimetco and from 2010 to 2016 in CKW AG (Axpo Group) and in the Ors Group until 2018. She joined the Saurer group in 2018 as Corporate Communication manager.

PAOLO RUNDEDDU
GROUP CHIEF FINANCIAL OFFICER
Paolo Rundeddu has been with the Falck Group since May 2009, first as Chief Financial Officer and Director of Management Services and then as Group Chief Financial Officer, as well as Financial Reporting Officer.
Paolo Rundeddu manages an international AFP&C (Administration, Finance, Tax, Planning and Control and Investor relations) team in the countries where the group is present.
He holds a degree with honours in Economics and Commerce, majoring in Social Economic Disciplines, from Bocconi University in Milan in 1990. He began his career at Andersen Consulting, before moving to ABB Finanziaria in 1991 where he worked in interest rate trading. From 1997 to 2001 he was with Merloni Elettrodomestici SpA as Group Treasury Director and Insurance Risk Manager.
From 2001 to 2004, he served as Financial Director and Investor Relator of H3G SpA, supporting the launch of UMTS technology under the "3" brand. From 2004 to 2009, he worked at AEM SpA, then A2A SpA, as Director of Finance and Administration and Manager Responsible for Financial Reporting, and later he was also responsible for Purchasing and Logistics.
In 2021 he won the "CFO Italian Awards" of ANDAF (National Association of Financial and Administrative Executives) in the "MTA listed companies" category.

GIOVANNI STUCCHI
GROUP GENERAL COUNSEL AND GENERAL SECRETARY
He became Group General Counsel and General Secretary of Falck Renewables SpA in May 2021.
Giovanni Stucchi handles management of ordinary and extraordinary legal activities, both in and out of court, as well as corporate and compliance requirements.
He graduated with a degree in law from the Università Cattolica del Sacro Cuore in Milan with a Master of Laws in International Business and Trade Law earned at Fordham University School of New York and a Master in Economics and Business Administration at Universidad Gabriela Mistral in Santiago Chile. He has gained significant experience in the legal field in Italy and abroad. His professional career expanded in Chile from 2000 to 2006, initially as General Manager of an advisory and management company for real estate projects and from 2003 to 2006 in the position of Head of Legal, Administration & Accounting of a global services company. He worked as an attorney from 2006 to 2018 at the Mondini Rusconi law firm of Milan. He was primarily involved with legal and corporate consultation for extraordinary transactions for Italian and foreign companies.
He joined the Falck Renewables SpA group in 2018 as Head of Legal Area South Europe.

SIRO TASCA
GLOBAL HEAD OF INTERNAL AUDIT
Head of Internal Audit since 2012. Siro Tasca manages a team responsible for verifying the operation and suitability of the Group's internal control and risk management system, through an Audit Plan, based on a structured process of analysis and prioritisation of the main risks. He is also a member of the Supervisory Board of Falck Renewables SpA, secretary of the Control and Risk Committee of Renewables SpA and the single-member Supervisory Board of the Group's main Italian subsidiaries.
After graduating in Business Administration from the Università Cattolica del Sacro Cuore in Milan, he held the positions of Manager and Senior Manager for Arthur Andersen and Deloitte Consulting, working first on auditing and acquisition projects and then on consultancy in the Finance area. In 2004, he was one of the founders in Italy of Protiviti, a multinational management consulting group, where he worked as Director until 2012, dealing with Internal Auditing and Risk Management services, particularly in the manufacturing and energy sectors.

ANASTASIA TITOVA
GLOBAL HEAD OF HR & ORGANIZATION
Global Head of HR & Organization in Falck Renewables SpA since 2017. Anastasia Titova manages a team whose mission is to create and promote opportunities to grow, learn and thrive as individuals, teams and organisations by developing a professional environment founded on the principles of fairness, equity and inclusion.

She graduated with honours from the Siberian University of Kemerovo, first in Linguistics and Literature (1997) and then in Economics and Finance (2002). In 2003 she earned her Master's degree in Management and Economics of Energy and the Environment at Eni Corporate University and in 2005 her CIPD certification in HR and Development. She began her professional career in 1997 in the Oil & Gas sector, where she built up a wealth of experience in the field of human resources over a decade, working on significant projects in Russia for major multinational companies such as Occidental Petroleum, Shell and Petrofac International. In 2007 she joined the Energy sector with Enel Group in Russia, where she participated in the acquisition and integration of the Russian company into the Group's business and where she worked for ten years covering various HR responsibility roles, in the renewable & conventional generation, distribution and corporate structures businesses.

3.4 Evolution in step with sustainable development

Our path towards sustainable development is based on an innovative approach to business, to best interpret market needs. A radical transformation that has led the company to a major shift its core business from steel production to renewable energy generation, together with the provision of technical and digital services for the management of third-party assets and the optimisation of flows in the electricity system.

	FALCK RENEWABLES
1833-1905	"Way back in 1833 a 33-year-old man came all on his own from beyond the Alps, and arrived at Lake Como, where he had been called by small iron operators: the Rubinis, Badonis and Redaellis. His name was Georges Henri Falck, *ingeniéur*. So it is written on the large stone plaque in the small cemetery of Dannemarie (Alsace). The period was 1800 1883. This is how the family story began. Sweden, Palatinate, Alsace, Lake Como", writes Giulia Devoto Falck, in a personal and intimate family account. Georges Henri Falck called his son Henri to continue in his place, before returning to his homeland. Henri (Enrico) became director of the Dongo Ironworks, owned by the Rubini family from Como. He married one of the eight Rubini sisters. They moved to Malavedo (Lecco) in 1863 to run the rolling mill that produced nails. In 1878 his wife, Irene Falck Rubini, took over the running of the ironworks from her husband, until her son Giorgio Enrico Falck succeeded her in 1887.
1906-1967	On 26 January 1906, under the strong entrepreneurial impetus of Giorgio Enrico Falck, the **SOCIETA' ANONIMA ACCIAIERIE E FERRIERE LOMBARDE** (ANONYMOUS COMPANY OF LOMBARDIAN STEEL AND IRON MILLS) was founded, which included the ironworks in Dongo, the one in Vobarno and the first plots of land - 12 hectares to be precise, close to the railway line - in Sesto San Giovanni, for the construction of the new iron and steel complex. It soon became a reference point in the Italian steel production industry. The city of Sesto San Giovanni is set at an important crossroads in the most economically advanced part of Italy. Within a decade, three more factories and related plants were built in the immediate vicinity of the original 'Unione' plant in Sesto San Giovanni, Italy. It soon became a reference point in the Italian steel production industry. To meet the ever-increasing need for housing for the factory workers and their families, the workers' village built at the beginning of the 20th century in Sesto San Giovanni was extended. The first homes were built on separate lots and defined by an internal road system. At the same time as the steel plant expansion, the Group was among the first to build plants for energy production, aimed at supporting

the operation of its steel plants.

In fact, during the First World War, one of the first resources to be lost was electricity. The Bonomi decree of 1916 allowed energy to be produced in-house from hydraulic sources. So, from 1917 onwards, the company built a series of hydroelectric plants to supply the Sesto San Giovanni factories with their own electricity.

When construction was completed, the Company had 9 seasonal reservoirs, 15 hydroelectric power stations in Valtellina and the Tuscan and Piedmontese Apennines, with an annual production capacity of over 800 million kWh, and a consortium thermoelectric plant, which was later nationalised, served by a network of medium- and high-voltage lines, including around 900 km of conductor triads to connect the production plants to all the Company's consumption and distribution centres and with the other national electricity networks.

In October 1941 a bomb exploded near a substation close to the Falck Village nursery school. The building was affected by the blast and had to be evacuated immediately. A villa in Baveno on Lake Maggiore was set up to house the 70 children. In 1951, this villa, like many in other places, was modified to house the summer seaside and mountain camps for the 2,326 children of employees. This was only one of the corporate social responsibility activities carried on by the Group.

By 1952 the Falck Village in Sesto San Giovanni boasted a preschool and elementary school. They were among the first in Italy to adopt the Montessori method reserved solely for the children and grandchildren of employees. Shortly thereafter other worker villages opened preschools with the Montessori method for the sole use of their employees. In 1955 the Dongo nursery school also became a “Montessori house for children” and on 28 October 1961 the “House for children” of San Maurizio al Lambro was inaugurated.

All of the residential areas surrounding the plants possessed sports centres where employees could practice sports. Sports are practised on a competitive basis and the two silver medals for Crew won in Rome in 1960 and Tokyo in 1964, are proof of this.

The 1950s were a period of major investment, increased productivity and plant innovation from an industrial viewpoint. With the Marshall plan, in 1952 two modern furnaces were installed built by the American Lectromelt. The first two electric furnaces run on scrap were installed in the Unione plant.

At the beginning of the 1960s the company reached its maximum expansion in Sesto San Giovanni: three million square metres of floor space. The 1961/62 academic year saw the establishment of the Chair in Steelmaking at Milan Polytechnic, thanks largely to the funds made available by the Company.

The number of people employed ranged from 15,000 in 1947 to

	16,000 in 1963, when the company was also listed on the Milan stock exchange.
1968-1999	The political upheaval in the autumn of 1968 saw particularly violent strikes in the factories, the two oil shocks of the 1970s, and the consequent onset of the structural crisis in the steel industry that was to last for more than twenty years. In the early 1980s the disappearance in the early 1980s of most of Italy's steel companies had closed, during the 'years of lead', and the Company suffered the serious loss of engineer Massimo Mazzanti, Director of the Unione plant, killed by the Walter Alasia Column of the Red Brigades. These events, together with continuous industrial and organisational restructuring, gradually led to the closure and dismantling of the furnaces and rolling mills, which finally ceased operating in January 1996. It was the start of a new era. The hydroelectric plants were not included in the nationalisation of 1963 and remain the property of the Group. As a result, electricity production became the company's main activity. In 1985 Sondel was created from the spin-off of the historic hydroelectric power stations and was a very successful example of diversification: in just a few years it became Italy's second private energy producer. In 1987, the company was listed on the Milan Stock Exchange. Starting in 1992, Sondel began a vast development programme in the thermoelectric sector, reaching 1460 Megawatts of installed electrical power, 25 plants spread throughout Italy, and over 80 MW of thermal power supplied to district heating networks by Sesto San Giovanni and Cologno Monzese. In 1995, the subsidiary Acciaierie di Bolzano was sold and on the basis of Law 481/94, which provided subsidies for the dismantling of steel plants, the Group decided to dismantle the sheet metal mill and the entire steel plant in Sesto San Giovanni. Production was permanently discontinued in January 1996. In those years, the Company carried out a major outplacement of redundant workers with training aimed at the person and his or her aptitudes, interview assistance and final hiring. Also in 1996, the company name changed from A.F.L. Falck to Falck SpA, marking the historical turning point of the company.
2000-2015	In 2001, the company was split up and Sondel was sold. After the split, there were two coexisting cores: an increasingly consistent part in the environmental sector and marketing, and a second side dedicated to the cold working of steel, an activity later sold in 2007. The Group shifted the focus of its activities towards renewable

sources and began investing solely in the energy sector. In 2002 Actelios SpA was founded, a Falck Group company listed on the Milan Stock Exchange, whose main mission is the production of renewable energy. The Company was active in the field of waste-to-energy of municipal solid waste (MSW) with the Trezzo and Frullo Energia Ambiente plants. In 2002, the first plant for the production of electrical energy from biomass was built in Rende (Calabria), with an installed capacity of 14 MW. Falck SpA decided to pioneer investment in renewables in the UK. From the outset, the investment model was virtuous, with local communities participating in a small part of the investment and benefiting from the plant's profits. In 2004 Falck SpA acquired its first wind farm in Spain, Eolica Cabezo San Roque, with a capacity of 23 MW. In March 2005, the Group acquired its first wind farm in the UK: when it was commissioned, Cefn Croes was the largest onshore wind farm in the UK, with an installed capacity of 58.5 MW.

The company has worked hand in hand with the territory since 2006 and, thanks to a pioneer partnership with the English Energy4All Foundation, thousands of people were able to form cooperatives to purchase a share of their local wind farm, contributing to the renewable development of the territory. In June 2006, the Boyndie wind farm was completed, the first project to be completely developed by the company. In addition, the Earlsburn wind farm in Scotland was commissioned in December 2007 Between 2008 and 2010, the Ben Aketil, Millennium and Kilbraur wind farms in Scotland came into operation, totalling 160 MW. Industrial development kept up with sustainable development of the territory; within a short period of time eight cooperatives of private individuals were formed, linked to the profits of surrounding wind farms.

In 2009, wind power plants with a capacity of 32 MW were commissioned in France.

In 2010, all the renewable energy production activities of the Falck Group were consolidated within Actelios, which changed its name to **Falck Renewables Spa** that with an installed capacity of 450 MW, became one of the most important pure players in the sector.

In 2011 the Buddusò-Alà dei Sardi wind farm (138 MW) and in 2012 the Petralia Sottana wind farm (22 MW) came into operation in Italy.

In 2014 the UK subsidiary, Falck Renewables Wind Ltd stipulated an agreement with Copenhagen Infrastructure Partners, whose main investor was Pension Denmark to sell 49% of its assets in the UK in order to obtain the necessary resources to continue its ambitious development plan.

In 2014, with the acquisition of Vector Cuatro, Falck Renewables decided to enter the market of ***asset management*** and ***technical advisory*** services for solar and wind power plants.

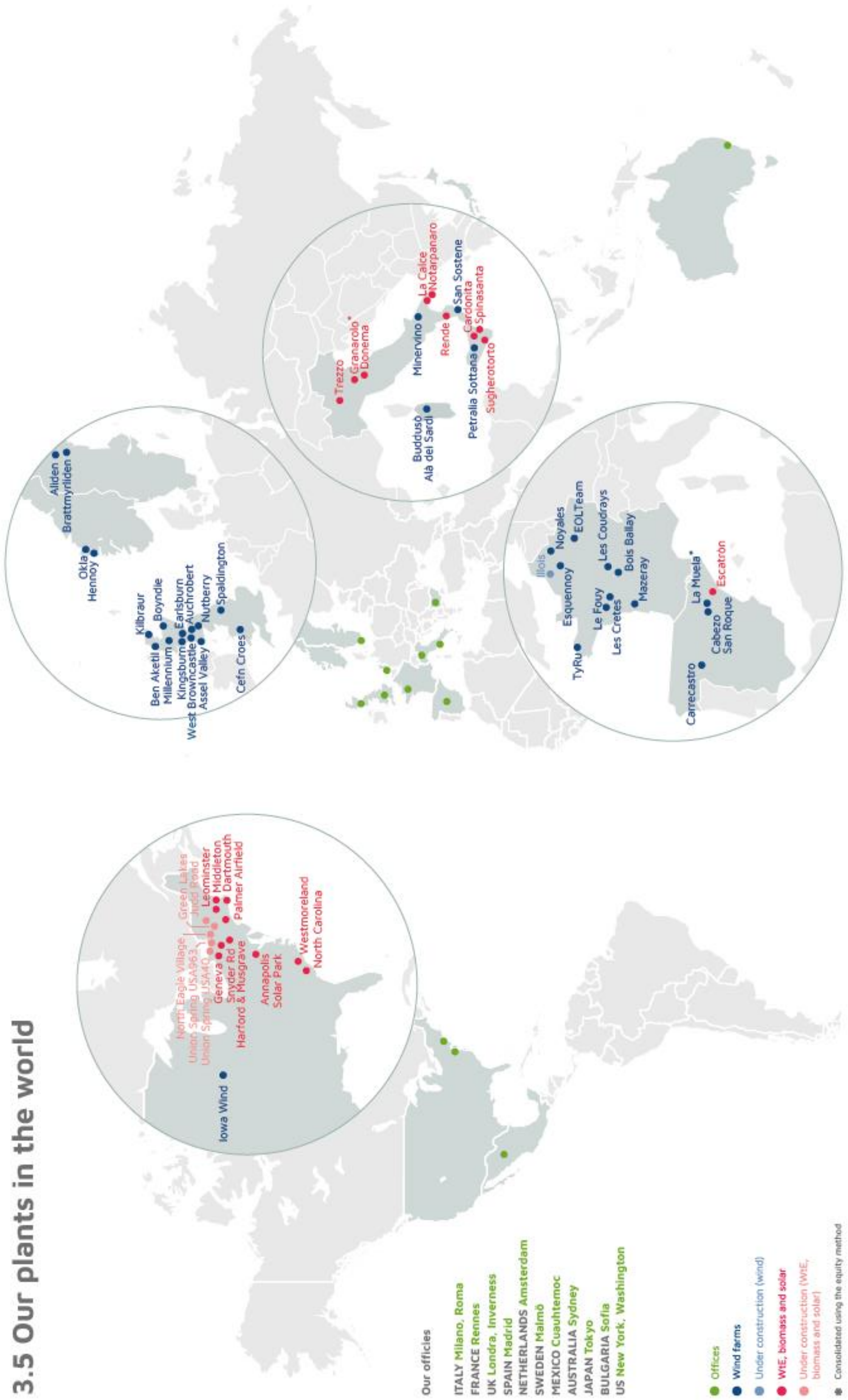
	At the end of 2015, installed capacity in the UK, Italy, France and Spain was around 700 MW.
2016- PRESENT DAY	2016 marks another milestone, breaking new ground and accelerating the pace of change. The Group chose to expand its boundaries, entering the renewable energy markets of the United States, Sweden and Norway, as well as growing where it was already present and significantly increasing the development of new wind and solar power plants. In fact, construction of additional plants in the UK for an additional 95 MW was ramped up between 2016 and 2017. In 2017, the Falck Renewables Group entered the renewable energy market in North Carolina in the US with the acquisition of a 92 MW solar plant, further expanding the installed capacity. In 2019, the Hennoy (50 MW, in Norway) and Aliden (47 MW, in Sweden) plants came on stream and the acquisition of 56 MW of wind power in France was completed. In 2020, the Carrecastro plant (10 MW, in Spain) became operational and the acquisition of a further 62 MW in the USA was completed at the end of the year. Based on the experience acquired by the Group its presence in the Services segment increased - thanks to the acquisition of the Energy Team, leading Italian operator in monitoring, control and management of energy consumption. For more than 25 years the company has offered integrated solutions and services for energy efficiency of small, medium and large Italian companies. The ESCO Falck Renewables Next Solutions was also created in 2018 with energy management and energy efficiency services. In 2019, NUO corporate digital start-up was founded to intensify data science activities applied to renewable energy plants. In March 2020, Falck Renewables entered into a strategic partnership with Eni to further accelerate the development of renewables in the US. In March 2020, the Group revamped the visual brand identity and revised the underlying brand architecture to reflect the Group's new positioning, enabler of the energy transition and active throughout the renewable value chain. The Company issued a Green Convertible Bond in autumn 2020 maturing in September 2025. This was the first Green convertible bond ever issued in Italy, with a zero coupon and negative return for the investor equal to -0.25%. This financial instrument adds another important investment source in line with the 2020-2025 business plan. The year 2021 was another year of major change. The Group expanded its scope of business. It announced a new acquisition in June, the Polish company SAET, a Padua based company that’s a leader in the design and construction of high voltage electrical

systems and energy storage plants.
The Group also worked with other industry leaders to develop offshore wind farms in the UK and Italy, this new business contributed greatly to growth prospects.

In 20 October 2021 Falck SpA announced to the market to have reached an agreement to sell its 60% stake of the share capital in Falck Renewables SpA. In the month of December, the first Italian project with direct involvement was started in a renewable plant with a crowdfunding collection in the Landolina (Scicli) plant in Sicily.

Today Falck Renewables has an international presence and is listed in the STAR segment of the Milan Stock Exchange and in the FTSE Italia Mid Cap index. The Group has 56 plants with an installed capacity of 1,370 MW in Italy, the UK, the US, Spain, France, Sweden and Norway. In addition, it offers business and technical consulting, engineering and M&A services, with more than 3,800 MW of solar and wind energy managed for third parties and 26 collective benefit schemes in partnership with local communities.

3.5 Our plants in the world



4. Consolidated financial highlights

(€ thousands)

	2021	2020	2019	2018
Revenues from sale of goods and services	568,417	384,359	374,494	335,889
EBITDA (1)	210,259	197,240	204,011	191,478
Operating profit/(loss)	61,005	111,280	114,395	114,771
Profit/(loss) for the year	4,390	59,825	63,181	59,921
Falck Renewables SpA profit/(loss) for the year	(18,367)	45,606	48,436	43,658
Earnings per share (€) (2)	(0.064)	0.158	0.167	0.151
No. shares in circulation (annual average) in thousands	289,204	289,204	289,204	289,522
No. shares in circulation (end of the year) in thousands	289,204	289,204	289,204	289,204
- Net financial liabilities (assets)	162,928	52,847	16,270	(191,325)
- “Non-recourse” project financing	582,258	606,532	671,909	700,365
Total net financial position without derivatives (assets)	745,186	659,379	688,179	509,040
- Interest rate, commodity and exchange rate derivative financial instruments (assets)	243,579	46,150	32,587	37,973
Total net financial position	988,765	705,529	720,766	547,013
Net financial position excluding operating leases	880,403	614,873	640,034	547,013
Equity	596,019	708,194	607,663	555,619
Equity attributable to Falck Renewables SpA equity holders	432,663	568,777	549,582	500,923
Equity holders earnings per share (€) (2)	1.496	1.967	1.900	1.730
Investments	143,457	99,979	152,150	86,976
EBITDA/Revenues	37.0%	51.3%	54.5%	57.0%
Operating profit/revenues	10.7%	29.0%	30.5%	34.2%
Profit for the period/equity	0.7%	8.4%	10.4%	10.8%
Net financial position/equity	1.66	1.00	1.19	0.98
Total number of group employees (no.)	693	553	499	464

(1) EBITDA is defined by the Group as:
a) profit/(loss) for the period;
b) direct taxes and regional taxation regulations and any extraordinary loss and any impairment loss;
c) plus consolidated net financial expenses, allocations for risk provisions, provisions for staff leaving indemnity, allocations to provisions for doubtful accounts, other allocations and amortisation and depreciation of intangible assets and property, plant and equipment.
d) minus any extraordinary revenues and any revaluation

(2) Calculated according to the average annual number of shares.

5. Directors’ report

5.1 Economic framework

The year 2021 was characterised with a strong inversion of the market trend compared to 2020. All of the main energy commodities established new records due to the recovery of economic demand with the end of the national lockdown that had characterised the previous year, and a raw material supply chain that was unable to handle the economic recovery.

Electricity prices as well as all commodities linked to the power sector (CO_2 & Natural Gas) reached levels much higher compared to the historic average, unlike 2020 which was characterised by prices well under the historic average. The causes for these increases are the result of the following factors:

- recovery of electricity demand that surpassed 318 TWh (+6 % compared to 2020);
- lower electricity production from French nuclear power plants, combined with the coal phase-out in Germany, led to a higher than the historic average demand for gas for combined cycles in Europe;
- unexpected weakness in gas supply at European level (limited extraction from the Groningen field, reduced flow of LNG from America and reduced flow of gas from Russia);
- increase in the price of certificates related to CO_2 emissions which, due to the effect of the European policy aimed at decarbonisation, even reached € 90/ton.

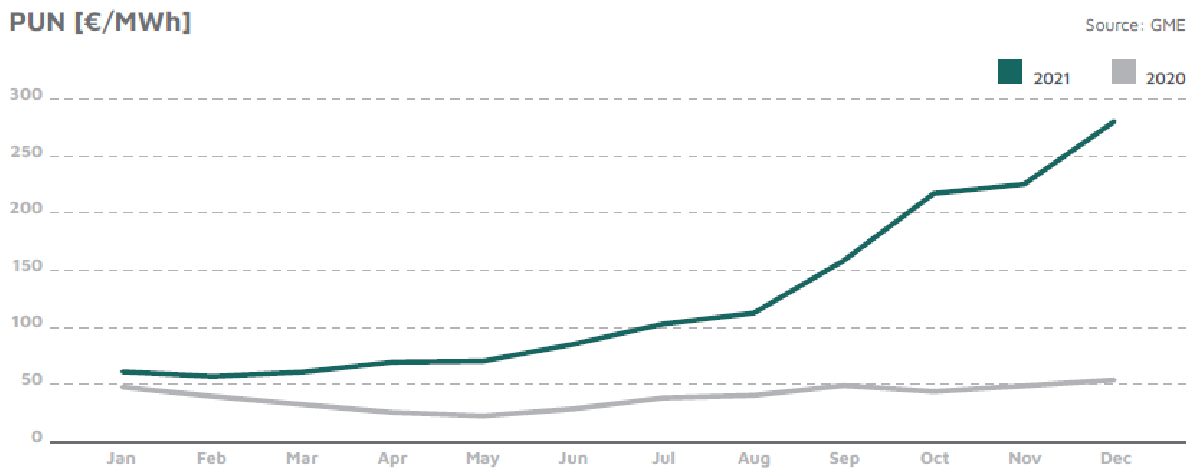
The table below shows the high energy price increases of the main countries of interest of the Falck Renewables Group, from +475% of the Nordics ("Nordpool") to the general + 230% of the other European countries.

Country	Unit of measurement	2021 price	2020 price	Delta %
Italy	[€/MWh]	125.46	38.92	222%
UK	[£/MWh]	117.82	35.26	234%
Spain	[€/MWh]	111.93	33.95	230%
Nordpool	[€/MWh]	62.87	10.93	475%
France	[€/MWh]	109.17	32.20	239%
Germany	[€/MWh]	96.85	30.47	218%

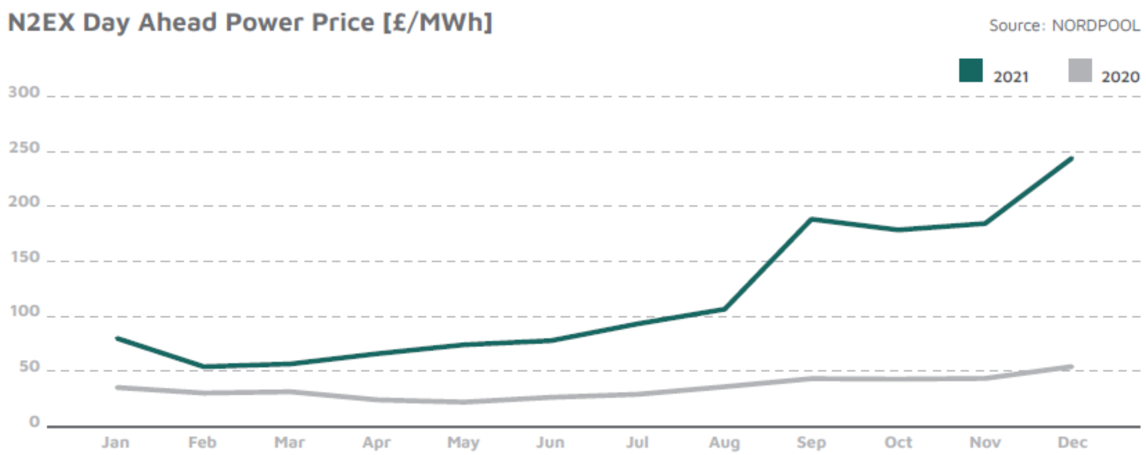
Source: GME and N2EX

In Italy, the average Single National Price (PUN) in 2021 was € 125.46/MWh, up 222% compared with 2020 (€ 38.92/MWh). The month which reported the highest price was December (€ 281.24/MWh), when the culmination of the natural gas crisis was reached at the same time as Russia's decision to block the flows of methane towards Europe and with European stock levels reaching record lows putting the stability of the electricity system at risk. Lower prices were reported during the first part of the year influenced by the lockdowns implemented to prevent the Sars-Cov2 virus pandemic and by mild weather.

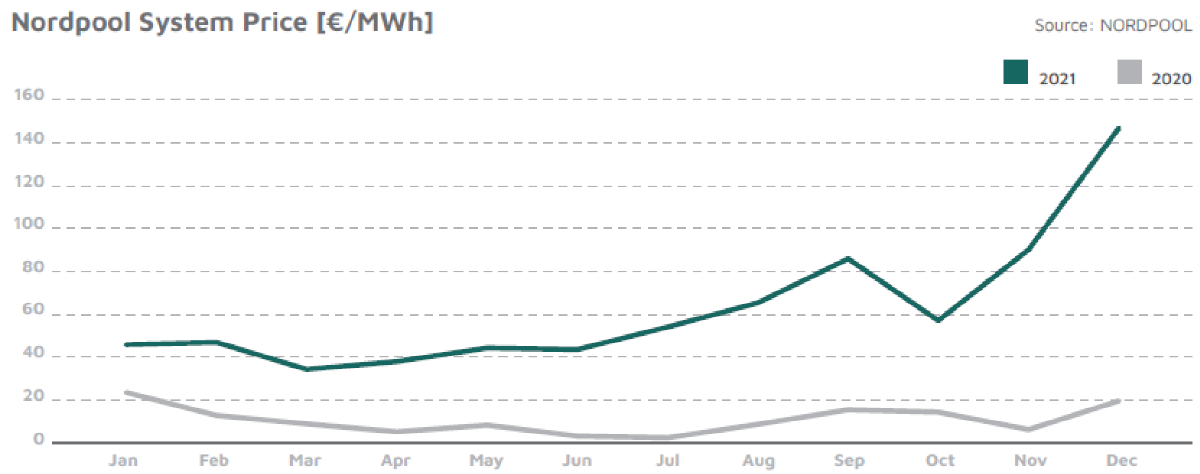
The GRIN incentive (ex-Green Certificate) rose to € 108.90/MWh in 2021, against € 99.05/MWh the previous year.



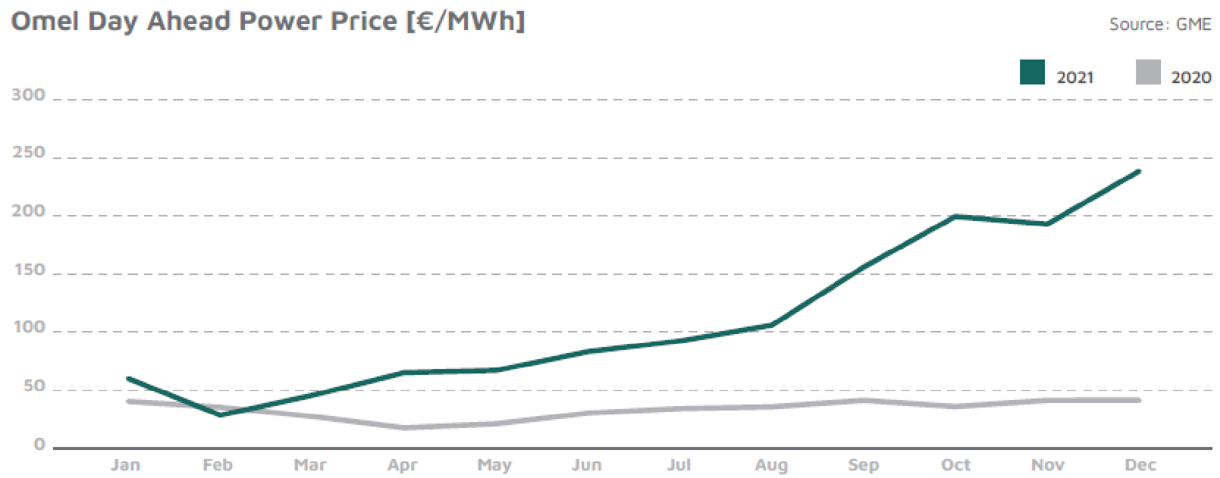
The market in the UK (N2EX), like all the other European energy markets, was affected by the high gas increase (marginal source of the UK electricity system) and CO_2. In 2021, the average electricity price was £ 117.82/MWh compared to £ 35.26/MWh in the previous year (+234%) with growth mainly in the last quarter. The UK market was also affected by the effects from Brexit, which led to a decoupling with the rest of Europe and consequent higher energy import cost generating various critical situations for internal balancing.



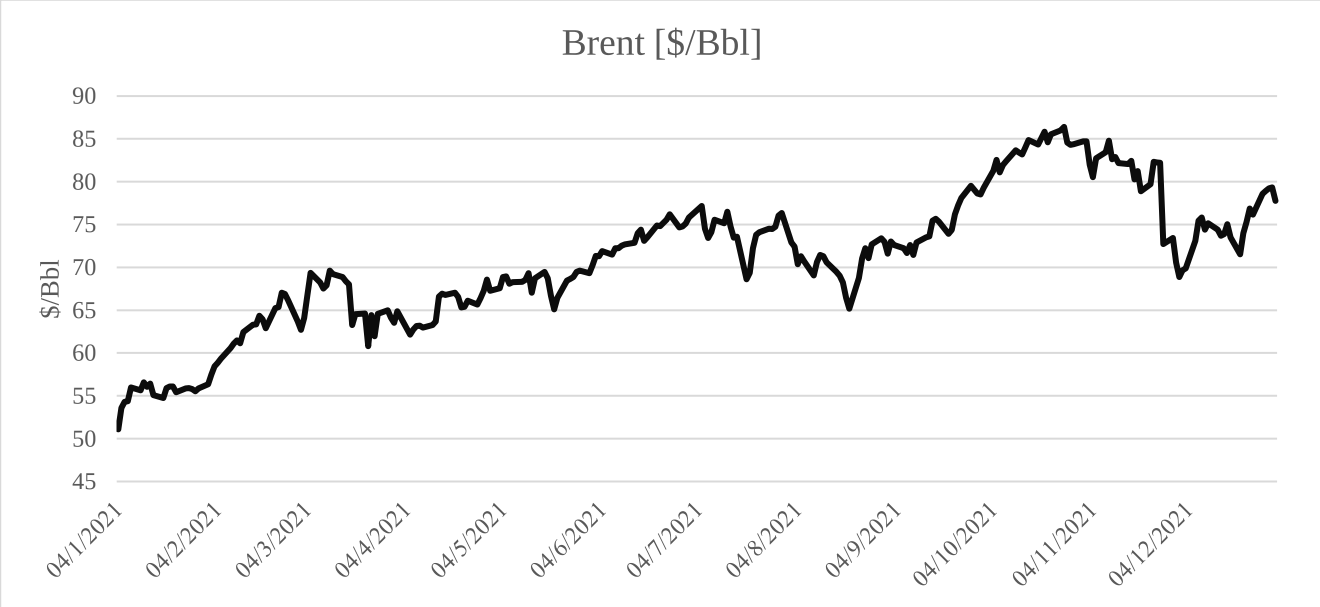
The Nordpool electricity market, comprising the Nordic countries Denmark, Sweden, Norway, Finland, Estonia, Latvia and Lithuania, recorded the largest percentage increase among European countries (+475%). However, 2021 closed at a lower level compared to the rest of Europe (€ 62.87/MWh, only country along with Germany below € 100/MWh), thanks to the contribution of renewable production in particular wind power in the NO3 and NO4 zones belonging to Norway and SE1 and SE2 zones belonging to Sweden.



The price of electricity in Spain followed the same trend as in the countries analysed above. 2021 ended with an average price of € 111.93/MWh (+230 % compared to 2020).



In terms of other energy commodities, oil (Brent) ended 2021 with an average of $ 70.95/barrel, up $ 27.74/barrel from average 2020 levels. The product started the year on the heels of 2020 at $ 50/Bbl, and then grew due to the effect of the economic recovery. The main crude oil producers were surprised by the sudden increase in demand, not able to keep the pace including due to the remnants of the pandemic that led to a series of delays in maintenance and investments. Towards the end of the year, before the arrival of the Omicron variant, Brent had reached record highs exceeding $ 85/Bbm.

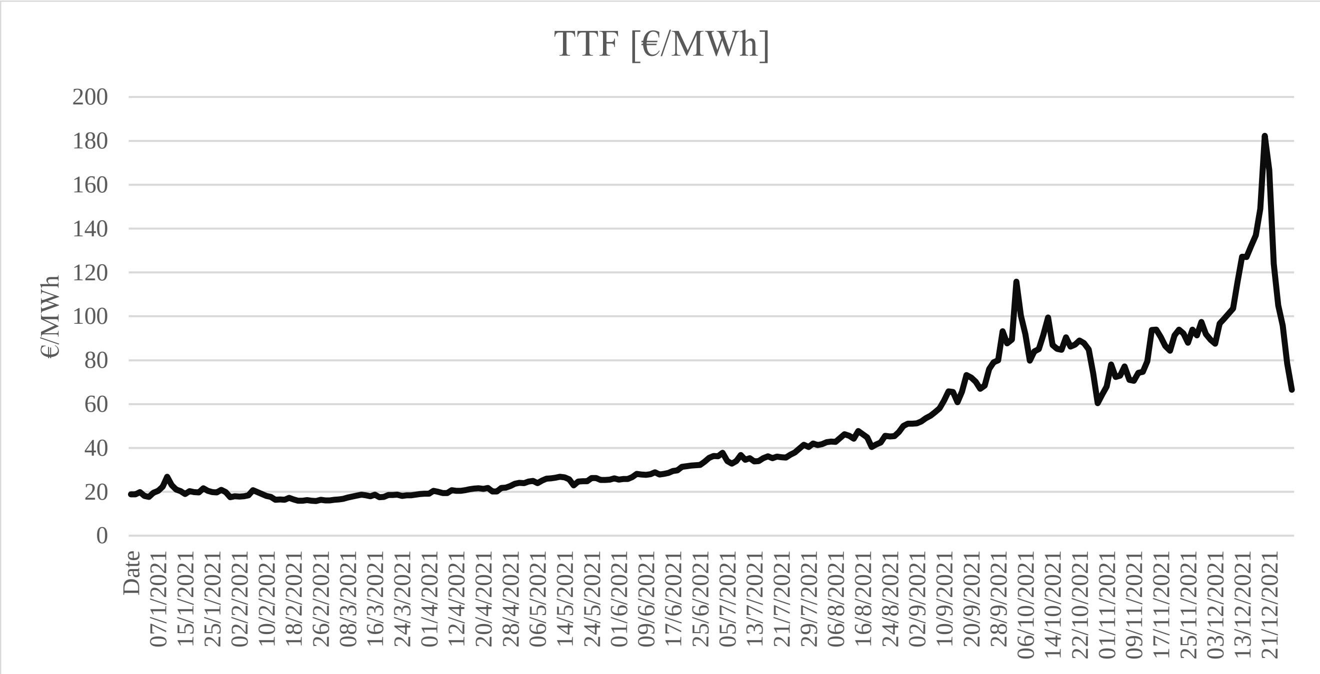


Source: Reuters

As mentioned above, the price of gas reported an unprecedented increase during 2021. In particular, the TTF, Europe's leading HUB, closed the year with average spot prices of 46.46 €/MWh compared to 9.43 €/MWh in 2020 (+393%). The year 2021 witnessed a constant increase in commodity prices due to three separate trends:

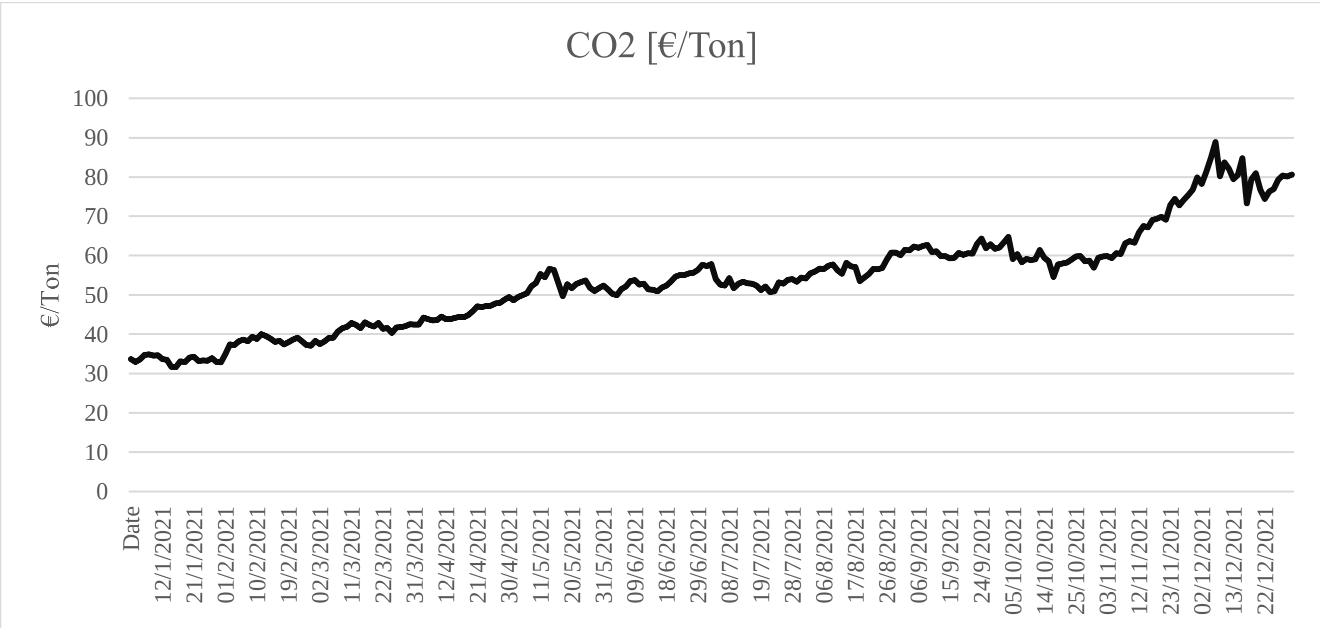
- in the first part of the year a particularly cold winter eroded natural gas reserves present in European storage plants;
- in the second part of the year a new problem joined the first: lack of LNG supply from America with cargoes that preferred landing on the Asian market (JKM) which presented more advantageous prices;
- lastly, as winter drew nearer, there was a strong reduction in gas flow from Russia through the Ukraine transit; the Russian government used the natural gas supply as leverage so that European governments would facilitate construction of the NordStream 2 pipeline.

The European system witnessed a strong decrease in gas supplies, which combined with increased demand, generated tension over prices at the beginning of winter (December 2021) which increased to € 190/MWh and with operators highly concerned on the system holding.
However, once the maximum levels were reached, the LNG flow inverted and returned towards Europe decreasing pressure on the system and returning the price to € 60/MWh.



Source: Reuters

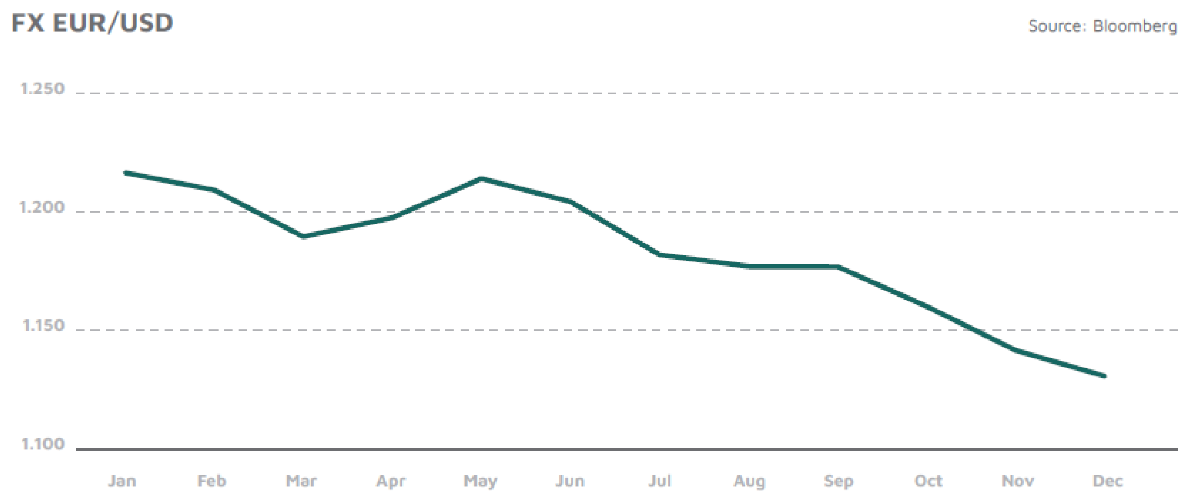
The performance of EUA certificates of CO_2 was also significantly impacted by the trend of gas and recovery of the economy. The issue cost increased during the year from € 30/MWh in January to a maximum of € 90/MWh in December. Specifically, the curve underwent an acceleration starting in November following the natural gas crisis.



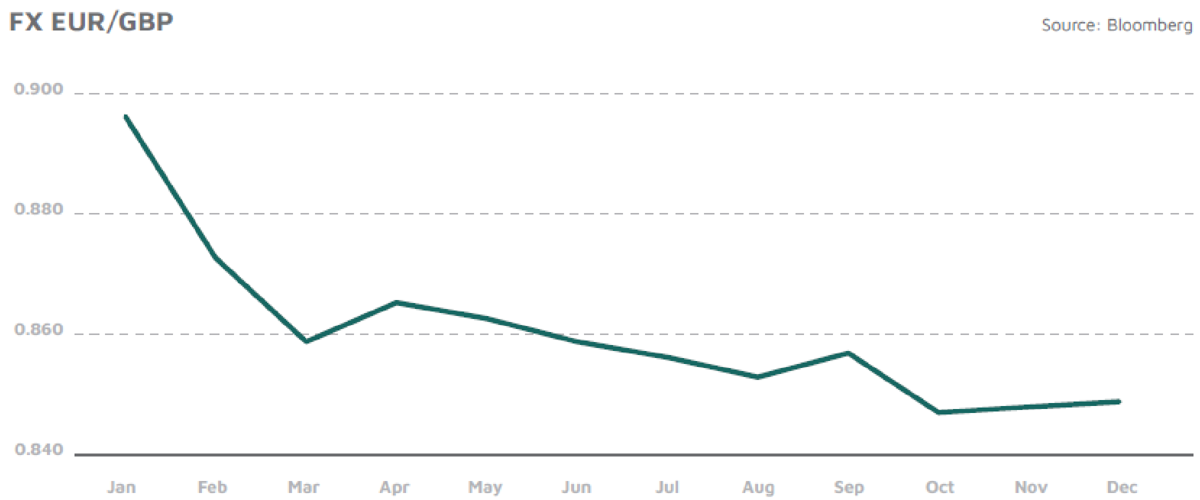
Source: Reuters

At macroeconomic level, according to the calculations performed by EuroStat the GDP of the Euro Zone will increase by 4.8%. In Italy, ISTAT forecasts an increase in GDP of 6.2% in 2021 followed by more moderate growth in 2022 (4.3%).

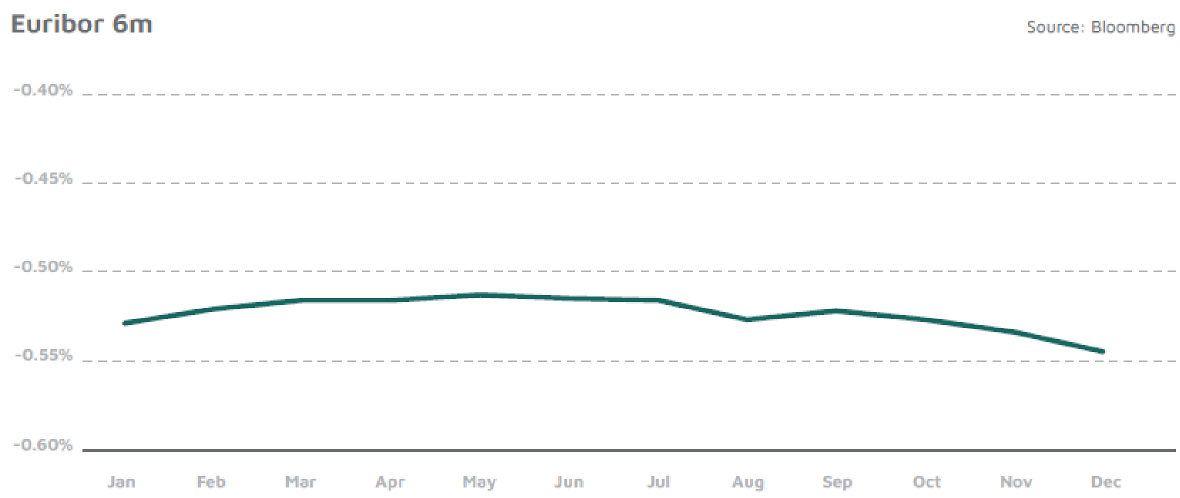
On the currency exchange front, the US dollar was stable in the first half of 2021 against the euro, while in the second half of 2021 the dollar rose, reaching a rate of 1.13 dollars per euro in December 2021.
The monetary policy and trend of the American economy influenced the strengthening of the dollar.



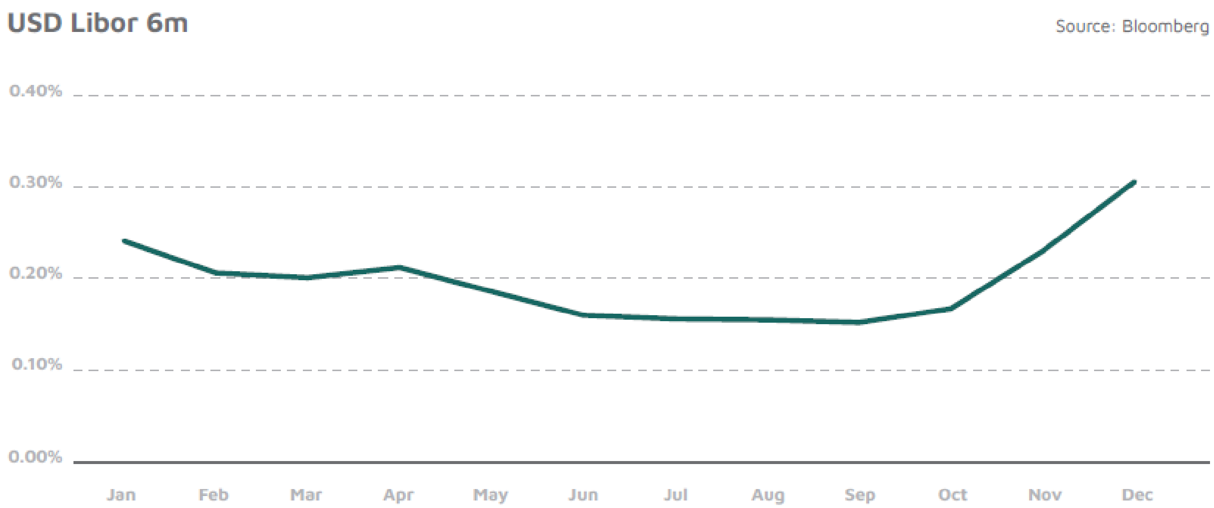
The British pound rose sharply in the first 3 months of 2021, to later confirm this consolidation trend around 0.85 pounds per euro for the remaining months of 2021.



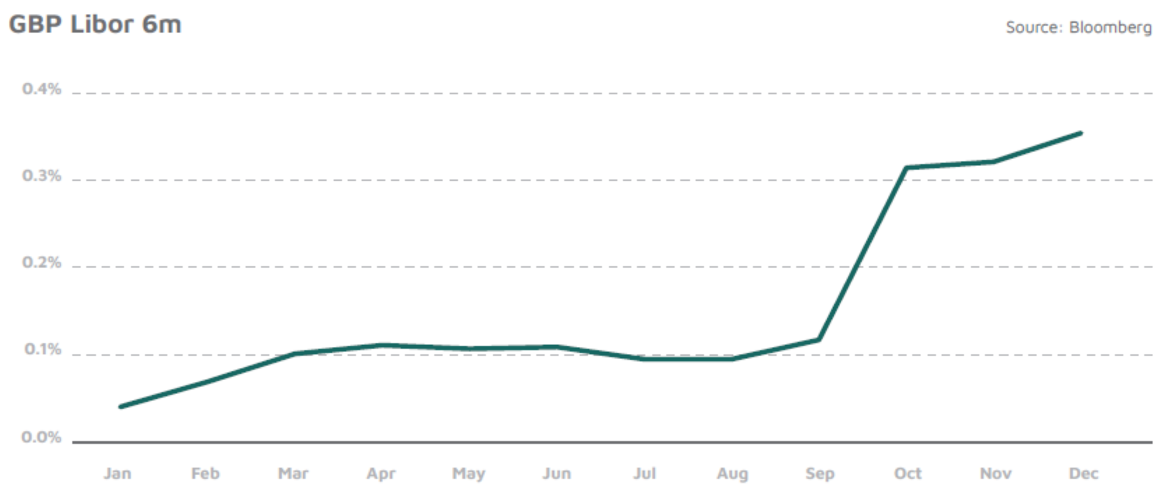
Looking at interest rates, the 6-month Euribor remained negative throughout 2021, confirming monetary policy decisions aimed at supporting economic growth in the Euro area.



Interest rates remained stable in the USA over the year and then rose in the last quarter in light of the growth trend of the American economy and expected increase in interest rates.



Interest rates in the UK were basically stable as well for most of the year, until the Bank of England decision in December 2021 to raise rates to offset a growing inflation rate.



5.2 Falck Renewables Group operating and financial review

5.2.1 Falck Renewables Group profile

Falck Renewables SpA is an Italian joint stock company with registered offices in Corso Venezia 16, Milan.

As of 31 December 2021, Falck Renewables SpA and its subsidiaries (the "Group") essentially operate in Italy, the UK, the United States of America, Spain, France, Norway, Sweden, Finland and the Netherlands where new plant development activities have commenced.
The Vector Renewables Group, a 100% owned subsidiary, also operates in Japan, Mexico, Australia and Bulgaria.

Falck Renewables Group operates in the following business sectors:

- the WtE, biomass and solar energy sector, whose revenues come from the sale of electricity produced, the applicable incentives (the former "green certificate" rate), and the transfer of waste for the production of WtE energy. With regard to the photovoltaic systems, considerable revenues are also derived from the incentive foreseen by Italy's Energy Account system, as well as investment incentives (United States);

- wind power, which produces revenues from selling energy and from incentive tariffs applicable to the Group's wind farms;

- the Services sector, mainly consisting of (i) the Spanish group Vector Renewables acquired in 2014, operating in services and management of plants for the production of renewable energy, with a deep-rooted and extensive international presence; (ii) Energy Team Spa, acquired in October 2018, a leading company in Italy in consumption control and flexibility management services on electricity markets; and (iii) the Saet group, a leader in the design and construction of high voltage electrical systems and energy storage plants and (iv) Nuo Srl, a company that offers digital asset management solutions in order to optimise asset management and performance thanks to the support of digital technology;

- the Energy management sector composed of the company Falck Next Energy Srl which markets the production of the plants of companies of the Falck Renewables group and third parties aimed at optimising sales revenues through various market outlets by taking advantage of the opportunities generated through the direct purchase and sale of energy;

- The Other Businesses sector comprises Falck Renewables SpA, Falck Next Energy UK, Limited and the development companies.

For the Wind power, WtE, biomass and solar power sectors and for the Other Businesses sector, the sale to third parties of operating or developing plants is another source of income.

5.2.2 Regulatory framework

The European Union endorsed the Kyoto Protocol and has developed a specific energy strategy aimed at facilitating renewable energy use.
On 21 December 2018, Directive (EU) 2018/2001 (REDII), was published in the Official Journal of the European Union, setting a binding target of 32% for renewable sources by 2030. Between December 2018 and June 2019, the Regulation on the governance of the Energy and Climate Action Union (EU 2018/1999), the Regulation and Directive on the internal market in electricity (EU 2019/943 and EU 20019/944 respectively) and the new Energy Efficiency Directive (EU 2018/2002) were also published. In accordance with the provisions of the Governance Regulation, each Member State has produced and sent to the European Commission its own National Energy and Climate Plan, containing detailed information on the policy tools to be implemented to reach the EU targets by 2030.

Moreover, on 11 December 2019 Ursula Von der Leyen, President of the EU Commission, presented the plan on the Green New Deal, a strategy that includes a series of acts with the objective of achieving a climate neutral Europe by 2050. In this context, in August 2020 the European Commission launched a consultation process for the revision of the Renewable Energy Directive proposing to increase the European 2030 target for the reduction of greenhouse gas emissions from 40% to 55%. This objective was formally approved by the European Law on climate (Regulation 2021/1119/EU) adopted in June 2021, also making climate neutrality binding in the Union by 2050. Within the context of this review process of environmental and energy policies, which also takes into account the different initiatives presented during 2020, such as the EU Energy Systems Integration and Hydrogen Strategies and the so-called Next Generation EU, the economic recovery fund allocated in response to the Covid-19 pandemic, a set of legislative proposals called Fit for 55 was approved by the Commission in July of 2021. The Fit for 55 packet comprises various measures including a proposal to revise REDII which increases the amount of renewables in final energy consumption in the Union to 40% by 2030. This review of REDII, subject to public consultation in 2021, will end following the current discussion phase and approval of the final proposal by the European Parliament and the Council.

Recent changes in tax law

In relation to the changes made to the tax regulations in force in the main countries in which the Group currently operates, most of the changes indicated below have been reported in previous financial statements, having been approved in the respective countries during 2019 or previous periods, with the exception of the new developments related to the UK.

As far as Italy is concerned, the extension provided for in art. 2, paragraph 2-bis of the Law Decree 119 dated 23.10.2018, as amended by Conversion Law no. 136 of 17.12.2018, concerning the application of the reverse charge regime to supplies of gas and electricity to a taxable dealer also applies in 2021. This mechanism, currently in force until 30 June 2022, limits certain Group companies operating in Italy from offsetting their VAT credits against their debts, so that these companies will need to file for refunds.

Again with reference to Italy, the Budget Law for 2020, in addition to providing for the repeal of the TASI (municipal property tax) and the consequent reformulation of the IMU (municipal tax) from 2020, has provided for a further and progressive increase in the percentage of deductibility of the IMU for the purposes of determining business income, set at 60% for 2020 and 2021, until it is fully deductible from the following tax period. The non-deductibility of the same tax for the purposes of the regional tax on productive activities remains confirmed. As part of the facilitating measures aimed at limiting the negative effects of the crisis, the "Decreto Rilancio DL 34" of 19 May 2020, with the aim of supporting businesses, offered exemption from 2019 IRAP and the first instalment, amounting to 40%, of the advance payment of IRAP due for 2020, up to a maximum limit of € 800 thousand at Group level, as definitively clarified in the initial months of 2022.

With regard to the UK, it should be noted that on 10 June 2021 the Finance Bill 2021 was definitively approved (with "Royal Assent"), which brought the corporate income tax rate to 25% starting from 1 April 2023. Following this change, the income tax rates applicable to the Group's companies residing in the UK will be 19% for both the current tax period and the 2022 tax period, 23.5% for the 2023 tax period, and 25% for the subsequent tax periods. This amendment made it necessary to record deferred tax liabilities, which in turn will impact the Group's net result by € 6.1 million.

In France, the reductions in the tax rate were confirmed, setting a rate of 26.5% for 2021 and 25% from 2022.

With regard to the United States, in implementation of the Tax Cuts and Jobs Act of 2017, the corporate income tax rate remains at 21% (reduced from 35% as of 2018). Initial expectations of a corporate tax increase up to 28% when President Biden took office in 2021 have not come to pass. President Biden and Congress have expressed an interest in promoting the growth of the renewable energy segment, which could take place through the Build Back Better Framework under discussion in 2022.

In response to the economic crisis caused by the Covid-19 pandemic, several relief measures have been issued since March 2020. In particular, we note the temporary repeal of the limitation on the use of tax losses generated in 2018 and 2019 and used by 2020 (the annual limit on use set at 80% of taxable income was reinstated again for 2021) and the increase for 2019 and 2020 in the threshold for the deductibility of interest expenses.

Sweden and Norway have witnessed a gradual reduction in the tax rate for corporate income determination purposes as explained below. In Sweden, in particular, the reduction of the corporate income tax rate to 20.6% as of the year 2021 remains confirmed. The Norwegian budget law for 2019, on the other hand, introduced a reduction in the corporate income tax rate from 23% to 22% from 2019.
The Norwegian parliament approved the proposal to introduce a new tax applicable to onshore wind farms. This tax, whose contents will have to be defined by the Ministry of Finance, should be structured in the form of excise tax equal to NOK 0.01/kWh, and should be applied starting in 2022. This tax was not yet enacted by the balance sheet date and new provisions are expected that define the procedures for calculation, reporting and payment.

Lastly, in the Netherlands, the corporate income tax rate is confirmed at 25% for 2020, increased to 25.8% starting in 2022. The previous provision for a gradual reduction from 2021 has been effectively repealed.

It should be noted that, with regard to investments falling within the framework of Spain's Participation Exemption, as of 2021 the exemption envisaged for dividends received and capital gains realized by companies residing in Spain has been reduced from 100% to 95%.

❖ *Italy: Regulation of the wind, WtE, biomass and solar sectors*

The regulations on incentives for the production of electricity from renewable sources comprise several mechanisms with different applications based on (i) the date the plant commenced operations, (ii) the type of renewable resource used, and (iii) the plant's capacity. These mechanisms consist of:

a) the Incentive, formerly called Green Certificates (GC), for renewable plants with the exception of solar energy;

b) the Energy Account for solar plants;

c) the Energy Account for solar thermodynamic plants;

d) the Incentive referred to in the Ministerial Decree of 4 July 2019 (RES Decree1) for both onshore solar and wind power plants.

The Granarolo dell'Emilia plant, owned by Frullo Energia Ambiente Srl, 49% owned by the Group and consolidated using the equity method, benefited from the portion of the incentive relating to the so-called "avoided costs" under CIP 6/92 up until December 2018.

Incentive tariffs, formerly Green Certificates (GC)

As required by the Ministerial Decree of 6 July 2012, as of 2016 the Green Certificate mechanism was replaced by a new form of incentive that guarantees the payment of a fee by the GSE on net energy generation in addition to earnings from the sale of energy.
In order to benefit from the Incentive, the GSE requires all owners of plants powered by renewable sources (IAFR) to sign the so-called GRIN Agreement (Incentive Recognition Management). GRIN agreements were therefore signed (with the exception of Prima Srl, for which the issue of Green Certificates has not been requested).
On 20 June 2016, the appeal by those Group companies was notified and filed with the Lazio Regional Administrative Court, through the GRIN Agreement. On 16 November 2018, the Lazio Regional Administrative Court (TAR) with sentence no. 11136 annulled the scheme of the Agreement of 20.04.2016 in so far as it was adopted by the GSE in the absence of the power to impose the agreement itself with reference to the IAFRs already incentivised with Green Certificates. By deed notified on 15 May 2019, the GSE appealed judgement 11136/2018 of the Lazio Regional Administrative Court before the Council of State. The Group companies have joined the proceedings with a petition for an incidental appeal pending, to date, the setting of a hearing on the merits.

The ARERA resolution no. 26/2022/R/efr determined, for the purposes of quantifying the value of the Incentive replacing the Green Certificate for 2022, the average value in 2021 of the electricity sales prices, equal to € 125.06/MWh. Therefore, the value of the Incentive for 2022 was set at € 42.85/MWh.

Ecosesto SpA's biomass plant, on the other hand, benefits from an incentive as described above, increased by a multiplier coefficient applied following the issue of certification, issued by the Ministry of Agriculture, Food and Forestry (MIPAAF), guaranteeing that the biomass used comes from a short supply chain (i.e., within a radius of 70 km from the plant). The value of the 2022 incentive is equal to € 69.42/MWh.

Energy Account

The incentives of the Group's photovoltaic systems are governed by the First Energy Account, as per Ministerial Decree 28 July 2005 as amended by Ministerial Decree 06 February 2006 and the Second Energy Account, as per Ministerial Decree 19 February 2007. With regard to plants that commenced operations between 1 January 2008 and 31 December 2010 the MD provides tariff-based incentives for the energy produced that vary based on the characteristics of the plants (integrated, partially integrated or non-integrated) and their nominal capacity (1 - 3 kW; 3 - 20 kW; over 20 kW). This incentive is provided by the GSE for a period of up to 20 years.
As per Law no, 129 of 13 August 2010, the incentivising tariffs included in the Second Energy Account continue to apply to solar systems including those that commenced operations after 31 December 2010, provided that (i) by 31 December 2010 the system had been installed and the relevant authorities notified of the completion of work, and (ii) the facilities came into operation by 30 June 2011.
Law decree no. 91/2014, converted into Law no. 116/2014, establishes that, as of January 2015, the incentive tariff for energy produced by plants with a nominal capacity of more than 200 kW (all those of Falck Renewables Group), will be remodelled, choosing from three possible options. The Group has opted for the following reformulation (so-called option c): without prejudice to the 20-year disbursement period, the tariff is reduced by 8% compared to the incentive initially granted, for the remaining duration of the incentive period from 1 January 2015.
Following an appeal filed by a number of operators, the Regional Administrative Court of Lazio questioned the

constitutional legitimacy of Law 116/2014 in respect of the ruling that led to the above amendment to the incentive tariff regime, referring to the Italian Constitutional Court the possible violation of the principle of reasonableness and legitimate expectation and principle of independent management pursuant to arts. 3 and 41 of the Italian Constitution. On 7 December 2016, the Council declared the question of constitutionality posed by the plaintiffs with regard to the aforementioned provision to be unfounded. After the Constitutional Court rejected the findings of constitutional legitimacy, the TAR decided to refer the matter to the Court of Justice of the European Union, which expressed its opinion on 15 April 2021, finding the law to be compatible with the laws of the European Union.

4 July 2019 Decree Incentives

On 9 August 2019, the Ministerial Decree of 4 July 2019, more commonly known as the FER1 Decree, which promotes the production of energy from renewable sources to reach the European targets for 2030 defined in the Integrated National Energy and Climate Plan (PNIEC), was published in the Official Gazette. The decree provides for technology-neutral competitive procedures for auctions (≥1MW) and registries (<1MW), divided into 7 calls, held between 30 September 2019 and 30 October 2021. The incentive is calculated as a two-way Difference Contract, generating the indifference of the market price with respect to a price level determined as a result of bankruptcy proceedings broken down between auctions and registers. The contingent required for auctions dedicated to wind and solar power, totalling 5500 MW, was not saturated during the 7 calls defined in the decree. Therefore, with Legislative Decree no.199, of 08 November 2021, in adopting the REDII, an extension of the incentive mechanism as per Ministerial Decree of 4 July 2019 was approved, making unassigned residual power available. These extraordinary sessions, as per Legislative Decree 199/2021, will be open until the next decree is enacted that governs the new incentive mechanism for the 2022-2026 period.

Other major events affecting the regulatory framework governing renewable electricity production

National Integrated Plan for Energy and Climate (PNIEC)

In compliance with Regulation 2018/1999 on the Governance of the Energy Union, the Ministry of Economic Development published the National Integrated Plan for Energy and Climate in January 2020. As far as market penetration of renewables is concerned, the Plan provides for a contribution of 30% of gross final energy consumption from renewable energy sources by 2030, thus differentiating between different sectors: 55% in the electricity sector, 33.9% in the thermal sector (heating and cooling) and 22% in the transport sector. In light of the increases currently taking place in relation to the European targets for renewables, the Government is discussing an adjustment of the objectives outlined in the PNIEC.

The Plan also provides for installation of new offshore wind capacity equal to 300 MW and 900 MW, respectively in 2025 and 2030. Against the key role assigned to the offshore wind power production in the energy transition, the Group, starting from the second half of 2021 announced the start of its activity for development of floating offshore wind projects off the Italian coasts.

National Recovery and Resilience Plan (PNRR)

In response to the socio-economic crisis caused by the outbreak of the Covid-19 pandemic in early 2020, the European Union established an investment and reform program called Next Generation EU (NGEU), which, among other things, allocated funds to each Member State in order to help accelerate the ecological and digital transition process. In terms of absolute value, Italy is the primary beneficiary of the two main instruments of the NGEU, namely the Recovery and Resilience Facility (RRF) and the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) Package. The RRF alone guarantees the country € 191.5 billion in resources to be used from 2021 to 2026. It is within this context that, at the end of April 2021, Italy presented its investment and reform package to the European Commission, called the National Recovery and Resilience Plan (PNRR). The largest amount of funding contained within the PNRR, amounting to € 68.65 billion, is dedicated to ecological transition measures, including major investments in the development of the renewables and hydrogen sectors. The Plan was definitively approved on 13 July 2021 and the following month the European Commission paid Italy € 24.9 billion for pre-financing equal to 13% of the total amount provided for the country.

Adoption of European legislation concerning renewable energies and the internal electricity market

Legislative Decree 199/2021, transposing EU Directive 2018/2001 on promotion of the use of energy from renewable sources, published in the Official Gazette of 30 November 2021, introduced important developments for the segment concerning incentives for renewable sources and relative simplifications in line with European targets at 2030 as well as coordination criteria with the measures provided by PNRR. Among other things, the decree defined the general principles for the new incentive mechanisms which will be applied in the 2022-2026 period, stating that implementation decrees must be published by the end of June 2022 aimed at governing the relative procedures and transitioning from the old to the new system. Legislative Decree 199/2021 also established the regulation for identifying suitable and unsuitable areas for installing renewable plants, according to which other decrees aimed at defining specific criteria for defining these areas and dividing the installed capacity between the Regions will be adopted by the end of June 2022. The Regions are required to issue specific laws by the end of 2022 to identify suitable areas, which will benefit from a streamlined authorisation process and incentives for renewable plants.

Another decree of interest for the segment - Legislative Decree no. 210/2021, implementing EU Directive 2019/944 on common rules for the internal market for electricity - was published in December 2021. The provision establishes the basic requirements and timing for creation of a new auction mechanism which will be organised by the National Transmission Grid, Terna, in order to ensure long-term provision of storage capacity. Terna must submit a proposal governing the mechanism of auctions dedicated to storage, providing for a test phase at system start-up, by the end of December 2022.

Interventions against price increases for electricity produced by renewable plants

With Law Decree no. 4/2022 of 27 January 2022, temporary measures were introduced aimed at limiting the effects of increases in prices in the electricity segment, with a direct impact on revenues obtained from renewable sources plants with power greater than 20 kW. Specifically, from 1 February 2022 to 31 December 2022 a two-way compensation mechanism is planned on the price of electricity fed into the grid from solar systems that benefit from the fixed prices as per the Energy Account, not dependent on market prices, as well as systems without incentives fed by renewable sources such as solar and wind power. If the average historical reference price (calculated as the average hourly zonal prices recorded from the plant's commissioning up until 2020, or from 2010-2020 if the plant was commissioned before 2010) is lower than the benchmark hourly zonal price of the electricity market, the difference must be returned by these systems. For supply contracts with a fixed price that is 10% or more higher than the average historical reference price, the average price indicated in the contracts is taken as benchmark. This does not apply to supply contracts finalised before 27 January 2022 in which the price is not connected to the energy spot market performance and the agreed price of which is not more than 10% higher than the historic average reference price.

Revision and reform of the Italian Electricity Market

With Resolution 393/2015/R/eel, the regulatory Authority (ARERA) has initiated a process aimed at creating measures for the comprehensive reform of the dispatching service regulation, in keeping with the Authority's guidelines expressed in the 2015-2018 Strategic Framework and with the relative European legislation (EU Regulation 1222/15 - CACM, and the EU Regulation on the so-called balancing guidelines). This procedure also incorporates all the activities and measures for implementing the provisions of Legislative Decree 102/2014, concerning dispatching.

With this in mind, on 23 July 2019 ARERA published the consultation document 322/2019/R/eel "*Testo Integrato del Dispacciamento elettrica (TIDE) - Orientamenti complessivi*" (Integrated Text on Electricity Dispatching - General guidelines). The aim of the text is to reform the electricity dispatching service, how the necessary resources can be provided and how they are remunerated, and to adapt the energy markets to the new context with a view to achieving European targets by 2030. To implement the reform of the Italian Electricity

Market, as proposed by TIDE, starting in September 2021 a series of measures was introduced that are part of a larger integration project on a European level of the various European single intraday markets (*European Single Intraday Coupling*). These include the introduction of continuous trading to the Intraday Market (MI) with closing an hour before the delivery period, as well as consequent application of negative prices on the Day-Ahead Market (MGP) and Intraday Market.

The broader context of the reform of the Italian electricity market also includes a reform of imbalance regulations, approved by ARERA in November 2021 with resolution 523/2021/R/eel, implementing the European regulatory framework. This resolution introduced some changes to the current regulations which will be implemented starting in April 2022, such as extension of the single pricing mechanism for measurement of imbalances on all units, regardless of the source used, therefore superseding the equalisation system previously applied to renewables that could not be planned.

With the resolution 300/2017/R/eel published in May 2017, the Authority also provided for an initial phase of pilot projects, aimed at allowing demand and units previously not enabled to take part in the dispatching services market (MSD), such as renewables, distributed generation and storage to optimise the supply of dispatching resources. In November 2018 Terna published the first procedure for the forward procurement of dispatching resources provided by the Mixed Virtual Enabled Units (UVAM). Following the relative consultation held in February 2021, some changes were approved for the regulation for the tender concerning the forward procurement of UVAM resources, which became effective in May 2021. Up to the end of the first half of 2021, Falck Next Energy Srl participated in the pilot project providing the management service of the UVAM in the capacity of aggregator.

Furthermore, in July 2020, again as part of the projects pursuant to Resolution no. 300/2017/R/eel, Terna published the regulation regarding the pilot project for the provision of the ultra-rapid frequency regulation service ("Fast Reserve"), dedicated, among other things, to storage systems, both standalone and behind-the-meter. The pilot project introduced the possibility for generating units and storage systems between 5 and 25 MW to participate in a low-ball auction for the forward contracting of the ultra-fast frequency regulation service. The procedure, held on 10 December 2020, was carried out with a pay-as-bid allocation mechanism at an allocation price not exceeding € 80,000/MW/year, with a five-year delivery period starting in January 2023. Falck Next Energy Srl qualified 7.5 MW in the relevant auction session at a price of € 18,800/MW/year.

Two additional pilot projects in accordance with the ARERA resolution 300/2017/R/eel were introduced during 2021. The first, for which final approval was obtained in June of 2021 and implemented in December 2021, concerns the provision of secondary frequency regulation service through resources not previously enabled, such as renewable plants and storage systems with an installed capacity of at least 10 MW. Conversely, the second pilot project approved in August 2021 involves providing voltage regulation service through renewable plants connected to the National Transmission Grid after plant upgrades. For this project an auction procedure will be performed in 2022 in order to finalise the futures contracts with delivery period equal to 39 or 36 months; eligible resources will have the right to a premium correlated to the incurred adjustment costs. Currently, one plant belonging to the Group has sent its request to participate in the procedure.

Valorisation of imbalances

On 8 April 2020, the Authority published Resolution 121/2020/R/eel on the transitory measurement of the actual imbalances during the Covid-19 epidemiological emergency. This provision temporarily introduced a floor/cap to the prices dedicated to production units that do not qualify for the ASM in order to limit the volatility of imbalance prices, to protect these units. This rule was applied on a transitional and exceptional basis from 10 March to 30 June 2020.

Capacity Market

In order to ensure the adequacy of the Italian electricity system and meet the electricity needs in compliance with the service safety and quality requirements, a remuneration system was introduced in Italy in 2019 for the availability of electricity production capacity, also known called the Capacity Market. The ministerial decree of 28 June 2019 approved the relative regulations related to auctions with a delivery period from 2022 and 2023,

both held in November 2019. For the awarded projects the mechanism includes, following participation at a low-ball auction, receipt of a fixed premium against maintaining a supply obligation on MGP/MI of the committed capacity and on the ASM for the portion not previously accepted on energy markets.
The mechanism introduced in 2019 met with major criticism due to the penalising conditions applied to renewable sources and storage systems as well as the limits imposed by compliance with the timing to receive authorisations for plants not yet authorised. In this context, with a decree of 28 October 2021 a revision of the regulations was approved, applicable for the auction related to the 2024 delivery period to be held on 21 February 2022. The introduced amendments, which only partly meet the requests of operators, included the possibility of postponing attainment of the authorisations until 30 June 2023 for plants not yet authorised that intend to participate at the next auction, as well as applications of more favourable conditions for storage systems participating in the mechanism.

Energy management

To date, Falck Next Energy Srl manages all the Italian plants of the Group under its dispatching contract (with the exception of the Trezzo solar power plant), for a total power of 343.22 MW. Since July 2019, Falck Next Energy Srl has also managed third-party plants installed in Italy, with an additional capacity of 320.07 MW to date. Furthermore, in January 2021 Falck Next Energy established a branch in the UK, called the Falck Next Energy UK Branch, in order to operate as an off taker, thereby replicating the Italian model on the British market as well. At the present time, the Falck Next Energy UK Branch is under contract to manage a volume of 132 MW belonging to two Group plants located in the UK: Millennium and Kilbraur.

In May 2019, Falck Next Energy also joined the European Energy Exchange (EEX), the leading trading platform for energy and CO_2 emissions financial derivatives, and announced the launch of proprietary trading activities. As of April 2020, the proprietary trading has extended its activities from the electricity sector to the gas sector by qualifying to trade on the financial indices of the main European gas exchanges on EEX. During 2021, several futures contracts with underlying CO_2 were also concluded on EEX.
Lastly, since October 2020, Falck Next Energy Srl has been operating on the Joint Allocation Office (JAO), a platform that enables participation in auction procedures for trading rights on cross-border capacity through the subscription of purchase options based on the price differential of the European market's interconnected countries. The capacity contracted by Falck Next Energy on this platform during 2021 is equal to 151.102 MWh.

❖ *Spain: regulatory framework for the wind and solar power sectors*

With law 7/2021 on climate change and energy transition, Spain set its national objectives for 2030, in compliance with the national plan for Energy and Climate published in January 2020. In accordance with this legislation, the minimum amount of renewable energy to reach by 2030 is set at 42% for final energy consumption and 74% for electricity production.
In terms of the incentive mechanisms, the Group's wind power farms benefit from the variable price regime introduced by the Royal Decree (RD) 661/2007. This decree, in addition to maintaining the existing Feed-in-Tariff (FiT) mechanism, introduced a variable price regime, called Market Option, subject to a cap and floor system. The tariff regimes provided for by RD 661/2007, which had been applied until then, were later revised by RD 2/2013 containing urgent measures for the electricity sector.
Moreover, with the Royal Decree 413/2014, the remuneration system for existing plants was revised, introducing a contribution, compared to the market value, equal to a minimum integration of stranded costs arising from the exchange of electricity on the market. The value of this "modified remuneration" is based on standard costs (CAPEX and OPEX) derived from market averages and is designed to supplement the revenues of the plants so that they can reach the so-called "reasonable production capacity", calculated on the basis of the yields on Spanish government bonds under national law. Following the implementation of this approach, the Group's two plants started up in 2003 and 2004, lost any form of incentive once they had reached the relevant 'reasonable production capacity', selling the energy produced exclusively at market prices as early as 2013.
The same mechanism applies to new installations, the only difference being that the level of initial investment guaranteeing 'reasonable production capacity' is determined by the producers themselves following competitive auctions, organised periodically by the government, with maximum quotas to which the 'modified remuneration'

is allocated. This scheme applies to the Energia Eolica de Castilla plant, which came into operation in February 2020.
Furthermore, the new Royal Decree 23/2020, in force as of 25 June 2020, has made several changes to the regulatory framework for the renewable energy sector. Essentially, the measure aims to reorganise the authorisation of direct access and the connection of plants by introducing binding intermediate targets, reduce bureaucratic burdens and revise some basic mechanisms, including by introducing auction procedures based on long-term energy prices.
In compliance with the mandate introduced by Royal Law Decree 23/2020, a new incentive mechanism, which ensures a fixed price for the sale of energy for a period of 12 years, was introduced through Royal Decree 960/2020, of 4 November 2020. The new regime, which is further defined in Ordinance TED/1161/2020, applies to the auction procedures for new construction, upgrades or changes to existing installations. Participation is also open to storage systems, only if they are integrated with renewable installations. It is configured as a pay-as-bid system, regulated by a market coefficient that takes on different values depending on whether the system is integrated with a storage system. The first auction procedure was held on 26 January 2021, providing for a total quota of 3 GW, of which one GW was dedicated to onshore wind, one to solar and one reserved for a mixed pool of technologies. Falck Renewables SpA participated in this procedure, and was awarded 40 MW through its own solar projects. A second tender with available renewable capacity equal to 3.3 GW was held on 19 October 2021 assigning a total of 2.26 GW to wind and 866 MW to solar. Launch of a new procedure was just announced scheduled for 6 April 2022, with available capacity equal to 500 MW.

With Royal Law Decree 12/2021 a change was introduced to the previous legislation concerning access and connection to the grid and distribution of electricity as per Royal Decree 1183/2020, adding social and environmental criteria for measurements of auctions for the supply of new capacity in the case of grid nodes, as well as a financial guarantee, proportional to the social-economic solutions undertaken, if the developer is awarded the capacity. With the Circular 1/2021, the National Commission of Markets and Competition (CNMC) established the detailed methodology and access and connection conditions to the grids and distribution for electricity production plants.
Royal Law Decree 12/2021 also suspended application of the tax for the third quarter on electricity generation due from producers. This suspension was later confirmed for the last quarter of 2021 through the Royal Law Decree 17/2021 and the first quarter of 2022 with the Royal Law Decree 29/2021.
Faced with the extraordinary increase of energy prices reported in 2021, with the aforesaid Royal Law Decree 17/2021 published in September 2021, new measures were introduced aimed at mitigating the impact of the escalation of natural gas prices on the national electricity market. The decree includes a provision with the purpose of temporarily decreasing the earnings of some production plants that do not emit greenhouse gases, regardless of the technology used. According to the legislation, the remuneration of these renewable plants is reduced in proportion to the higher income obtained following inclusion of the higher natural gas prices by technologies and marginal emission in electricity wholesale prices. The application period of this extraordinary measure is currently set for 16 September 2021 to 31 March 2022. Royal Law Decree 23/2021 of 27 October 2021 regulates the exemptions from application of the reduction applied to the earnings of plants, as per the previous Royal Law Decree 17/2021. In the Group's Spanish portfolio, Desafio Solar is the only plant affected by this measure.

❖ *UK: regulatory framework for the wind power sector*

The regulatory framework of incentives for electricity production from renewable sources in the UK is now almost entirely based on the Renewables Obligation (RO) mechanism, which gives rise to the market for Renewables Obligation Certificate (ROCs) and has replaced the previous Feed-in Tariff system, known as Non Fossil Fuel Obligation (NFFO).
The previous regulation applied to the sale of electricity from renewable sources was introduced by the Electricity Orders of 1994, 1997 and 1998, in England and Wales, and of 1994, 1997 and 1999 in Scotland. Although this legislation has been superseded, plants commissioned under this scheme continue to benefit from the relevant incentives until the expiry of their existing NFFO contracts - long-term sales contracts at a pre-determined price with the Non Fossil Purchasing Agency (NFPA) as counterparty. None of the Group's plants

currently benefits from this scheme, as the Cefn Croes plant, which benefited from the NFFO contract until 2016, now uses the ROCs system.
All of the Group's plants located in the UK therefore benefit from the incentive scheme governed by the Renewables Obligation Orders (ROOs). The 2006 Renewables Obligation Order - for England and Wales - and the 2007 Renewables Obligation Order - for Scotland - require suppliers to demonstrate that a percentage of the electricity they sell comes from renewable sources.
The Office of Gas and Electricity Markets (OFGEM) issues ROCs and Scottish Renewables Obligations Certificates (SROCs) for the Gas and Electricity Markets Authority (GEMA).
With the approval of the Energy Act 2016 closure of the Renewables Obligations system is planned for new wind farms in May 2016 with different grace periods connected to specific circumstances limited over time. To date, the mechanism is only valid for those operating plants that have won the participation, but is not accessible to new plants.
The RO regime uses a certification system using ROCs and SROCs to verify supplier compliance. Renewable energy producers, on the other hand, receive a specific number of such certificates for each MWh of electricity generated, based on the source utilised; ROCs and SROCs can be traded, even by participating in auctions organised by the NFPA itself.
Since 2009, the amount of renewable energy has been measured in the number of ROCs per MWh of energy supplied and for the period 1 April 2021 to 31 March 2022 the value to be achieved by each supplier is set at 0.492 ROCs per MWh of energy distributed in Great Britain and 0.194 in Northern Ireland.

Wind farms connected to the local distribution grid - in the Group all of the wind farms with the exception of Kilbraur and Millennium - are also entitled to receive other incentives, known as “Embedded Benefits”. As these plants are connected to the regional low-voltage electricity distribution grid and not to the high-voltage transmission grid operated by National Grid Electricity Transmission (NGET), they avoid or reduce the use of the grid and thus avoid the associated costs, known as Transmission Network Use of System (TNUoS).
In this regard, it is worth noting that connections of up to 132 kV belong to the distribution networks in England and Wales, while connections above 132 kV are considered part of the transmission grid. The situation is different in Scotland, where the transmission networks also include installations connected up to 132kV. Furthermore, the transmission networks in Scotland are owned by two companies - Scottish Hydro Electricity Transmission Ltd (SHETL) and Scottish Power Transmission Ltd (SPT) - according to their geographical location, while the operational management responsibility for the Scottish transmission system remains with National Grid Electricity System Operator (NGESO).
In order to gain access to the electricity market, the producer must enter into a Power Purchase Agreement (PPA) with an electricity supplier, who takes back the energy generated and sells it directly into the distribution network, thus avoiding supply through the transmission network. The costs avoided by the supplier, together with other costs arising from the existing system balancing mechanism and avoided grid losses, are partly passed on to the generation plants. These costs are commonly referred to as “Embedded Benefits” as they result from the integration of generation plants into the distribution network.

NGESO and OFGEM have also launched a coordinated consultation process, starting in November 2018, in which the Group has actively participated, in order to reform the entire system of charging and definition of Embedded Benefits. In December 2020, the revision of the Embedded Benefit relating to the tariff component known as Balancing Services Use of System (BSUoS) was consolidated, providing for a change in its calculation from a net to a gross tariff base, to be applied from April 2021. Consequently, any benefits enjoyed by so-called embedded systems have been eliminated. Ofgem also stated that, starting in 2023, all BSUoS charges will be transferred from the producers to the suppliers, so from that time forward no wind farm will be subject to the aforementioned tariff components. This change may also affect wholesale energy prices.
The substantial revision of the UK's renewable incentive mechanisms includes the introduction of:

- **Feed-in Tariffs through Contracts for Difference (FiT-CfD)** for the new plants that would have benefited from ROCs or SROCs. The new incentive system, which replaces the certificate system, provides for a Feed-in Tariff (FiT), the value of which, known as the Strike Price, is set following competitive auctions. This value should reflect the appropriate return on the investment cost of the technology used. Once entitled to the FiT, the plant is required to sell the electricity on the market. If the average UK wholesale electricity market price

(Reference Price) is lower than the Strike Price, the plant receives a FiT to supplement the income received from the sale of energy; otherwise, if higher, the plant must pay back the difference.

- **Capacity Market:** aimed at ensuring adequate global investment in programmable generation capacity necessary for the security of electricity supply. The mechanism offers all capacity providers a constant remuneration to ensure that the capacity is sufficient to cover the peak demand.
- **Emission Performance Standard (EPS)**: places a limit on the level of carbon dioxide emissions that new fossil fuel power plants can emit. The level introduced will favour stations that are equipped with carbon capture and storage facilities.
- **Carbon Price Floor**: sets a minimum price for carbon dioxide emissions by supplementing the European Emission Trading System price with a tax - Carbon Price Support - to be applied to fossil fuels used for electricity generation.

At the end of 2014 a first auction was held for the allocation of CfDs to onshore wind farms and other "mature renewable technologies" (CfD POT 1). None of the Falck Renewables Group development projects participated in this auction. Additional CfD auction procedures were held during 2017 and in May 2019, exclusively dedicated to the most innovative renewable technologies (CfD POT 2), which includes offshore wind plants but not onshore. However, in 2020 the UK government announced an additional procedure (AR4) open to all technologies, including onshore wind and solar. Ahead of the auction, the government put the CfD structure out for consultation, confirming the UK regulator's desire to replace the previous two-way system with a three-way system. The new mechanism therefore involves a first contingent (POT 1) reserved for established technologies, such as onshore wind and solar power, a second (POT 2) dedicated to less established technologies, such as tidal power renewables, wind on minor islands and floating offshore wind, and a final one dedicated to non-floating offshore wind (POT 3). The Group's plants are not expected to participate in this auction, currently open to candidates until May/June 2022. Later procedures will be organised open to onshore wind and solar, with a frequency of at least one tender every two years.

❖ *France: regulatory framework in the wind power sector*

Law 992/2015 of 17 August 2015 - the Energy Transition Act - consistent with European State Aid Guidelines, introduced a number of changes aimed at progressively integrating renewable installations into the wider electricity market. This measure requires new plants to gradually transition from the previous FiT incentive system to a new system based on Contract-for-Difference (CfD). Under this scheme, plants sell the electricity they produce on the market, either directly or through an aggregator, in order to benefit from an additional remuneration, a premium paid under a contract with an off-taker, the value of which is determined on the basis of the M0 index - calculated monthly taking into account EPEX prices and the national wind power production profile - published by the Commission de Régulation de l'Energie.
Two further decrees concerning the implementation of the FiT and the CfD, approved in May 2016, set the overall regulatory context in which an appropriate and full implementation of the Energy and Transition Act of 2015 is framed.

As far as onshore wind farms are concerned, the French government published a decree on 13 December 2016 sanctioning the end of the FiT system and simultaneously the introduction of the benefits derived from the CfD system. However, plants that made a FiT request within 2016 continue to enjoy the relevant benefits, according to the Decree of 17 June 2014. Consequently, all the plants that sent a request prior to 31 December 2016 are granted a fixed tariff scheme, equal to € 82/MWh and subject to annual indexing, for the first ten years of production, while the tariff for the last five years is linked to the amount of energy produced in the first ten years. Low-wind sites with less than 2,400 hours of generation per year will continue to benefit from the same fixed tariff for the full fifteen-year incentive period, whereas mid and high-wind speed sites will see a decrease in the applied tariff during the last Five years.
Since 2017, these wind plants have only been subject to a CfD (contract for difference) type system, pursuant to the decree of 10 May 2017 and updated annually in multi-year plan of auction procedures dedicated to onshore wind power. The features of this CfD depend on (i) the number of turbines constituting the plant and (ii) their

rated power, according to the following breakdown:

1) Plants with a maximum of 6 turbines, each with a maximum nominal power of 3 MW. In accordance with the decree of 10 May 2017, the following scheme is applicable:

a. the base tariff is defined according to the diameter of the largest rotor of the turbine, from a minimum of € 72/MWh to a maximum of € 74/MWh;
b. the base tariff provides for a cap of € 40/MWh to be applied exclusively to the annual production of the plant in excess of a certain predefined level, which also depends on the diameter of the rotor;
c. The CfD contract has a duration of 20 years;
d. the base tariff is subject to annual indexing;
e. an operating premium of € 2.8/MWh is applied to cover fixed and variable costs related to market access and the Capacity Market.

2) Wind farms with a minimum of 7 turbines. The multi-year auction procedure plan dedicated to onshore wind power plants published in August 2021 sets an incentivisation target of 9.025 GW of aggregate power, for the period between November 2021 and 2026, according to the following scheme:
a. the value of the base tariff is equal to that submitted by the head of the wind farm during the auction procedure, and cannot exceed € 70/MWh;
b. in the event of an investment or loan by local public and/or private entities, the farm will benefit from an additional premium of total value between € 3 and € 1/MWh;
c. the CfD contract has a duration of 20 years;
d. the base tariff is subject to annual indexing.

On 23 April 2020, the Government issued the so-called Energy Multi Annual Programming Decree, establishing the renewable energy targets for 2023 and 2028. According to the decree, the target installed capacity for onshore wind is expected to reach 24.1 GW by 2023 and between 33.2 GW and 34.7 GW by 2028. At 30 September 2021, the onshore wind capacity installed in France is equal to 18.8 GW.

❖ ***United States of America - regulatory framework for the wind and solar sectors***

Falck Renewables Group has been operating in North Carolina since December 2017 with a 92 MW solar power plant, in Massachusetts since June 2018 with four solar power plants, for a total of 20.5 MW, as well as in the states of New York, Iowa and Maryland since the end of November 2020, with the acquisition of 62 MW of wind and solar projects already in operation. Moreover, Novis Renewables - joint venture between Falck Renewables and Eni active in the United States - completed construction of the new 29.6 MW solar plant in Virginia in October 2021.
The Group's projects in the United States benefit from certain federal policies, such as the Solar Investment Tax Credit (ITC) and the Production Tax Credit (PTC), and are required to comply with certain environmental requirements in order to promote the production of renewable energy. At the state level, the Renewables Portfolio Standards (RPS), currently in place in dozens of states and the District of Columbia, require utilities to guarantee a certain percentage of electricity consumption from renewable sources on a voluntary or obligatory basis.
The Group also installed a 6.6 MWh storage system connected to its operating solar plant in Middleton, Massachusetts. Falck Renewables North America Development Services & Construction Management LLC has entered into a long-term capacity agreement with Middleton Electric Light Department (MELD), a Massachusetts utility, for the dispatch of stored energy during periods of high system charges. The contract was later transferred to HG Solar Development LLC. The storage plant will allow MELD to reduce these charges, generating benefits for the entire local community, which will enjoy the lower operating costs of the system.

▪ *Federal incentives*

<u>Solar Investment Tax Credit (ITC)</u>
The Solar Investment Tax Credit (ITC) is one of the main mechanisms under federal policy to support the

deployment of solar energy in the United States. The ITC is a tax credit applied as a percentage of the investment in solar power producers, which reduces the income tax of individuals or companies. The tax credit is calculated on the share of the investments made in properties related to solar projects: in particular, the ITC foreseen for utility-scale projects that began construction or purchased certain components for the construction of the plant, such as solar panels, before the end of 2019, is 30% of the share invested in compatible assets. In 2020, the value of the ITC fell to 26% for the years 2020 to 2022. In the absence of a future additional regulation its value is expected to fall to 22% in 2023 and settle at 10% from 2024.

Production Tax Credit (PTC)
The Production Tax Credit (PTC) is a tax credit applied to the production of renewable energy from wind power for a period of ten years after the plant enters into service. The mechanism, originally established in 1992 under the Energy Policy Act, has been extended several times by various laws starting in 1999, and was most recently extended by the Taxpayer Certainty and Disaster Tax Relief Act approved in 2020.
This tax credit is legally assigned a base value of 1.5 US cents per kWh, adjusted annually for the inflation rate published by the US Internal Revenue Service (IRS). For 2021, the indexed value of the PTC was fixed at 2.5 US cents per kWh.
In addition, pursuant to the IRS guidelines, the base value of the PTC is reduced depending on the year in which the plant was built and its relative entry into operation. For the purposes of recognising the tax credit, the plants must enter into operation within four years starting from the calendar year when the construction began with the exception of projects that started in construction in 2016 or 2017. In this case, plant commissioning is extended to five years for construction delays due to the Covid-19 pandemic emergency. Therefore, the following applies:
- 100% of the base value of the PTC in the case of construction work commencing in 2016, if the plant enters into operation by the end of 2021;
- 80% of the base value of the PTC in the case of work commencing in 2017, if the plant enters into operation by the end of 2022;
- 60% of the base value of the PTC in the case of work commencing in 2018, if entry into operation takes place within 4 years;
- 40% of the base value of the PTC in the case of work commencing in 2019, if entry into operation takes place within 4 years;
- following the extension of the mechanism approved in 2019 and the approval of the Disaster Tax Relief Act, 60% of the base value of the PTC, if work starts in 2020 and the plant enters into operation within 4 years.

Lastly, with its notice of 29 June 2021, the IRS granted a further extension of the time for entry into operation of some renewable projects that require benefiting from the PTC equal to 6 years for the plants that began construction in 2016, 2017, 2018 or 2019 and 5 years for those started in 2020.

- *North Carolina*

The RPS in North Carolina requires that investor-owned utilities meet 12.5% of total energy use to be through renewable sources by 2021. 0.2% of this 12.5% amount must come from solar sources - although it is estimated that 88% of new capacity under the RPS will come from solar sources - with the remainder covered by new wind capacity.

Renewable Energy Certificates (REC)
North Carolina provides in its RPS that public utilities may purchase Renewable Energy Certificates (RECs) to meet their compliance obligations. In fact, in some areas of the United States, renewable energy is sold by producers to utilities at the price at which it would cost the utility to generate that electricity (known as avoided cost). Every MWh of qualifying renewable energy receives three types of payment: an energy quota, a capacity quota and the relative Renewable Energy Certificate. The total cost of the energy generated, including REC-related costs, is then passed on to the utility's end customers.
The North Carolina Utilities Commission has established a system for monitoring and issuing these certificates, known as the North Carolina Renewables Tracking System (NC-RETS), through which utilities demonstrate their compliance with the Renewable Portfolio Standard. Renewable energy producers can register their plants on the NC-RETS system to issue and sell certificates to the different entities required to meet their share of the

obligation, such as Investor-Owned Utilities, Municipal Utilities and Cooperative Utilities. The NC-RETS system uses energy production data to generate a digital certificate for each MWh produced.
The REC market in North Carolina also allows utilities to purchase up to 25% of their obligation share under the RPS in other qualified REC markets outside the state.

- *Massachusetts*

In Massachusetts, the objective established by RPS, as modified by the Green Communities Act,
S.B. 2768 dated July 2008, aims for 15% of total energy consumption to come from renewable sources by the end of 2020, and with a 1% increase each year thereafter.

Solar Renewable Energy Certificate (SREC)

In Massachusetts, solar power plants have the possibility of producing Solar Renewable Energy Certificates (SRECs), which energy suppliers buy to comply with the Solar Carve-Out programme under the RPS. As a result of changes introduced to the objectives of the RPS, new SREC quotas have been created. The original "Solar Carve-Out Program" (later called SREC Class I) was replaced by the Solar Carve-Out II Program (or SREC Class II). In general, Class I SRECs apply to solar systems built on or after 1 January 2008, while Class II SRECs apply to projects built on or after 1 January 2013. The Class II SREC program was then replaced in November 2018 by the new Solar Massachusetts Renewable Target (SMART), which applies a staggered incentive, differentiated by territory and technology. The percentages of the various incentive groups under SMART decrease as each bracket is saturated and vary according to the size of the project and the territory in which the utility is located. The plants can also receive additional tolerance percentages based on the type of off-taker, location, monitoring and the presence of storage systems.
The price of the SRECs mainly depends on market availability, based on bilateral contracts stipulated between sellers and buyers in order to stabilise their value. The Massachusetts Department of Energy Resources (DOER) has implemented a state-level auction scheme known as the Solar Credit Clearinghouse Auction II, with prices set on an annual basis and a 5% detraction for administrative expenses. SREC producers only take part in the Solar Credit Clearinghouse Auction II if they have not been able to sell the certificates on the open market through bilateral contracts.
Solar energy projects that fall under SRECs generate 0.6 to 1.0 certificates per MWh produced in the first 10 years after their Commercial Operation Date (COD), according to the type of project and off-taker.

- *New York*

Unlike most state-run RPS programs that require utilities to provide a certain percentage of their electrical consumption through renewable energy, the State of New York uses a centralised procurement model for its RPS program. As the central procurement agency, the New York State Energy Research and Development Authority (NYSERDA) manages several renewable development programs within the state. In return, NYSERDA holds all rights and concessions relating to the renewable qualification of the electricity generated, which is taken into account for the achievement of the State's RPS targets.
Moreover, the Clean Energy Standard (CES) which is an integral part of the State's Renewable Portfolio Standard, establishes a 2030 objective equal to 50% of electricity consumed from renewable sources. With the Climate Leadership and Community Protection Act (CLCPA) approved in July 2019, additional objectives were introduced, including an increase of the previous target at 2030 up to 70% of electricity from renewable source and a new target at 2040 equal to 100% of carbon-free electricity.
Under the RPS, each load serving entity (LSE) - which includes any entity or organisation such as utilities, municipal utilities and licensed electric cooperatives required to supply energy or energy services to end customers - is obliged to provide certificates associated with new renewable sources, called Tier 1 Renewable Energy Credits (RECs). These entities have different solutions to ensure compliance with the scheme: purchasing Tier 1 RECs from NYSERDA; directly sourcing Tier 1 RECs through agreements with renewable producers or intermediaries; self-sourcing Tier 1 RECs; Alternative Compliance Payment (ACP); or a combination of these options.
The CES has a further mechanism requiring LSEs to purchase Zero-Emissions Credits (ZECs) from

NYSERDA, the value of which is estimated on the basis of the amount of government load or energy required, pro rata for each LSE, in a given year of compliance.

Renewable Energy Certificates (REC)

In order to stimulate generation in the State of New York all eligible plants entered into operation starting from January 2015 are classified as Tier 1 REC. The CES sets the amount of load that Tier 1 REC can meet annually. With the measure adopted in October 2020, the percentage of load requirements was updated to 2.04% for 2021, 5.61% for 2022 and 8.20% for 2023. The utilities comply with their obligations by purchasing the necessary quantity of REC from NYSERDA through the New York Generation Attribute Tracking System (NYGATS) and other sources.

NYGATS, in addition to being responsible for monitoring and disseminating information related to electricity produced, imported and consumed in the State, takes care of certifying compliance of the LSEs and progress towards state objectives related to the consumption of electricity from renewable sources.

LSEs that fail to meet their obligations are required to pay NYSERDA an ACP as an alternative compliance system.

Community Solar

The so-called 'Reforming the Energy Vision' (REV), introduced in 2014 by Governor Andrew M. Cuomo in office until August 2021, defines New York State's energy strategy. The tariff structure in place before the REV was implemented for distributed generation (DER) did not adequately compensate for many of its components. Therefore, in March 2017, the Public Service Commission (PSC) issued an order - the Value of Distributed Energy Resources (VDER) Order - to adjust these values for distributed resources with a capacity of up to 2 MWca. As of 2018, the maximum size for such distributed resources is increased to 5 MWca.

Moreover, the NY Sun Incentive Program, in effect since 2014, provides incentives for installation of solar plants that are small size, authorised and connected to the grid. The programme was extended to May 2020 by granting additional loans, in order to sport achievement of an installed capacity target equal to 6 GW by the end of 2025. The state had reached 93% of these 6 GW at the end of 2021, using up all of the funding allocated for the NYSun programme. Under the current government headed by Kathy Hochul, a new schedule was published in December 2021, the New York 10 GW Distributed Solar Roadmap, which proposes different measures aimed at expanding the NY-Sun programme by an additional 4 GW, in order to make it possible to reach a target equal to 10 GW of distributed solar capacity to install by the end of 2030. NYSERDA requested a total budget equal to $ 1.474 billion in order to finance the achievement of this staggered objective.

- *Iowa*

Iowa's Renewable Portfolio Standard envisaged achieving a renewable energy share of 105 MW by 1999. This target, long since achieved, has never been updated, bringing the new demand for Renewable Energy Certificates close to zero.

The PPAs entered into for the Group's portfolio in Iowa include the sale of both electricity and RECs to the off taker - the local public utility that generates and distributes electricity, called Interstate Power and Light Company (IPL).

Furthermore, Iowa Code 476C introduced a state tax credit on the production, sale and self-consumption of renewable energy, mainly from wind power. In order to be eligible, the plant must have started operation between 1 July 2005 and 31 December 2017. This tax credit, which is cumulative with respect to the federally provided PTC, is transferable to third parties and applies to individual state income, corporate income, franchises, insurance premiums, sales and use taxes, and substitute taxes. Its value is 1.5 cents per kWh of electricity produced by plants with a nominal capacity not exceeding 2.5 MW.

The ten wind power SPVs included in the Group's portfolio in Iowa applied for the issuance of these tax credits and subsequently entered into 10-year Tax Credit PPAs in order to transfer the relevant certificates issued annually by the Iowa Department of Revenue, thereby providing an additional revenue stream.

- *Maryland*

Maryland's Renewable Energy Portfolio Standard, enacted in May 2004 and revised several times since then, requires the state's electricity suppliers to obtain a minimum share of their retail sales of electricity from renewable sources, established as 25% for 2020.
In 2019, legislation was also approved that requires the state to achieve a target of 50% renewable electricity production by 2030, with 14.5% reserved for solar energy (Solar Carve-Out), while also evaluating possible trajectories for achieving the 2040 target of 100% clean energy.

Renewable Energy Certificates (REC)
RECs are valid for a period of three years during which they can be transferred, sold or otherwise redeemed. It is therefore possible to use them for compliance purposes during the year of generation and in the two following years. As an operator on the PJM (Pennsylvania, New Jersey, Maryland) market, the state uses the monitoring and tracking system called PJM-GATS to certify, create, issue and track RECs.

All utilities that provide electricity are required to file an annual report with the Public Service Commission demonstrating compliance with the RPS; if they fail to meet their objectives, they are required to pay a contribution to the Maryland Strategic Energy Investment Fund (SEIF).
The state also provides the opportunity to participate in the solar programme, called the Solar Renewable Energy Certificate (SREC), exclusively for installations located in Maryland.
Maryland's REC market is expected to continue to be under-supplied until 2030; as a result, certificate prices will follow ACP values for the next few years.
Moreover, with Senate Bill 65 adopted in June 2021, some amendments to the State's RPS were introduced aimed at reducing the scarce supply encountered in 2020 and 2021 in the REC market, but without revising the objectives set for 2030. In particular, according to this legislation, a more gradual increase is envisaged of the Solar Carve-Out obligation for the 2022-2029 period, along with an increase of the relative solar ACP in the 2023-2029 period.

- *Virginia*

The Renewable Energy Portfolio Standard adopted in 2007 as part of a broader legislative framework on the energy segment in Virginia, establishes a voluntary objective for electricity suppliers to purchase 15% of their retail sales from renewable sources. An amendment to the Virginia Clean Economy Act adopted in April 2020 converted the previous voluntary regime included in the RPS to obligatory, establishing an incremental objective to 100% by 2045 for the public utility called Dominion Energy Virginia and by 2050 for the public utility called American Electric Power.

- *Customs tariffs*

The cells and modules imported into the United States from various countries were subject to trade measures by the United States starting in 2014, with consequent tariffs set on importation of these goods. Specifically, the previous Trump administration, starting in January 2018 imposed a 30% customs tariff for importation of solar panels with a progressive reduction in the tariff over the following four years. Up to October 2020 bifacial modules had benefited from exemption of application of this tariff. In February 2022, the new Biden administration decided to extend application of the customs tariffs on importation of solar panels in crystalline silicon partially or completely assembled into solar modules for an additional four years, at the same time re-introducing the exemption from the tariff initially required for bifacial modules. This revision also reduced the restrictions on imports introduced by the customs tariffs, basically doubling the volume of cells and modules imported duty-free to 5 GW. The value of these customs duties was thus reduced from 18% in 2021 to 14% starting in 2022. Additional customs duties are currently envisaged for a wide range of products imported from China that impact the national solar market, including inverters and components for battery storage. Current customs duties are included in the Group's market quotations and are therefore already incorporated into the budgets of existing projects. Based on the developments of these trade actions, the applicable tariffs and the impact on the supply from various sources could have implications on costs and the procurement capacity of the company for future solar projects.

❖ ***Sweden and Norway: regulatory framework in the wind power sector***

The Group has been present in Sweden and Norway since September 2017 with investments in "ready to build" wind farms. In particular, two wind farms entered into service in 2019: the Swedish Åliden Vind plant, with a power capacity of 46.8 MW, and the Norwegian Hennøy plant, with a power capacity of 50 MW. Two additional wind farms have joined these. Brattmyrliden, located in Sweden, entered into service in June 2021, with a total installed capacity of 74.1 MW, Okla, in Norway, entered into service in December 2021 increasing the installed capacity in the country by another 21 MW.
Based on an agreement signed in 2011 between Sweden and Norway, starting in January 2012, a common support system for renewable production was introduced in the two countries, based on a green certificate regime, called Elcertificate. Based on this mechanism renewable energy producers receive a certificate for each MWh generated, for a period of 15 years, regardless of the technology used, whose value is added to the wholesale price of the energy received after its sale. These certificates can also be exchanged on the market, where they are purchased by electricity suppliers in order to comply with their state-imposed disclosure obligations.
Within the common Elcertificate market a shared renewable production objective has been set equal to 28.4 TWh within 2020 to be divided with loans from Sweden for 15.2 TWh and from Norway for 13.2 TWh. With the energy law adopted in April 2017, Sweden decided to support an additional target of 18 TWh of renewable generation for the period between 2020 and 2030, as well as to extend the system until 2045.

Thanks to the technological neutrality that characterises the mechanism, good wind conditions and decrease in relative investment costs, the Elcertificate market fostered the installation of onshore wind farms in both countries, also making it possible to reach the common target for 2030, equal to 46.4 TWh of renewable generation, as early as March 2021.
The term relative to the conclusion of the common market was revised in September 2020, bringing the end of this scheme forward to 2035. Renewable plants starting operation after 31 December 2021 will not be allowed to obtain certificates in either country.
In terms of Swedish climate policies, the National plan for energy and climate adopted in January 2020 defined a shared trajectory towards climate neutrality by 2045, with a 2030 target of 65% renewable in final energy consumption and a FER target in the electricity segment of 100% by 2040.
Instead, for Norwegian energy policies, a national action plan for climate was adopted in January 2021, which introduced new regulatory measures concerning taxation of greenhouse gas emissions, new requirements connected to the climate factor in public tender awarding procedures, as well as financial support for the development of innovative technologies. With this plan Norway is also aiming to exceed the 40% objective assigned to it by the European Union for emissions not belonging to ETS sectors, obtaining a 45% by the end of 2030.

❖ ***Finland: regulatory framework in the wind power sector***

The Group entered the Finnish market in 2021, by purchasing two ready-to-build wind farms, with a total installed capacity equal to 55 MW, estimated to produce around 160 GWh of electricity annually once in operation.
Wind power, which represents the second most widespread source of renewable energy in Finland after hydroelectric, reported significant growth rising from 140 MW of installed capacity in 2008 to more than 2.5 GW in 2020. The main factors that fostered this development of the wind sector include the national generation mix and incentive policies for production from renewable sources. The country's energy mix is mainly based on nuclear and hydroelectric generation, which represents a total of around 50-60% of national electricity production, followed by thermoelectric and wind generation. Specifically, thermoelectric generation is not currently competitive due to the low production cost of nuclear and hydroelectric energy and strong interconnection between Sweden, Russia, Norway and Estonia, which allows these countries to import energy at reduced prices from Finland. The government has also prohibited the use of coal in thermoelectric plants starting

from 2030. Taking into account the country's vast resources, this scenario has further facilitated the development of the wind source, which in 2020 represented 12% of all of the national electricity production.
In terms of policies concerning climate and energy, the Finnish government has set ambitious objectives aimed at reaching climate neutrality in 2035. The use of fossil fuels for thermoelectric generation will also be stopped by that date. The country's electrification, which will require an additional increase in wind production, will be implemented through a reduction of taxes on energy, the development of new incentive schemes as well as the removal of current obstacles to authorisation procedures and breakdown of the territory into wind projects.
In terms of incentives for renewable energy, in 2009 the Government introduced an initial Feed in Tariff type mechanism, intended exclusively for wind farms, which met with great success thanks to granting a single subsidised tariff for a period equal to 12 years. This mechanism was replaced in 2018 by an auction system, which opened participation to technologies other than wind. Since all of the capacity made available in the 2018 auction procedure has already been assigned, the two plants recently acquired by Falck Renewables will not benefit from any incentive.

❖ ***Netherlands: regulatory framework in the wind and solar sectors***

According to the national plan for Energy and Climate approved in November 2019, the number of renewable sources in the Netherlands, equal to 8.8% in 2019, should reach 27% in 2030 mainly through offshore and onshore solar and wind. The Plan also includes a 73% target in the sector targets for renewable generation in the electricity sector.
In terms of the reference legislation, in May 2019 the Climate Act was approved, which set a legally binding objective for 2050 of 95% reduction of greenhouse gases compared to 1990 levels and an intermediate 49% target by 2030. In June 2019, the Climate Agreement was also published, setting out implementing measures to achieve the 2030 target under the Climate Act. More specifically, this agreement sets a target of large-scale onshore renewable source production at a minimum of 35 TWh/year to be achieved by 2030 mainly from solar PV and wind power, together with a growth in distributed RES generation. The 2019 Climate Agreement also introduced, as of January 2020, a new support scheme for renewables, currently in effect, known as SDE++. The revised mechanism in operation until 2025 expands the pool of eligible technologies compared to the previous mechanism (SDE+) - which only allowed solar, onshore wind, biomass, geothermal and hydroelectric - to more innovative technologies such as CO_2 capture and storage (CCS) and hydrogen from electrolysis. The SDE++ is a Feed in Premium (FiP) type mechanism which includes payment of a subsidy differentiated by technology, calculated based on the average market value of each technology in addition to the actual earnings of the plant. The incentive period for wind and solar sources is equal to 15 years.

The first auction procedure under the SDE++ was held in November and December of 2020, while a second call opened between October and November 2021. Due to the potential network congestion risks, the Dutch government introduced a maximum ceiling of 35 TWh/year to apply to the joint onshore wind and solar production benefitting from the SDE++ mechanism. According to certain preliminary estimates this ceiling could even be reached during 2022.

The Group is present in the Netherlands with some wind farm development activities that should go into operation in the coming years.

5.2.3 Performance

The Group uses the following alternative performance indicators:

- EBITDA is defined by the Group as: a) profit/(loss) for the period b) direct taxes and regional taxation regulations and any extraordinary loss and any impairment loss c) plus consolidated net financial expenses, allocations for risk provisions, provisions for staff leaving indemnity, allocations to provisions for doubtful accounts, other allocations and amortisation and depreciation of intangible assets and property, plant and equipment d) minus any extraordinary revenues and any revaluation;

- Net financial position is defined by the Group as total cash and cash equivalents, current financial assets including shares available for sale, financial liabilities, fair value of financial hedging instruments and other non-current financial assets;
- Adjusted results: to make it easier to understand the operating performance of the business, the economic, financial and equity results are also shown highlighting several adjustments related to (i) events or transactions whose occurrence is non-recurring, i.e., those transactions or facts that do not recur frequently in the usual course of business (so-called "**Non-Recurring Events"** pursuant to Consob Communication no. DEM/6064293 of 28 July 2006); or (ii) events or transactions of a non-ordinary nature, i.e., not representative of the normal course of business (so-called "***Special items"***): these results are referred to as "Adjusted results". The adjusted results are not audited.

As defined by ESMA (European Security and Markets Authority) in its guidelines published on 4 March 2021, Net Financial Debt differs from the Net Financial Position due to the inclusion of certain items, such as "other non-current liabilities", and the exclusion of the fair value of the non-current financial instruments (derivative financial assets) and "hedging" instruments, as well as "non-current financial receivables". For the reconciliation between the Net Financial Position (which amounts to € 988,765 thousand) and Net Financial Debt (which amounts to € 1,010,215 thousand), please refer to section "6.6 Notes to the consolidated financial statements".

The accounting policies and valuation criteria applied in the preparation of the financial report at 31 December 2021 are consistent with those adopted for the previous period and the year-end financial statements, except for those that came into effect on 1 January 2021.

In 2021 the Falck Renewables Group recorded revenues of € 568,417 thousand, an increase of € 184,058 thousand (+47.9%) compared to 2020.

The increase in revenues reflects multiple opposing dynamics, which can be summarised as follows: (i) approximately € 20.3 million for the change in the scope of consolidation due to the acquisition of the Building Energy Holding US plants (November 2020), the Desafio Solar SL plant (April 2021), and the Donema plant (July 2020), and for the entry into operation of the Brattmyrliden wind farm (June 2021); Westmoreland solar plant (October 2021) and Okla wind farm (December 2021); (ii) approximately € 120.7 million for the greater volume of energy sold by Falck Next Energy Srl, and approximately € 11 million for the increased revenues of the consortia tasked with managing the interruptibility service on the Italian energy market; (iii) approximately € 23.5 million for the increase in electricity sales prices in Italy, Spain, UK, France and Norway, including the differential attributable to the ROC Recycle component; (iv) approximately € 18.2 million due to the lower wind production in the UK, France and the Nordic countries (Sweden and Norway), which was partially offset by the greater production in Spain and Italy; (v) approximately € 2.9 million for the increased energy production of the biomass plant, which underwent scheduled biannual maintenance in 2020, and the WtE plant in Trezzo; (vi) € 13.3 million due to increased revenues following the acquisition of SAET group (as of 1 August); (vii) € 4.7 million due to increased revenues from the Services segment; (viii) € 0.6 million for the greater energy production from the solar plants; and (ix) € 1 million due to the greater amount of waste processed by the WtE plant in Trezzo.
Furthermore, with reference to revenues in the UK, in 2021 the pound Sterling's average revaluation against the Euro was 3.5% compared to the same period of the previous year. On the other hand, with regard to revenues in the United States of America, in 2021 the average devaluation of the Dollar against the Euro was 3.4% compared to the same period of the previous year. The increase in revenues due to exchange rate effects amounted to € 3.9 million.

In 2021, the GWh produced by the wind sector amounted to 2,299 compared to 2,337 in the same period of 2020 (-2 % compared to the same period of 2020). The GWh produced globally by all the Group's technologies amounted to 2,813 compared to 2,712 in 2020, up 4 % over the same period of the previous year: the increase in installed capacity more than offset the lower wind production with the same scope.

As anticipated, electricity sales prices rose during 2021, including the incentive component and price risk hedging, compared to the same 2020 period: (i) for wind plants in Italy by 21.9%, in Norway by 9.1%, in the UK by 7%, in Spain by 16.1%, and in France by 4%; (ii) for solar plants in Italy by 5.4%, and in the United States by 1.9%; and (iii) for biomass plants by 5%, due to the incentive component. In contrast, prices fell, including price risk hedging, by 20.4% for wind farms in Sweden.

The reference exchange rates in conversion transactions between the Euro and the Pound and between the Euro and the Dollar are as follows:

	EUR/GBP	EUR/USD
End of period exchange rate 31 December 2021	0.8403	1.1326
End of period exchange rate 31 December 2020	0.8990	1.2271
Average exchange rate 31 December 2021	0.8596	1.1827
Average exchange rate 31 December 2020	0.8897	1.1422

(€ thousands)

		31.12.2021	31.12.2020
Sales revenues		568,417	384,359
Operating profit/(loss)		**61,005**	**111,280**
EBITDA		**210,259**	**197,240**
Profit/(loss) before tax		**20,897**	**75,587**
Profit/(loss) for the period		**4,390**	**59,825**
Profit/(loss) for the year attributable to owners of the parent		**(18,367)**	**45,606**
Invested capital net of provisions		1,584,784	1,413,723
Total Group and Non-controlling interest equity		596,019	708,194
Net financial position - liabilities/(assets)		**988,765**	**705,529**
- of which "non-recourse" project financing		582,258	606,532
Investments		**143,457**	**99,979**
Employees at the period-end	(no.)	693	553
Ordinary shares	(no.)	291,413,891	291,413,891

Revenues in 2021 may be analysed by sector as follows:

(€ thousands)

	2021	%	2020	%
Sale of electricity and thermal energy	487,321	85.7	331,378	86.2
Waste disposal and treatment	20,634	3.6	19,777	5.2
Renewable energy plant services and management	46,101	8.1	31,147	8.1
Revenues in contract work in progress	12,977	2.3		
Other operating income	1,384	0.2	2,057	0.5
Total	568,417	100	384,359	100

Against an increase in revenues of approximately € 184.1 million, costs, including amortisation/depreciation and allocations, increased by approximately € 203.2 million and other income increased by approximately € 4.5 million, the allocation for the extraordinary bonus cost totalled € 29.3 million, while the net margin from trading activities decreased by approximately € 6.4 million, resulting in a reduction in operating income of approximately € 50.3 million. The details of the trends are provided below:

Other income increased by € 4,537 thousand, primarily due to: (i) compensation of € 7.7 million **(Non-recurring event")** against the concession to transfer non-controlling governance rights in six SPV in the UK, (ii) increase in operating and capital grants for € 1.8 million compared to the previous period, resulting from the Iowa wind farm in the United States, (iii) income due to the lease-back from the Tax equity partner of the Westmoreland County Solar Project in the United States for € 0.3 million, and (iv) higher revenues for services for € 1.9 million.
It should be noted that this item in 2020 included: (i) capital gains of € 3.9 million realised following the Group's transfer of 50% of its holding in Novis Renewables LLC, and (ii) extraordinary income for trade payables due to a supplier related to a company in liquidation for € 3.3 million **("Non-recurring event")**.

Direct costs increased by € 166,524 thousand, mainly due to: (i) the purchase of energy from the market by Falck Next Energy Srl and the higher costs of the consortia tasked with managing the interruptibility service on the Italian energy market, for € 130.8 million; (ii) the higher costs and depreciation due to the higher installed capacity and new companies acquired; (iii) the allocation to the environmental restoration fund, and the increased management costs partially offset by lower maintenance costs of the Rende plant, which underwent its bi-annual shutdown for maintenance during 2020; (iv) for impairment of the Rende plant for € 6.9 million, net reversals of value of the WTE plant of Trezzo for € 1.1 million, Ty Ru wind farm for € 0.1 million and the Eolica Petralia wind farm for € 0.1 million (Special Item) and (v) the reclassification of several cost items from Administrative expenses.

Personnel costs, which totalled € 59,532 thousand, increased by € 13,409 thousand, mainly due to the average increase in the workforce (+78 employees) and salary increases compared to the same period of 2020. The increase in the number of employees compared to 31 December 2020 is mainly due to the Services segment, the acquisition in July 2021 of Saet SpA (74 employees), and internal growth because the main functions, in continuity with 2020, are being structured to cope with the development of the new initiatives envisaged in the Business Plan.
Personnel costs were also affected compared to 2020 by higher Long-Term Incentive Plan costs for € 1.8 million due to acceleration of the plan assuming there is a Change of Control in the first quarter of 2022 (Special Item) and higher multi-year bonus costs for employees dedicated to development activities for € 1.6 million.

Administrative expenses totalling € 56,210 thousand increased by € 23,226 thousand with respect to the same period in 2020, mainly due to: (i) services connected to an extraordinary transaction linked to the search for a strategic partner for € 10 million **("Non-recurring event")**; (ii) greater services due to the growth in business, acquisition of new companies included in the scope of consolidation and ancillary costs; (ii) higher rental costs and higher local taxes; (iv) a penalty paid to an off taker by the Brattmyrliden company for the delay putting into operation the plant for which compensation will be requested from the plant builder; and (v) higher amortisation and depreciation on intangible assets and property, plant and equipment related to investments made in previous years and started operation in 2021, partly offset by higher releases of allocations to risk provisions and provision for doubtful accounts.

Compared to 2020 the higher costs for the Falck Renewables SpA Chief Executive Officer's Long-Term Incentive Plan for € 2 million had an impact. This is due to acceleration of the plan assuming there is a Change of Control[1] in the first quarter of 2022 (special item).

The **Net margin from trading activities** decreased by € 6,398 thousand compared to the same period of 2020, mainly as a result of the partial over-hedging of the energy price hedges, due to the overestimation of production in the UK and Spain, for an amount of € 5.5 million.

Allocation for the extraordinary bonus cost totalled € 29,313 thousand **("Non-recurring event")**.
The Falck Renewables SpA Shareholders' Meeting on 14 December 2021 approved the allocation, at certain conditions, of an extraordinary bonus to managers and employees of Falck Renewables SpA and Group companies. The Extraordinary Bonus was approved in the context of a possible finalisation of an extraordinary transaction that includes the entry of a new strategic investor and controlling shareholder in the share capital of Falck Renewables SpA, and the consequent takeover bid by the new strategic partner and controlling shareholder on all of Falck Renewables SpA share capital with consequent creation of value for all shareholders. The Extraordinary Bonus is aimed at rewarding the work that managers and employees on the job at 30 June 2021 performed, with different roles and contributions: (i) in structuring the transaction and search and selection for the best strategic partner for the Company; (ii) in assistance for negotiation of the terms and conditions of the agreement stipulated between Falck SpA and the Partner; and (iii) over time, to the benefit of the Group and in particular the company, that made it possible to attract the interest of a leading international investor in the long term. The Extraordinary Bonus is also aimed at incentivising and retaining managers and employees, thus contributing to reinforcing their commitment to pursue the growth and success of the Group. The amount of € 29,313 thousand includes social security costs and represents the amount accruing during the year.
The cost is allocated, as accrual based on the activities that the managers and employees have performed until 31 December 2021 compared to the entire maturity period up to the launch of the takeover bid.
For more information see paragraph 5.3.11 "Stock option and stock grant plans and Extraordinary Incentive Plan".

As a result of the above trends in 2021, **EBITDA** reached € 210,259 thousand (€ 197,240 thousand in 2020) and **Operating profit** amounted to € 61,005 thousand (€ 111,280 thousand in 2020).

EBITDA for 2021 increased compared to 2020 mainly due to: (i) the Group's higher electricity production due to new installed capacity; (ii) increase in electricity sale prices particularly in Italy, Spain, UK, France, and Norway, including the differential attributable to the ROC Recycle component; (iii) increased energy production of the biomass plant, which had undergone scheduled biannual maintenance in 2020; (iv) the increased margins of the Services segment following the acquisition of SAET Group; and (v) compensation of € 7.7 million against the concession to transfer non-controlling governance rights in six SPV in the UK, partly offset by lower wind production in the UK, France and the Nordic countries (Sweden and Norway). As described above, 2020 benefited from the gain realised following the Group's sale of its 50% interest in Novis Renewables LLC to Eni New Energy US Inc for € 3.9 million.

Net financial expenses increased by € 7,954 thousand compared to 2020. This increase is due to the notional charges on the convertible bond loan, valued on the financial statements according to the amortised cost method equal to € 4.7 million (Special item), effect of the greater differences in net foreign exchange expense totalling € 0.3 million and the increased change in Royalty Instruments, measured at fair value, equal to € 2.8 million, partially offset by the measures taken by management in recent years that made it possible to lower interest expense totalling € 3.7 million, releases and decreased allocations to provisions for doubtful accounts, for a total of € 1.4 million, and the positive change in the Fair Value of the Energy Team's Put option, for € 0.5 million (Special item). It should be noted that in 2020 net financial expenses benefited from the positive change in the Fair Value of the conversion option of the senior unsecured equity-linked green bond, issued on 23 September

[1]Change of control for the extraordinary transaction to find a strategic partner means transfer of a controlling investment by Falck SpA to Green Bidco SpA, indirectly controlled by IIF.

2020, for a value, net of contractual costs and the effect of amortised cost as required by IFRS 9, of € 3.5 million **("Non-recurring event")** and the positive change in the Fair Value of the put option of Energy Team for € 1.9 million (Special item).

Income tax expense as of 31 December 2021 amounted to € 16,507 thousand (€ 15,762 thousand in the previous year).
This figure was negatively affected by: (i) a one-off adjustment of deferred tax liabilities in the UK for a total negative impact of around € 8.5 million, effect of the income tax rate of the companies approved at 25% starting on 1 April 2023 (Special item); and (ii) taxation, in Italy, of 5% of dividends distributed by the subsidiaries to Falck Renewables SpA, for a difference of around € 1.8 million compared to 2020. It should be noted that the taxes at 31 December 2020 were impacted (i) positively from recognition of deferred tax assets net of substitute taxes for € 3.4 million following revaluation of the Buddusò Ala de Sardi plant owned by Geopower Sardegna Srl, determined according to art. 110 of Legislative Decree 104/2020 ("**Non-recurring event**"); and (ii) negatively by effects linked to the one-off adjustment of deferred tax liabilities in the UK for a total of € 2.7 million, following failure to reduce the income tax rate from 19% to 17% previously approved and later repealed (Special item).

As a result of these changes, **Net profit** reported a positive balance of € 4,390 thousand.

Profit/(loss) attributable to owners of the parent is negative and amounted to € -18,367 thousand, a decrease compared to € 45,606 thousand in the previous year.

The **net financial position, including the fair value of derivatives**, amounts to € 988,765 thousand compared with € 705,529 thousand at 31 December 2020. This includes:

- non-recourse financing of € 582,258 thousand, down € 24,274 thousand on the balance at 31 December 2020;
- the payable for the operating leases totalling € 108,362 million, which according to IFRS 16 is classified in financial liabilities, including the fair value of derivatives hedging Group's financial and price risks for € 243,579 thousand of which € 227,193 thousand related to hedging the price of electricity;
- net financial payables of € 63,256 thousand related to projects under construction and development that, at 31 December 2021, had not yet generated full-year revenues.

The net financial position, at 31 December 2021, **without the fair value of the derivatives and operating leases** totals € 636,824 thousand compared to € 568,723 thousand at 31 December 2020; net of the payable for projects under construction and development it would total € 573,568 thousand.

Moreover, 74% of Gross debt, amounting to € 951,160 thousand excluding the fair value of derivatives and the debt under operating leases, is hedged against interest rate fluctuations using interest rate swaps and by fixed-rate loans for a total amount of € 704,568 thousand.

As a result, the net financial position, excluding the fair value of derivatives and the debt for operating leases, amounting to € 636,824 thousand, is also covered against the risk of changes in interest rates, through interest rate swaps and fixed rate loans, for an amount of 111%.

The increase in the net financial position is mainly due to the change in the negative fair value of the commodity risk hedging derivatives, which, due to the exceptional increase in electricity prices on the forward markets (which was particularly high for the 2022 prices), recorded an increase of € 217 million in 2021 (from € -10.2 million of 31 December 2020 to € -227.2 million at 31 December 2021), and was especially concentrated after 30 June 2021, with a change of € -187 million during the second half of 2021 alone. The relative effect will be mainly absorbed in 2022 and 2023, based on the volumes delivered on the derivative contracts.
Furthermore, during 2021, net investments increased by € 204.6 million as of 31 December 2021.

The following components led to the change in the net financial position since 31 December 2020: cash generation from operations amounted to approximately € 148.7 million, and was more than offset by net investments and the increase in the consolidation scope made during 2021, for a total of approximately € 204.6 million. The revaluation of sterling and the dollar against the Euro had a negative effect on net financial debt of € 25.4 million, and the change in the fair value of derivatives had a positive effect on the net financial position of € 163.7 million. Capital increases in companies accounted for using the equity method amounted to approximately € 7.4 million and dividend payments amounted to € 32.1 million. Finally, additional minority movements were positive by about € 1.2 million.

In order to provide a better understanding of the economic and income figures of 2021 and their comparison to the same period of 2020, and the net financial position as of 31 December 2021 and its comparison to 31 December 2020, the effects of **Non-recurring events** and **Special items** on the adjusted results are set out below.

(€ thousands)

	31.12.2021 Adjusted	31.12.2020 Adjusted	Change
Revenues	**568,417**	**384,359**	**184,058**
Expenses net of other income	(360,859)	(188,597)	(172,262)
EBITDA	**207,558**	**195,762**	**11,796**
Amortisation, accruals, write-downs (revaluations)	(105,641)	(87,546)	(18,095)
Operating profit/(loss)	**101,917**	**108,216**	**(6,299)**
Financial income/(expenses)	(36,950)	(38,546)	1,596
Investment income/(expenses)	1,043	(2,496)	3,539
Profit/(loss) before tax	**66,010**	**67,174**	**(1,164)**
Income tax expense	(18,672)	(15,302)	(3,370)
Profit/(loss) for the period	**47,338**	**51,872**	**(4,534)**
Profit/(loss) attributable to non-controlling interests	25,168	15,256	9,912
Profit/(loss) attributable to owners of the parent	**22,170**	**36,616**	**(14,446)**
Invested capital net of provisions	**1,625,603**	**1,409,790**	**215,813**
Equity attributable to owners of the parent and non-controlling interests	**612,052**	**681,071**	**(69,019)**
Net financial position - liabilities/(assets)	**1,013,551**	**728,719**	**284,832**

(€ thousands)

	31.12.2021 Reported	Non-recurring events 2021	31.12.2021 net of non-recurring events	Prior year adjustments	Special items 2021	31.12.2021 Adjusted
Revenues	**568,417**		**568,417**			**568,417**
Expenses net of other income	(358,158)	(6,487)	(364,645)		3,786	(360,859)
EBITDA	**210,259**	**(6,487)**	**203,772**		**3,786**	**207,558**
Amortisation, accruals, write-downs	(149,254)	38,071	(111,183)		5,542	(105,641)

(revaluations)						
Operating profit/(loss)	**61,005**	**31,584**	**92,589**		**9,328**	**101,917**
Financial income/(expenses)	(41,151)		(41,151)		4,201	(36,950)
Investment income/(expenses)	1,043		1,043			1,043
Profit/(loss) before tax	**20,897**	**31,584**	**52,481**		**13,529**	**66,010**
Income tax expense	(16,507)	(7,931)	(24,438)		5,766	(18,672)
Profit/(loss) for the period	**4,390**	**23,653**	**28,043**		**19,295**	**47,338**
Profit/(loss) attributable to non-controlling interests	22,757		22,757		2,411	25,168
Profit/(loss) attributable to owners of the parent	**(18,367)**	**23,653**	**5,286**		**16,884**	**22,170**
Invested capital net of provisions	**1,584,784**	**29,450**	**1,614,234**	**(3,933)**	**15,302**	**1,625,603**
Equity attributable to owners of the parent and non-controlling interests	**596,019**	**23,653**	**619,672**	**(27,123)**	**19,503**	**612,052**
Net financial position - liabilities/(assets)	**988,765**	**5,797**	**994,562**	**23,190**	**(4,201)**	**1,013,551**

(€ thousands)

	31.12.2020 Reported	**Non-recurring events 2020**	**31.12.2020 net of non-recurring events**	**Prior year adjustments**	**Special items 2020**	**31.12.2020 Adjusted**
Revenues	**384,359**		**384,359**			**384,359**
Expenses net of other income	(187,119)	(3,235)	(190,354)		1,757	(188,597)
EBITDA	**197,240**	**(3,235)**	**194,005**		**1,757**	**195,762**
Amortisation, accruals, write-downs (revaluations)	(85,960)		(85,960)		(1,586)	(87,546)
Operating profit/(loss)	**111,280**	**(3,235)**	**108,045**		**171**	**108,216**
Financial income/(expenses)	(33,197)	(3,452)	(36,649)		(1,897)	(38,546)
Investment income/(expenses)	(2,496)		(2,496)			(2,496)
Profit/(loss) before tax	**75,587**	**(6,687)**	**68,900**		**(1,726)**	**67,174**
Income tax expense	(15,762)	(2,235)	(17,997)		2,695	(15,302)
Profit/(loss) for the period	**59,825**	**(8,922)**	**50,903**		**969**	**51,872**
Profit/(loss) attributable to non-controlling interests	14,219	(13)	14,206		1,050	15,256
Profit/(loss) attributable to owners of the parent	**45,606**	**(8,909)**	**36,697**		**(81)**	**36,616**
Invested capital net of provisions	**1,413,723**	**(5,470)**	**1,408,253**		**1,537**	**1,409,790**
Equity attributable to owners of the parent and non-controlling interests	**708,194**	**(28,092)**	**680,102**		**969**	**681,071**
Net financial position - liabilities/(assets)	**705,529**	**22,622**	**728,151**		**568**	**728,719**

The following **"Non-recurring Events"** took place in 2021:

- costs for services related to the extraordinary transaction to search for a strategic partner for € 10 million classified for € 1.2 million in the item "Expenses net of other income", for the remaining part in the item "Amortisation, accruals, write-downs (revaluations)" and for the allocation of the extraordinary bonus cost for € 29.3 million connected with the change of control transaction for the part accrued in 2021 (for more information see paragraph 5.3.11 "Stock option and stock grant plans and Extraordinary Incentive Plan");
- compensation of € 7.7 million against the concession to transfer non-controlling governance rights in six SPV in the UK classified in the item "Expenses net other income".

Non-recurring events led to an adjustment on the profit before tax for 2021 totalling € +31.6 million and € +23.7 million on profit attributable to owners of the parent.

The following **"Non-recurring Events"** took place in 2020:

- the positive change in the fair value of the conversion option for the senior unsecured equity-linked green bond issued on 23 September 2020, amounting to € 3.5 million, net of contractual costs and the effect of amortised cost as provided for by IFRS 9, whilst the effect on borrowings amounted to € 22.6 million, primarily due to the recognition of the option portion in reserves;
- recognition of deferred tax assets, net of substitute taxes, of € 3.4 million following the revaluation of the Buddusò-Ala de Sardi plant owned by Geopower Srl pursuant to art. 110 of Legislative Decree no. 104/2020, which introduced the option to revalue corporate assets with tax benefits;
- extraordinary income for payables due to a supplier relating to a company in liquidation totalling € 3.3 million.

Non-recurring events had led to an adjustment on the loss before tax for 2020 totalling € -6.7 million and € -8.9 million on the loss attributable to owners of the parent.

The 2021 Special items are as follows:

- the notional charges of the amortised cost of the convertible bond loan, for € 4.7 million, which increased the reported financial expenses, and led to a € 4.7 million increase in the net financial position reported as of 31 December 2021;
- the positive change in the fair value of the Energy Team Put option, for € 0.5 million, which increased the reported financial income, and led to a € 0.5 million decrease in the net financial position reported as of 31 December 2021;
- the adjustment of deferred tax liabilities in the UK for a total of € 8.5 million on Net Income and for a total of € 8.7 million on Group and Minority Shareholders' Equity, following the increase in the corporate income tax rate to 25% as of 1 April 2023;
- impairment loss on the Rende plant, following an impairment test, net of the reversal of impairment on the WTE plant of Trezzo, the wind farm of Ty Ru and the wind farm of Eolica Petralia for a net total of € 5.5 million;
- Long Term Incentive Plan costs of the Chief Executive Officer of Falck Renewables SpA and Group managers for € 3.8 million due to the acceleration of the plan assuming there is a change of control in the first quarter of 2022 (special item) for the amount accrued in 2021.

The special items led to an adjustment on the profit before tax for 2021 totalling € +13.5 million and € +16.9 million on profit attributable to owners of the parent.

The 2020 Special items were as follows:

- a reversal of impairment losses of € 0.4 million on Solar Mesagne's solar plant and € 1.2 million on Eolica Petralia following an impairment test;
- the costs of the Long-Term Incentive Plan, for € 1 million in relation to the 2017-2019 Share Plan, which increased the reported costs and led to a € 0.7 million increase in the net financial position reported as of 31 December 2020;
- the costs in favour of the local communities and territories in which the Group is conducting operations in support of the "Covid-19" emergency, for € 0.8 million, which increased the reported operating costs and led to a € 0.6 million increase in the net financial position reported as of 31 December 2020;
- adjustment of deferred taxes in the UK for a total of € 2.7 million, following the failure to reduce the income tax rate to 17% (previously approved and subsequently repealed);

- the positive change in the fair value of the Energy Team Put option, for € 1.9 million, which increased the reported financial income, and led to a € 1.9 million decrease in the net financial position reported as of 31 December 2020.

The special items led to an adjustment on the loss before tax for 2020 totalling € -1.7 million and an insignificant value on loss attributable to owners of the parent.

The sum of non-recurring events and special items for 2021 led to an adjustment of the 2021 Pre-tax profit totalling € +45.1 million (which thus rises from € 20.9 million to € 66 million) and € +40.5 million on profit attributable to owners of the parent (which thus increased from € -18.4 million to € +22.2 million).

Investments in property, plant and equipment and intangible assets for the period amounted to € 143,457 thousand.

Investments in property, plant and equipment amounted to € 114,607 thousand, mainly relating to the construction of the wind farms of Brattmyrliden in Sweden (€ 13,147 thousand), Falck Renewables Vind in Norway (€ 17,451 thousand), and Parc Eolien d'Illois in France (€ 8,942 thousand), the construction of the Westmoreland County Solar Project's solar farms (€ 19,330 thousand) and the 5 solar plants in the state of New York, in the United States (€ 42,871 thousand), Landolina in Italy (€ 2,884 thousand) and of Falck Next in Italy (€ 107 thousand), the construction of a Falck Next storage plant (€ 396 thousand), the maintenance of the plants of Ecosesto SpA (€ 843 thousand), Solar Mesagne Srl (€ 163 thousand), Actelios Solar SpA (€ 106 thousand), Geopower Sardegna Srl (€ 116 thousand) and Cambrian Wind Energy Ltd (€ 489 thousand), the capitalisation of usage rights (€ 5,718 thousand), and the purchase of hardware, office furniture and equipment (€ 1,355 thousand).

Investments in intangible assets total € 28,850 thousand and mainly refer to expenses for operating software and licenses for € 7,480 thousand (of which € 1,566 thousand from software development by Nuo Srl), development costs for € 9,441 thousand, goodwill from the temporary purchase price allocation generated by the acquisition of the SAET SpA group for € 8,175 thousand, acquisition of the concessions of two ready to build plants in Finland with a total installed capacity of 55 MW for € 3,598 thousand and right of use for € 156 thousand.

<u>Other investments (change in scope of consolidation)</u>

In April 2021 Falck Renewables SpA completed the acquisition of 100% of the share capital of Desafio Solar SL, owner of a solar plant operating in Spain with an installed capacity of 50 MW.
During July of 2021, Falck Renewables SpA finalised the agreement for the acquisition of 60% of the shares of SAET SpA, a Padua based company that is a leader in the design and construction of high voltage electrical systems and energy storage plants.
During the month of November, Falck Renewables Finland Oy signed an agreement for the purchase of two ready-to-build wind farms in Finland, with an installed capacity of 55 MW.

The investment in acquisitions, recorded as a change in the scope of consolidation, amounted to € 61,302 thousand (including the net financial position acquired), which must be added to the investments in property, plant and equipment and intangible assets described above for a total of € 204,759 thousand.

For more details, please refer to the Notes to the Consolidated Report.

Installed capacity, analysed by technology, is illustrated in the table below.

		(MW)
Technology	31.12.2021	31.12.2020
Wind	1,057.7	962.7
Wte	20	20.0
Biomass	15	15.0
Photovoltaic	240.8	161.1
Total	**1,333.5**	**1,158.8**

The installed capacity increased by 174.7 MW with respect to 31 December 2020.

In April 2021 Falck Renewables SpA completed the acquisition of 100% of the share capital of Desafio Solar SL, owner of a solar plant operating in Spain with an installed capacity of 50 MW. In June 2021, the Swedish plant of Brattmyrliden also entered into operation, increasing the Group's installed capacity by an additional 74.1 MW.

On 22 October 2021, the entry into operation of the Westmoreland County Solar Project's plant, in Virginia (United States), added 29.6 MW of new solar capacity.

The entry into operation of the Okla wind farm in Norway on 29 December 2021 added an additional new capacity of 21 MW of wind power.

Reconciliation of equity attributable to owners of the parent and results for the year

The consolidation reserve includes the differences arising from the elimination of the carrying amount of consolidated investments against the related share of equity.
As a result the other equity headings correspond to the amounts disclosed in the parent company's financial statements.

The reconciliation of equity and the results for the year, as at 31 December 2021, may be summarised as follows:

(€ thousands)

	Capital and reserves	Profit/(loss) for the period	Total Group net equity
Falck Renewables SpA financial statements	**536,016**	**(25,466)**	**510,550**
Difference between adjusted equity of consolidated companies and the carrying amounts of the related investments	(291,003)	204,206	(86,797)
Write-off of dividends from consolidated entities	198,069	(198,069)	
Profit/(loss) realized on sales of fixed assets between Group companies, net of related depreciation	(1,174)	(30)	(1,204)
Investments valued applying equity method	9,122	992	10,114
Group results and equity	**451,030**	**(18,367)**	**432,663**

Note: the amounts are stated net of the related tax effect.

5.2.4 Non-financial performance indicators

The key non-financial indicators are as follows:

	Unit of measurement	31.12.2021	31.12.2020	Var	Var %
Gross electricity generated	GWh	2,813	2,712	101	4%
Total waste handled	Ton	147,508	140,356	7,152	5%

The increase in electricity generation resulted from higher installed capacity and higher production in Italy, Spain and the United States, partially offset by lower production in the UK, France and Nordic countries.
The increase in total waste managed is due to the improved operational performance of the WtE plant in Trezzo, thanks to the overall reduction in accidental stoppage times compared to 2020.

5.2.5 Share price performance

The performance of the Falck Renewables SpA share price, which is listed on the STAR segment, is illustrated below:

During the first part of the year the share showed a decreasing trend characterised by marked volatility mainly linked to uncertainties associated with the spread of the pandemic throughout the major European countries. This was compounded at the end of the second quarter by the fear of a progressive increase in inflation, associated with an inevitable increase in rates which particularly penalised growth-oriented securities like Falck Renewables. The descending change, which hit bottom at € 5.05 per share on 12 May and was followed by an initial reaction which brought the security towards € 6 at the beginning of August 2021.
On 20 October 2021, an announcement was made that Infrastructure Investments Fund ("IIF"), an investment vehicle for which J.P. Morgan Investment Management Inc. is advisor, had reached an agreement with Falck SpA for the purchase of a 60% stake of the capital in Falck Renewables at a price of € 8.81 per share, which will be followed up by a mandatory takeover bid on outstanding shares not involved in the transaction. Due to this announcement the share price rose stabilising around the price offered by IIF, before closing of the acquisition.

Thus the share reached a value of € 8.660 per share at the end of December, reporting a significant increase of 31.41% compared to the end of December 2020.

During the year and until the date the transaction was announced, despite the difficulties in organising meetings due to the Covid-19 pandemic, the communications of our main strategic and business issues to the market continued. Precisely for this reason, we made a special effort to meet with potential investors, both in Italy and internationally, organising digital roadshows and taking part in virtual events organised by Borsa Italiana, brokers and specialised companies.
Of particular note was the participation in the European Renewables Conference organised by Jefferies, the Renewable Energy Forum organised jointly at the end of June by Oddo BHF, BBVA and Natixis, the second edition of the Pan European ESG Conference organised by Kepler Cheuvreux and the Made in Italy Conference organised by UBS, the Italian Conference organised by JP Morgan as well as the Pan European Strategic Decisions Conference coordinated by Bernstein where the company had the opportunity to meet with some of the most important institutional investors. Also with regard to ESG, it is worth noting that the company participated in the Sustainability Week 2021 organised by Borsa Italiana, in addition to both the usual conferences for the STAR segment (to which the company belongs) and participation in the Infrastructure Day again managed by Borsa Italiana.

As of 29 January 2021, Falck Renewables no longer qualified as an "SME" as defined in art. 1, paragraph 1, letter w-quater 1) of Legislative Decree no. 58 dated 24 February 1998, ("TUF"), as its capitalisation exceeded the reference threshold during the three-year period 2018-2020. In this regard, the new relevant threshold above which the obligation to send the notification pursuant to art. 120 of the TUF is triggered is 3% of the share capital.
On 18 October 2021, Falck Renewables SpA was included in the MIB® ESG index launched by Euronext and Borsa Italiana. This is the first ESG (Environmental, Social and Governance) index dedicated to Italian blue-chips.

It should also be noted that, on 26 January 2022, Falck Renewables was reconfirmed as a member of Bloomberg's Gender-Equality Index (GEI). The index, which includes 418 companies in 45 countries, tracks the performance of companies committed to transparent communication of gender data, measuring the results in five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro-women brand.

Together with this strategic goal communication activity, the usual activities dedicated to shareholders or prospective shareholders continued throughout the year, with an approach based on one-to-one meetings and sending notices and information by email or telephone. The Company also attended conventions and discussions both regarding financial matters organised by Borsa Italiana, enterprises or financial institutions and concerning the regulatory framework, in order to contribute to improving the organisation of the renewables sector.
The Company's attention to the timeliness and transparency of communication was also confirmed by setting up conference calls for the communication of quarterly, half-yearly and annual data.
The Falck Renewables share is also part of the FTSE Italia Mid Cap index, which consists of the main mid-cap shares, boosting the Group's visibility with investors. These indexes are updated each quarter.
In addition to the website www.falckrenewables.com, which meets all the requirements for companies in the Star segment, the Company is also present on LinkedIn, and Twitter, with its own account, publishing real time news about the Group.

5.2.6 Performance of the business sectors

Falck Renewables Group operates in the following business sectors:

- WtE and waste treatment, biomass and solar;
- Wind segment;
- Services segment;

- Energy management segment;
- other businesses.

This paragraph therefore illustrates the principal results of operations, net assets and financial data of the Group's sectors, supported by a brief commentary, while the notes to the financial statements report the full results of operations and net assets of the sectors with separate disclosure of the amounts relating to Falck Renewables SpA which are commented on in a separate note.

The "Energy Management" segment was introduced in 2021 composed of Falck Next Energy Srl.
Until 31 December 2020 Falck Next Energy Srl was part of the "Other businesses" segment. This change was made since the company, which works in the Energy Management field (a business that includes, among other things, dispatching, management of balancing, sales and hedging of the commodity risk based on policies defined at Group level, potentially for all Group segments) in 2021 significantly increased revenues surpassing the quantity threshold (equal to 10% of total revenues, internal and external, of all operating segments) which requires separate reporting as per accounting standard IFRS 8.
The figures at 31 December 2020 have been restated to reflect the composition of the new segments.

❖ **WtE, biomass and photovoltaic sector**

The key financial highlights of this segment can be summarised as follows:

(€ thousands)

		31.12.2021	31.12.2020
Sales revenues		81,635	64,884
EBITDA		**44,124**	**37,291**
Operating profit/(loss)		**17,713**	**22,911**
Net profit/(loss) for the year		**14,457**	**18,389**
Profit/(loss) attributable to owners of the parent		**11,918**	**17,005**
Intangible assets		**901**	**240**
Property, plant and equipment		**384,822**	**273,143**
Net financial position - liabilities/(assets)		**189,661**	**129,640**
- of which "non-recourse" project financing		110,290	78,089
Investments		**66,944**	**15,798**
Employees at the period-end	(no.)	74	72

This sector focuses on electricity production from renewable sources in particular through the conversion of urban waste to energy (WtE) and from biomass and solar power.
The strategy is developed through the management of operating power plants and the development of new projects, either directly or through joint ventures with leading industrial enterprises.

In November 2020, the sector increased its installed capacity by 31.6 MW following the acquisition of Building Energy Holding US LLC. In addition, during the month of April 2021, following the acquisition of Desafio Solar SL, it increased its installed capacity by 50 MW.
On 22 October 2021, the entry into operation of the Westmoreland County Solar Project's plant, in Virginia (United States), added 29.6 MW of new solar capacity.

This sector showed a € 16,751 thousand increase in revenues compared to 31 December 2020 with an increase of 25.8%, which was mainly due to the increase in the scope of consolidation following the entry of the company Desafio (€ 6,864 thousand), entry into operation of the Westmoreland County Solar Project plant and the consolidation of the Building Energy businesses (€ 4,444 thousand) for all 12 months. The segment also benefited from higher prices and higher volumes of the Rende plant that in 2020 had undergone biannual scheduled maintenance and the Trezzo plant. Solar operating plants also reported an increase in volumes compared to the previous year.

On the other hand, with regard to revenues in the United States of America, in 2021 the average devaluation of the Dollar against the Euro was 3.4% compared to the same period of the previous year.

There was an increase in electricity sale prices, including the incentive component but without hedging of the energy price performed at Group level by Falck Next Energy, compared to the same period of 2020 for solar systems in Italy by 21.2% and in the United States by 1.9% and biomass plants by 4.9% due to the incentive component.

EBITDA amounted to € 44,124 thousand and increased by € 6,833 thousand compared to 2020: compared to revenues, it stood at 54.1% (57.5% in 2020).
The increase in EBITDA is mainly due to the effect of the increase in the scope, higher prices, greater volumes of the Rende plant which in 2020 had performed biannual scheduled maintenance and higher volumes of the Trezzo plant. Even solar operating plants reported an increase in volumes compared to the previous year.

At 31 December 2020 the segment included the capital gain realised following the Group's transfer of 50% of its holding in Novis Renewables LLC in the United States for € 3.9 million and extraordinary income for trade payables due to a supplier related to a company in liquidation for € 3.3 million **("Non-recurring event")**.

At 31 December 2021, following an impairment test, the Rende plant was written down for € 6.9 million and the value of the WTE plant of Trezzo was reversed for € 1.1 million.

As a result of the above trends, which were partially offset by the greater amounts set aside for provisions, impairment losses and the increased depreciation due to the greater installed capacity, the operating income decreased by € 5,198 thousand and totals € 17,713 thousand.

During 2021, investments in property, plant and equipment and intangible assets totalled € 66,944 thousand and mainly regarded the construction of the Westmoreland County Solar Project solar farms (€ 19,330 thousand), 5 solar plants in the state of New York - United States of America (€ 42,871 thousand), maintenance work on the plants of Ecosesto SpA (€ 843 thousand), Solar Mesange Srl (€ 163 thousand), Actelios Solar SpA (€ 106 thousand), and capitalisation of usage rights (€ 3,333 thousand).

The net financial position, which shows a debit balance totalling € 189,661 thousand, has increased compared to 31 December 2020 by € 60,021 thousand primarily for investments of the period net of cash generated from operating plants.

The net financial position includes non-recourse project financing of € 110,290 thousand (€ 78,089 thousand as at 31 December 2020) and positive fair value of interest risk hedging derivatives of € 296 thousand (negative € 449 thousand at 31 December 2020).

❖ **Wind sector**

The key financial highlights of this segment can be summarised as follows:

(€ thousands)

		31.12.2021	31.12.2020
Sales revenues		309,746	246,702
EBITDA		**247,919**	**181,143**
Operating profit/(loss)		**178,735**	**116,948**
Net profit/(loss) for the year		**108,683**	**65,203**
Profit/(loss) attributable to owners of the parent		**88,460**	**52,367**
Intangible assets		**110,238**	**99,487**
Property, plant and equipment		**1,069,794**	**1,052,543**
Net financial position - liabilities/(assets)		**493,223**	**431,503**
- of which "non-recourse" project financing		471,968	528,443
Investments		**45,980**	**60,852**
Employees at the period-end	(no.)	32	26

This sector focuses on electricity production through the construction and management of plants that generate electricity using wind energy and the development of new plants.

The Swedish plant Brattmyrliden entered operation in June with an installed capacity of 74.1 MW and at the end of December 2021 the Okla plant in Norway entered operation for an installed capacity of 21 MW. The Group's total installed wind power capacity at 31 December 2021 was 1057.7 MW.

Revenues increased by € 63,044 thousand, mainly due to: (i) the change in the scope of consolidation due to the acquisition of the Building Energy Holding US plants (November 2020) and the entry into operation of the Brattmyrliden plant (June 2021) and Okla wind farm (December 2021), for approximately € 8.7 million; (ii) the increase in electricity sales prices in Italy, Spain, Norway, and the UK, including the differential attributable to the ROC Recycle component, for approximately € 68.8 million but before hedging on the energy price performed at Group level by Falck Next Energy; and (iii) the exchange rate effect resulting from the average revaluation of the British pound, for approximately € 4.4 million. The increase in revenues was partially offset by approximately € 18.2 million due to the decreased wind power production in the UK, France, and the Nordic countries (Sweden and Norway). In Spain and Italy, production increased compared to the same period last year.

As previously discussed, in 2021 there was an increase in electricity sales prices including the incentive component, compared to the same period of 2020 for wind farms in Italy of 40.1%, Norway of 18.1%, in the UK of 35.3%, in Spain of 101.1% and in France of 4%. Instead a reduction in prices occurred for wind farms in Sweden by 11.8%.

In 2021, the GWh produced by the wind segment amounted to 2,299 compared to 2,337 during the same period of 2020 (-2% compared to the same period of 2020), mainly due to decreased windiness in the UK, France, Sweden and Norway, which was partially offset by higher production in Italy and Spain and greater installed capacity.

Furthermore, with reference to revenues in the UK, in 2021 the pound Sterling's average revaluation against the Euro was 3.5% compared to the same period of the previous year. On the other hand, with regard to revenues in the United States of America, in 2021 the average devaluation of the Dollar against the Euro was 3.4% compared to the same period of the previous year.

In 2021 the sector benefited from a compensation of € 7.7 million against the concession to transfer non-controlling governance rights to six SPV in the UK.

EBITDA amounted to € 247,919 thousand, an increase of € 66,776 thousand compared to the previous year, and as a percentage of revenue was 80% (73.4% in 2020).

Consequently the operating income improved by € 61,787 thousand compared to 2020, partly offset by higher depreciation due to greater installed capacity, and is equal to 57.7% of revenues (47.4% in 2020).

In 2021, investments in property plant and equipment and intangible assets amounted to € 45,980 thousand and mainly regarded the construction of the wind farms of Brattmyrliden (€ 13,230 thousand) in Sweden, of Falck Renewables Vind (€ 17,504 thousand) in Norway, Parc Eolien d'Illois (€ 9,026 thousand) in France, maintenance work of the plants of Geopower Sardegna Srl (€ 116 thousand) and Cambrian Wind Energy Ltd (€ 489 thousand) and acquisition of concessions of the two ready to build plants in Finland with a total installed capacity of 55 MW for € 3,598 thousand.

The net financial position amounted to € 493,223 thousand, including non-recourse project financing of € 471,968 thousand and the negative fair value of derivatives hedging interest rate, exchange rate and commodity risk for € 16,235 thousand, and shows a worsening compared to 31 December 2020 of € 61,720 thousand due to investments and distribution of dividends net of cash generated by operating plants.

❖ **Services sector**

The key financial highlights of this segment can be summarised as follows:

(€ thousands)

		31.12.2021	31.12.2020
Sales revenues		68,915	42,901
EBITDA		**6,592**	**4,506**
Operating profit/(loss)		**(1,641)**	**(835)**
Net profit/(loss) for the year		**(1,892)**	**(1,315)**
Profit/(loss) attributable to owners of the parent		**(1,891)**	**(1,315)**
Intangible assets		**52,326**	**44,992**
Property, plant and equipment		**8,005**	**6,609**
Net financial position - liabilities/(assets)		**1,976**	**3,487**
- of which "non-recourse" project financing			
Investments		**12,237**	**10,204**
Employees at the period-end	(no.)	448	334

The sector consists mainly of the Spanish group Vector Cuatro, Energy Team Spa, Falck Next Srl, SAET group and Nuo Srl.
This segment is active in the services and management of renewable energy production facilities, with a strong and extensive international presence with offices in Spain, Italy, France, Chile, Japan, Mexico, and the UK.
Vector Renewables also offers engineering and consulting services in the development of projects to generate electricity principally using solar and wind power.

Energy Team SpA and Falck Next Srl work side by side with producers and consumers (Public Administration, Industry and Tertiary Sector, Local Communities) for a sustainable energy development, implementing efficient, transparent and intelligent measurement, management and local energy production systems.
Nuo Srl offers digital asset management solutions in order to optimise asset management and performance thanks to the support of digital technology.

During July of 2021, Falck Renewables SpA finalised the agreement for the acquisition of 60% of the shares of SAET SpA, a Padua based company that is a leader in the design and construction of high voltage electrical systems and energy storage plants.

This operating segment showed an increase in revenues of € 26,014 million. The increase is the result of higher interruptibility volumes managed by Consortia, Energy Team SpA, (business that slowed down in 2020 due to the pandemic), consolidation of the SAET group, Falck Next and intragroup revenues from the sale of NUO licenses to other group companies.

EBITDA amounted to € 6,592 thousand, an increase of around € 2,086 thousand over the same period last year and equal to 9.6% of revenue (2020: 10.5%).

The EBITDA for this segment increased compared to the same period of 2020 due to the change in the scope of consolidation, following the consolidation of the photovoltaic plant acquired by Falck Next in August 2020 and the consolidation of SAET group in July 2021, as well as the post-pandemic resumption of activities by Energy Team and Nuo.

During 2021 investments in property, plant and equipment and intangible assets totalled € 12,237 thousand and primarily regarded goodwill from the temporary Purchase Price Allocation generated by the acquisition of the SAET SpA group for € 8,175 thousand, expenses for operating software and licenses for € 2,706 thousand (of which € 1,566 thousand for the development of software by Nuo Srl), construction of a storage plant of Falck Next (€ 396 thousand) and VB Meccanica solar farm of Falck Next in Italy (€ 107 thousand) and the purchase of office furniture and equipment (€ 400 thousand).

The net financial position was in the negative for € 1,976 thousand, for an improvement of € 1,511 thousand compared to 31 December 2020, primarily due to the cash generated net of investments.

❖ *Energy Management*

The key financial highlights of this segment can be summarised as follows:

			(€ thousands)
		31.12.2021	31.12.2020
Sales revenues		262,996	81,356
EBITDA		**1,781**	**1,374**
Operating profit/(loss)		**(2,572)**	**1,374**
Net profit/(loss) for the year		**(3,876)**	**725**
Profit/(loss) attributable to owners of the parent		**(3,876)**	**725**
Intangible assets			
Property, plant and equipment			
Net financial position - liabilities/(assets)		**201,507**	**(5,939)**
- of which "non-recourse" project financing			
Investments			
Employees at the period-end	(no.)	3	1

The "Energy Management" sector was introduced in 2021 composed of Falck Next Energy Srl.
Until 31 December 2020 Falck Next Energy Srl was part of the "Other businesses" segment. This change was made since the company, which works in the Energy Management field (a business that includes, among other things, dispatching, management of balancing, sales and hedging of the commodity risk based on policies defined at Group level, potentially for all Group segments) in 2021 significantly increased revenues surpassing the quantity threshold (equal to 10% of total revenues, internal and external, of all operating segments) which requires separate reporting as per accounting standard IFRS 8.
The figures at 31 December 2020 have been restated to reflect the composition of the new sectors.

Revenues from this sector derive almost exclusively from the management and sale of energy by Falck Next Energy Srl. The overall increase compared to the previous year, amounting to approximately € 181,640 thousand, derives from the greater volumes managed in relation to third-party and group plants, and increase in prices.

Operating income decreased by € 3,946 thousand. This decrease is largely due to third-party electricity intermediation activities carried out by Falck Next Energy Srl.

The financial position showed a debit balance of € 201,507 thousand, compared with a credit balance of € 5,939 thousand as of 31 December 2020. The net financial position includes the negative fair value of foreign exchange and electricity price risk hedging derivatives for € 225,559 thousand (negative for € 9,793 thousand as of 31 December 2020).

The increase in the financial position compared to 31 December 2020 is due to the increase in negative fair value of hedging derivatives for electricity price risk (€ 225,240 thousand compared to € 9,793 thousand at 31 December 2020).

❖ Other Businesses

The key financial highlights of this segment can be summarised as follows:

			(€ thousands)
		31.12.2021	31.12.2020
Sales revenues		1,864	81
EBITDA		**(39,038)**	**(22,515)**
Operating profit/(loss)		**(80,752)**	**(25,020)**
Net profit/(loss) for the year		**(32,811)**	**32,756**
Profit/(loss) attributable to owners of the parent		**(32,811)**	**32,756**
Intangible assets		**34,644**	**21,516**
Property, plant and equipment		**8,957**	**5,579**
Net financial position - liabilities/(assets)		**183,782**	**227,714**
- of which "non-recourse" project financing			
Investments		**18,668**	**17,328**
Employees at the period-end	(no.)	136	120

The "Other Businesses" sector comprises Falck Renewables Spa, Falck Next Energy UK, Limited and the development companies.
As previously explained, the "Energy Management" segment was introduced in 2021 composed of Falck Next Energy Srl. Until 31 December 2020 Falck Next Energy Srl was part of the "Other businesses" segment.
The figures at 31 December 2020 have been restated to reflect the composition of the new sectors.

The revenues of this segment are almost exclusively from services of Falck Renewables SpA mainly to group companies. The overall increase compared to last year, totalling around € 1,783, is the result of reclassification of other services for a better presentation.

Negative operating income of € 80,752 thousand decreased by € 55,732 thousand.
The result was influenced by: (i) higher personnel costs mainly due to the increase in staff (+ 16 employees) and raises compared to the same period of 2020; (ii) higher Long Term Incentive Plan costs for employees and the Chief Executive Officer of Falck Renewables SpA due to the acceleration of the plan assuming there is a change of control in the first quarter 2022 and higher multi-year bonus costs for employees dedicated to development activities; (iii) higher services connected to the change of control transaction; and (iv) greater allocations for risks and cost for the extraordinary bonus for managers and employees of Falck Renewables SpA.
Investments for the period totalled € 18,668 thousand and mainly regarded the construction of the Landolina solar farm (€ 2,885 thousand) in Italy, purchase of hardware, office furniture and equipment (€ 597 thousand), expenses for operating software and licenses (€ 4,651 thousand) and development costs (€ 9,099 thousand).

The financial position (mainly attributable to Falck Renewables SpA) showed a net debt of € 183,782 thousand, compared to a net debt of € 227,714 thousand as of 31 December 2020.
The improvement in the financial position compared to the previous period is due to dividends collected net of capital increases in companies in Italy, Norway, Sweden and Spain mainly to support the development and construction of new plants and the distribution of dividends to shareholders.

The net financial position includes the negative fair value of foreign exchange and commodity hedging derivatives for € 2,083 thousand (positive for € 1,296 thousand at 31 December 2020).

5.2.7 Review of business in 2021

On 27 January 2021, Falck Renewables Power 2 SL and Falck Renewables Power 3 SL were awarded two lots for a total of 40 MW relating to their own solar projects as part of the tender process carried out by the Spanish government. This award ensures a fixed price for the sale of energy for a period of 12 years.

On 27 January 2021, Falck Renewables SpA announced that it was included in Bloomberg's Gender-Equality Index (GEI) for the first time. The index, which includes 380 companies in 44 countries, tracks the performance of companies worldwide that are committed to disclosing their efforts and achievements in the area of gender equality through transparency, increased representation in management positions and the creation of specific policies.
Specifically, companies are included in the index mainly based on an assessment of their performance in five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro-women brand.

On 29 January 2021 Falck Renewables SpA, in accordance with art. 2-ter of the regulation adopted by Consob resolution 11971 of 14 May 1999 (the "Issuers' Regulation"), announced that it had lost its status as an "SME" pursuant to art. 1, paragraph 1, letter w-quater 1) of Legislative Decree 58 dated 24 February 1998, ("TUF"), as its capitalisation exceeded the reference threshold during the three-year period 2018-2020.

On 11 February 2021, Falck Renewables SpA announced that it was among the 30 European energy players that, after two years of research and preparation, had officially launched "HyDeal Ambition", an initiative aiming at supplying green hydrogen in Europe at € 1.5/kg (including transmission and storage) by 2030. The production of green hydrogen, through electrolysis from solar sources, will start in 2022 from the Iberian peninsula.
Our goal is to reach 95 GW of solar and 67 GW of electrolysis capacity by 2030 to produce 3.6 million tonnes of green hydrogen per year for use in the energy, industry and mobility sectors, through the gas infrastructure or storage network, equivalent to one and a half months of oil consumption in France. A phased approach will be anticipated with the first deliveries in Spain and south-west France, to be followed by an extension through eastern France and Germany.

On 12 February 2021, Falck Renewables Sicilia Srl, owner of a solar project under development in Sicily, and Illumia Trend, a trading company of the Tremagi group, an Italian energy and gas supplier operating throughout Italy with approximately 350,000 domestic, business and industrial customers, signed a long-term Power Purchase Agreement (PPA).
The project (10.5 MW) is located in the province of Ragusa. Once in operation, the solar plant will produce up to 20 GWh of electricity per year, equivalent to the amount of energy needed to cover the needs of around 7,400 households. Falck Renewables Group, through its subsidiary Falck Next Energy Srl, will also take care of the dispatching of the solar plant, enabling a correct match between the supply profile requested by Illumia and the clean energy produced.
The multi-year contract is characterised by an innovative pricing structure that will allow both companies to balance risks and strategic objectives.

On 19 April 2021, Falck Renewables SpA was included in the S&P Global Clean Energy index, which includes 82 international companies that stand out for their strong commitment to ESG issues related to sustainability and sustainable development: an acknowledgement of the commitment dedicated to the development of ESG issues in support of the company's core business.

On 20 April 2021 Falck Renewables SpA finalised the acquisition of 100% of the share capital of Desafio Solar SL, owner of a solar plant operating in Spain. The signing of the Share Purchase Agreement with Caicos

Directorship SL, a company owned by Fund IV, managed by Everwood Capital SGEIC SA, was announced on 29 March 2021. The price was approximately € 22 million, plus the assumption of the project's residual debt. The solar plant (50 MW), located in the municipality of Escatrón, in the region of Aragon, has been in operation since June 2020. Annual electricity production is estimated at around 88.7 GWh. The plant has a Power Purchase Agreement (PPA) covering about 70% of the energy produced.

On 6 May 2021, the Sicily Region's energy department issued Falck Renewables Sicilia Srl with Decree no. 497 relating to the Single Authorisation pursuant to Legislative Decree no. 387/03 for an agri-voltaic plant in Sicily in the municipality of Scicli (RG) with a capacity of 9.67 MW.

On 24 May 2021, Falck Renewables SpA announced the signing of a ten-year Corporate Power Purchase Agreement (PPA) with the Ferrero Group, which operates in the food sector, namely as a producer of sweets and beverages. The contract concerns two projects owned by Falck Renewables Group that integrate photovoltaics and agriculture, being developed in Sicily in the provinces of Ragusa and Trapani.
It is estimated that, once in operation, the plants (totalling 17.5 MW) will produce up to 35 GWh of electricity per year, sufficient to meet the energy needs of about 13 thousand households.

On 27 May 2021, Falck Renewables Sviluppo Srl, owner of a solar project under development in Apulia, announced the signing of a Corporate Power Purchase Agreement (PPA) with Solvay, a leading international group in the field of advanced materials and speciality chemicals.
The contract, which has a duration of 10 years, will cover about 70% of the electricity produced by the solar system, and represents a quantity equal to the electricity needs of the four Italian Solvay sites in: Bollate, Ospiate, Livorno and Rosignano.
This will reduce Solvay's emissions by over 15,000 tonnes of CO_2 per year, in line with the Solvay One Planet sustainability strategy.
Once in operation, the project (41.1 MW) in the province of Foggia will generate about 70 GWh of energy per year, sufficient to meet the annual needs of about 26,000 households.
The project, which currently also includes a 10 MW/20 MWh storage system, is designed to allow renewable electricity production and agricultural exploitation to be integrated into the site. The current design provides for the alternation of rows of solar panels and rows of olive trees of different varieties, including the Fs-17 variety, which is resistant to the Xylella bacterium. The plan provides for the management of the olive grove to be entrusted to local specialised operators, even organised into social enterprises, who will benefit from the agricultural activity, resulting in new revenues and jobs for the region of Apulia.

On 16 June 2021 Falck Renewables SpA signed an agreement to acquire 60% of the shares of SAET SpA, a Padua based company that is a leader in the design and construction of high voltage electrical systems and the construction of energy storage plants. The acquisition was completed on 20 July 2021.
The agreed price, which amounted to approximately € 5.7 million, was financed entirely using in-house resources. The transaction also entailed the signature of a shareholders' agreement at closing, and the possibility of acquiring the remaining 40% of SAET within four years.

On 30 June 2021 Falck Renewables SpA added a further 74.1 MW of new wind capacity with the commissioning of the Brattmyrliden plant in Sweden. It is estimated that the plant will generate up to 263.5 GWh of electricity per year.
The plant holds a 10-year Virtual Corporate Power Purchase Agreement, signed on 22 July 2020 with Ball Corporation, a leading multinational in the supply of aluminium packaging, which covers approximately 70% of the electricity produced by the wind farm.

On 8 July 2021 Falck Renewables SpA announced a partnership with Ørsted, a world leader in offshore wind and BlueFloat Energy, an expert in offshore floating wind power.
On 15 July 2021, the partnership participated in Crown Estate Scotland's ScotWind auction, for the award of seabed leases for the development of large-scale offshore floating wind farms.

Having pioneered offshore wind technology with its first farm in 1991, Ørsted has carried out more offshore projects than any other company in the world. Thanks to Ørsted's unique experience, combined with that of BlueFloat Energy in the development, financing and execution of offshore floating wind projects, and that of Falck Renewables in carrying out global projects dedicated to local communities, and Scottish ones in particular, the partnership has proven to be well-positioned to carry out first-rate offshore floating projects.

On 28 September 2021, the partnership established in July 2021 between Falck Renewables SpA, Ørsted, and BlueFloat Energy, which attended the latest ScotWind auction, joined the cooperative social enterprise Energy4All, an expert in community ownership, in order to promote inclusive opportunities for Scottish communities with the acquisition of a share of the offshore wind farms to be developed by the partnership.

On 30 September 2021, Falck Renewables SpA announced a joint partnership with BlueFloat Energy for the development of offshore floating wind farms off the Italian coast and the launch of the first project in the Apulia region, off the coast of Brindisi, called Kailia Energia.

On 12 October 2021, Falck Renewables SpA won first place in the Top 100 - 2021 ESG Sustainability Award promoted by Credit Suisse and Kon. The Company was included among the 100 finalists for the award (which consisted of 100 Italian companies that have distinguished themselves in the field of sustainable development by combining innovation and sustainability), and placed first in the final ranking.

On 13 October 2021, in order to participate in the construction and development of the Landolina farm in Scicli (province of Ragusa, Sicily) and allow the citizens of Scicli and Sicily to benefit from a safe, profitable, and sustainable investment, Falck Renewables SpA launched the "Coltiviamo energia" program's first lending crowdfunding initiative. The campaign is based on the experience of the Group, which has been successfully conducting similar value sharing initiatives in the UK for over fifteen years. The initiative launched in Scicli will be carried out by way of a remunerated loan, guaranteed by Falck Renewables, in crowdfunding mode. Through the platform www.coltiviamoenergia.it, individual citizens will be able to participate in the construction and operation of the farm, with amounts ranging from € 200 to € 10 thousand, and will receive an annual remuneration on their loans for a duration of 10 years, even with the possibility of fully recuperating the capital paid-up in the event of early withdrawal.
The inhabitants of Scicli benefit from a gross annual yield of 6% for subscriptions made within the first ten days of the campaign, a value which subsequently decreased to 5%. For the remaining inhabitants of the Region, the fixed value is set at 5% for the first ten days of the campaign, which subsequently decreased to 4%. The financing opportunity was also open to the Italian employees of Falck Renewables, key figures in the Group's green calling, who will receive a gross annual return of 3%.
Like that which is already practice in many countries where the company has a presence, Falck Renewables has also arranged for the creation of a collective benefit scheme, with the establishment of an annual fund to support local initiatives in the Municipality of Scicli, and the funding of a scholarship program to train new professionals in the fields of renewable technologies, energy sustainability, and development.

On 18 October 2021, Falck Renewables SpA announced that it was included in the MIB® ESG index launched by Euronext and Borsa Italiana. This is the first ESG (Environmental, Social and Governance) index dedicated to Italian blue-chips. The index includes large listed Italian issuers that comply with ESG best practices, in keeping with the principles of the United Nations Global Compact.

On 20 October 2021, Falck Renewables SpA announced that Infrastructure Investments Fund ("IIF"), an investment vehicle for which J.P. Morgan Investment Management Inc. is advisor, had reached an agreement on 19 October 2021 for the purchase of a 60% stake of the capital in Falck Renewables Spa, owned by Falck Spa, which will be followed up by a mandatory takeover bid. IIF will collaborate with Falck Renewables SpA to accelerate its pathway of growth, and to strengthen its leadership position in the renewable energy sector. For more information see paragraph 5.2.12.1 "Transfer of a controlling investment by Falck Spa".

On 22 October 2021, Falck Renewables SpA added an additional 29.6 MW of new solar capacity with the entry into operation of the Westmoreland County Solar Project in the state of Virginia (USA). On 2 November 2021 Westmoreland County Solar Project, LLC signed a tax equity financing for $ 44.55 million dollars.

On 26 October 2021, Falck Renewables and BlueFloat Energy announced they were ready to file the documentation needed to begin the authorisation process associated with the project for the construction of an offshore wind farm off the southern coast of the province of Lecce. As for the first Kailia Energia project off the coast of Brindisi, announced on 30 September, the proponents for Odra Energia have opted for a preliminary consultation, an optional phase aimed at best addressing the contents of the environmental impact study for the subsequent VIA procedure. The document was filed in December 2021. At the same time, the request for a maritime state property concession was filed with the Ministry of Infrastructure and the Port System Authority of the Southern Adriatic Sea. The maximum installed capacity envisaged for this project is approximately 1.3 GW. The estimated annual production is approximately 4 TWh, equivalent to the consumption of over one million Italian households, with over two million tonnes of atmospheric carbon dioxide emissions being prevented.

On 3 November, Falck Renewables Finland Oy signed an agreement for the purchase of two ready-to-build wind farms in Finland, owned by the Danish group European Energy. Once in operation, it is estimated that these projects, both of which located in the municipality of Karstula, with a total installed capacity of 55 MW, will produce approximately 160 GWh of electricity annually, enough to meet the needs of approximately 19,500 households each year. The value of the transaction is based on an Enterprise Value of approximately € 7.3 million, funded entirely with the company's own resources, and subject to price adjustment based on certain conditions relating to the closing.

On 24 November 2021 the town council of Beuningen approved the zoning plan and environmental permit that would allow construction of a proposed wind project in the province of Guelders (Gelderland), in the Netherlands. The wind farm, with five turbines, was developed by Falck Renewables, through its Dutch subsidiary Falck Renewables Nederland BV which holds 25% of the project, in collaboration with the energy cooperative EnergieVoorVier and Dutch utility Eneco. The project is highly concentrated on the involvement of the local community: 50% is held by the local energy cooperative EnergieVoorVier. Residents who are members of the cooperative can invest in the wind farm and benefit directly from the value created from renewable energy production. Part of the income from the plant will be allocated to a provision managed by residents and representatives of the non-profit with the aim of supporting environmental initiatives presented by the local community. Payments related to rights of use of the land will be distributed between owners and residents. The issue of the environmental permit is a key step in the authorisation process and demonstrates the support of the local community. The Municipality's decision is in line with its goal to become carbon neutral by 2040. The wind farm could be in operation as early as 2025.

On 14 December 2021, within the framework of a joint partnership between Falck Renewables and BlueFloat Energy for the development of offshore floating wind farms off the Italian coast, the founding of a specific company was announced for development of a project proposal to create a floating wind farm off Catanzaro: Minervia Energia. The partnership is based on Falck Renewables' in-depth knowledge of the Italian industrial and energy scenario, combined with BlueFloat Energy's experience, unique on a worldwide level, with floating technology. The proponents chose Calabria for the project proposal of the Minerva Energia offshore floating wind farm which entails: planned installed capacity of 675 MW, for an annual production of 2.4 TWh, equivalent to the consumption of more than 600,000 households, 1 million tons of atmospheric carbon dioxide per year being prevented, with a potential annual production of green hydrogen equal to 45 thousand tons of green hydrogen per year, a total of 45 wind turbines located in the Golfo di Squillace, at a distance between 13 and 29 km from the coast.

On 14 December 2021 the Shareholders' Meeting of Falck Renewables approved the following Board of directors' proposals:

Amendment of art. 1 of the Articles of Association

The Shareholders' Meeting resolved to amend art. 1 of the Articles of Association, subordinate to loss of Falck SpA's control of the Company by 31 October 2022 as per art. 2359, paragraph 1, no. 1 of the Civil Code.

Amendment to the "Remuneration Policy for 2021" contained in Section 1 of the 2021 Report on the remuneration policy and compensation paid by the Company

The Shareholders' Meeting resolved to amend, as per art. 123-ter, paragraph 3.bis, of Legislative Decree no. 58 of 24 February 1998, the "Remuneration Policy for 2021" of which Section 1 of the 2021 Report on the remuneration policy and compensation paid by the Company, approved by the Shareholders' Assembly on 29 April 2021. The Shareholders' Meeting approved the Remuneration Policy for 2021 in compliance with the text with the amendments proposed by the Board of Directors which had also received a unanimously favourable opinion from the Remuneration Committee and the Risk Control Committee (in the capacity of committee competent for expressing an opinion on transactions with related parties).

On 29 December 2021 Falck Renewables SpA added a further 21 MW of new wind capacity with the commissioning of the Okla plant in Norway. The wind farm is located on the Stadlandet peninsula, near Selije, on the western coast of Norway. The estimated annual production of the farm, which has 5 turbines, is approximately 75 GWh, equivalent to the consumption of around 4,700 households. The Okla farm will contribute to the actions of the Falck Renewables group to fight climate change and reach zero emissions, preventing around 1,420 tons of atmospheric CO_2 per year. Like the other Falck Renewables group plants and farms, the people who live around the Okla farm will benefit from community engagement programs promoted by the same group to support local communities.

5.2.8 Employees

At the end of the year, the Group had 693 employees, as follow:

			(no.)
	31.12.2021	31.12.2020	Change
Managers	67	58	9
White-collar staff	571	464	107
Blue-collar staff	55	31	24
Total employees in consolidated entities	**693**	**553**	**140**

			(Number)
	31.12.2021	31.12.2020	Delta
WtE, biomass and photovoltaic sector	74	72	2
Wind sector	32	26	6
Services sector	448	334	114
Energy management sector	3	1	2
Other Businesses	136	120	16
Total	**693**	**553**	**140**

The increase was mainly due to the acquisition of SAET Group (+73) and internal growth, as, in continuity with 2020, the main business lines and staff functions are being structured to cope with the development of the new initiatives envisaged in the Business Plan.

5.2.9 Environment, health and safety

The Group's QHSE policy, together with continuous monitoring and updating of the quality, environmental and safety management systems, defines guidelines for implementing control of environmental aspects in every phase of activities and promotes a respect for the environment culture within the company. The implementation of the policy guidelines is centrally managed by the Group's QHSE function that monitors the evolution of regulations on an international, national and local level, providing advice and indications to plant site managers, in turn responsible for environmental management at territorial level and performs periodic audits on application of relative legislation and internal procedures.

With the aim of progressive integration of sustainable development principles with its activities, Falck Renewables is constantly committed in the QHSE field to meeting new industry standards, certifying most of its sites and those of subsidiaries. To this end we would like to point out that the group company Energy Team obtained ISO 14001 certification in 2021, added to those already present.

Projects were presented in 2021 to build recently developed "agri-voltaic" plants which make it possible to avoid occupying uncontaminated agricultural land, leaving space for some types of crops that can co-exist with the plants.

In keeping with the activities already started in 2020 on aspects related to "Life Cycle Assessment ("LCA") studies on wind farm construction activities, with a pilot project on the Hennoy plant and "Organisation Environmental Footprint ("OEF") studies performed during 2020 on the thermal plants of Rende and Tezzo, during 2021 the company certified the results obtained for the Rende site with the OEF and Carbon Footprint studies.

The OEF analyses, while providing useful indications for identifying areas of improvement, also provide an important benchmark figure with other renewable technologies and with various reference sectors. The same data also provide clear indications on the areas for improvement or high impact, thus making it possible for the company to focus on critical aspects.

The corporate culture of Falck Renewables has always paid particular attention to safeguarding the physical health and mental well-being of its people.

These commitments are organised into dedicated procedures and certified management systems that determine the implementation procedures of the Policy contents in the various sites where the Group is present and according to the specific requirements of the normative contexts where the company works.

A new policy entitled Mental Well Being was written, published and distributed during 2021, precisely to underline the company's commitment to taking care of the well-being of its employees and self-employed workers. To provide practical and tangible support, at the same time an arrangement was made with an external company that provides a team of psychologists available for employees 24 hours a day, as well as training for managing stress and feelings.

The QHSE structure ensures constant monitoring of potential risks that can occur when working at the company and carry out the actions necessary to prevent accidents involving employees and contractors. The Risk Assessment activities regarding health and safety are defined in the Risk Assessment Document and involve:

- identification of risk factors connected with the work site, structures, plants, machinery, equipment, work activities, substances used for any purpose in the company;
- identification of workers exposed connected to various jobs performed (administrative, techniques and techniques connected with wind farms);
- determination of the degree of risk;
- mapping of the preventive and protective measures implemented as well as the adopted personal protection equipment;
- planning of additional preventive and protective measures to ensure improvement over time of the safety levels by defining roles, times and responsibilities for their implementation.

Health and safety issues are the most recurring contractual aspects in the standard agreements prepared by the Group. Specific audits were carried out in the field in 2021 in the field, to audit the safety standards applied by personnel of contractors when working at our sites.
Moreover, in terms of transparency and sharing of QHSE aspects, two specific meetings have been planned with personnel of the companies stably present at the Group's plants to share the various safety procedures and standards applied and together find areas of improvement.

There were no accidents in 2021 involving group employees or personnel of third-party companies at Group plants.

5.2.10 Research and development activities

The Group has continued the research and development activities started in previous years and has focused its efforts in particular on projects that it considers particularly innovative. The amount spent in 2021 was € 1,888 thousand.

Research projects focused in particular on information systems for the digitised management of the asset management processes of wind and solar plants.

Research activities will continue in 2022.

The positive outcome of these innovations could generate good results in terms of revenues with favourable effects on the Group's profitability.

5.2.11 Risks and uncertainties

The main risks and uncertainties facing the Falck Renewables Group are analysed by type below. Please note that, under the Risk Management project, Falck Renewables Group continued risk analysis and took an organic approach to risk management. The main activities performed include: (i) defining Group risk identification and monitoring methods; (ii) risk analysis of corporate processes, new business, and forecast data used to support decision-making; (iii) sharing periodic risk assessment analysis with Group management; (iv) the introduction by the Falck Renewables SpA Board of Directors of the Risk Appetite Framework that sets out the level of risk that the Group is willing to accept in order to pursue its goals.

a) Financial

1. Credit risk

Credit risk is understood as both potential losses from non-payment by customers and counterparty risk related to trading in other financial assets. The credit risk associated with the activities carried out by Falck Renewables Group is very limited in respect of both commercial customers and financial counterparties. In relation to trade customers, there is a diversification of customers as well as a limited level of risk since most of the exposure to third-party customers (not related parties) is to electric utilities and/or in some cases companies through PPA (Power Purchase Agreement) contracts directly with companies (off takers) with adequate creditworthiness. Moreover, for most off takers, Group companies require credit risk mitigation tools by issuing bank guarantees and/or suitable parent company guarantees in their favour.
Energy dispatching is managed in Italy within the Group through Falck Next Energy Srl. and in part in the UK through its Branch.
It should be noted that, despite their large and diversified base of third-party customers, taking into account their limited impact on the Group's overall turnover, Vector Renewables Group, Energy Team SpA and SAET SpA did not significantly alter the Group's trade credit risk level.
The credit risk attributable to the bank and leading energy sector operator counterparties with which the derivative financial instruments are traded is also limited, given the operators' standing.

With reference to the Group, the liquidity present in the companies subject to project financing conditions is held at the Account Bank (which is generally one of the Lender Banks of the project financing).

The Group closely monitors the creditworthiness trends of certain Italian and foreign banks, with reference to their risk profile.

2. Liquidity risk

Falck Renewables Group has a central treasury department with the Parent Company, and has a "domestic" cash pooling system in place between Falck Renewables SpA and all the Italian Subsidiaries that are not subject to project financing (the latter are not included in the system in relation to "non-recourse" financing mechanisms).
The Group companies not subject to project financing also settle intercompany commercial positions through netting, regulated by specific correspondence accounts. Falck Renewables Group produces a monthly update of its net financial position and rolling financial forecast, with final figures for the period summarised by sector, and at Group level. Falck Renewables Spa's revolving syndicated loan agreement ("Corporate Loan") amended on 30 July 2018, amounting to € 325 million, was used as of 31 December 2021 for the amount of € 135,000,000. The contract, which expires on 31 December 2023, is subject to, inter alia, financial covenants based on the ratio of Net Financial Position/EBITDA and Net Financial Position/Total Equity calculated using the amounts disclosed in the consolidated financial report: these covenants were met at 31 December 2021.
It should be noted that on 8 February 2022, the lending banks of the Corporate Loan authorised (earlier compared to the transfer of the majority of Falck Renewables SpA by Falck SpA to Green Bidco SpA indirectly controlled by IIF, which took place on 8 February 2022) the change of control from Falck SpA to the new majority shareholder. On the same date the banks also authorised the change in the definition of the Net financial position and Equity which will no longer include effective as of 31 December 2021, the negative and positive mark to market (and the relative equity reserve) of electricity hedging derivative transactions. Thus the financial ratios at 31 December 2021 are calculated according to this modified definition.

3. Plant financing risks

The Group finances its projects, particularly in the wind and solar sectors, mainly through project financing or similar financial instruments without recourse to shareholders (i.e., without guarantees issued by the parent company Falck Renewables SpA and/or other direct parent companies). While waiting to receive project financing, it occasionally falls back on the Group's working capital (self-financing), the remaining Corporate Loan (which can be used on a revolving basis until its maturity on 31 December 2023), or other short-term bank loans, especially during the construction phase. The Group still continues to have access to project financing or other types of financing at the best market conditions in line with those of similar projects.

In addition, in September 2020 Falck Renewables SpA issued an equity-linked Green Bond for a nominal amount of € 200 million, repayable at par on 23 September 2025. Having been issued above par at 101.25%, with a zero coupon, the resulting annual return for the investor is negative, equal to -0.25%. The Green Bond equity-linked bond became a Green Convertible Bond as a result of the approval, on 17 November 2020, of the convertibility by the Extraordinary Shareholders' Meeting of the Company. The conversion price has been set at € 7.22 per share and is subject to adjustment as per the regulations, in accordance with the current market practices for this type of financial instrument. Due to the change of control, the conversion price was adjusted from € 7.22 to € 5.7735. Moreover, on 25 February 2022, Green Bidco SpA (company indirectly controlled by IIF and buyer of 60% of the Falck Renewables SpA shares from Falck Spa) announced that it intends to promote a voluntary takeover bid in cash on Green Convertible Bond, at economic conditions equivalent to those of the Bid, reserved solely for investors qualified in accordance with art. 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999. It is reasonable to expect that at the end of this process the Green Convertible Bond will be converted into no. 34,641,032 shares of Falck Renewables Spa, increasing the group's equity and reducing net debt.

The aforesaid financial sources permit the financial sustainability of the Group's Business Plan.

4. Interest and exchange rate risks

- **Interest rate risk**

Falck Renewables Group has adopted a policy for managing the risk of interest rate fluctuations on Non-current bank loans, which provides for coverage of no less than 70% of its exposure on average, unless specifically requested by the Lender Institutions.

The Group follows consolidated operating practices aimed at monitoring the risk of interest rate fluctuations, in order to hedge risks through the use of so-called derivative instruments where necessary, and avoids taking positions with derivatives with a speculative nature.

The type and suitability of hedging instruments is evaluated for each individual case, in consideration of the amount of exposure and the current financial market conditions, and in keeping with the relative financial risk procedure.

Falck Renewables Group uses plain vanilla derivatives to hedge interest rates and, in particular, enters into interest rate swaps (IRS) with the exclusive aim of hedging.
The Project Financing conditions require hedging through IRS derivatives to mitigate project financial risks, with the accounting being carried out according to the principles of hedge accounting when the appropriate conditions are met. As a result, changes in the fair value of derivatives that do not qualify for hedge accounting follow the general rule for trading derivatives, i.e., they are recognised directly in profit or loss and impact the profit/(loss) for the period. The Group had hedged a significant portion of the net debt against increases in interest rates through IRS hedging at 31 December 2021.

- **Foreign exchange risk**

The exchange rate risk arises from the Group's activities in areas other than the "Euro Zone", in particular the UK, the United States, Norway, Sweden and, to a lesser extent, Japan.
The Group's exposure to exchange rates is twofold: (i) transaction risk, and (i) translation risk, both of which could impact the Group's income statement and balance sheet.

(i) Transaction risk is defined as the effect of the fluctuation of the exchange rates in the project's financial model, or in force at the time at which the commercial/financial relationship in foreign currency originated, and the exchange rates used for the settlement of the relative transaction (collection/payment). This risk, which can have a direct impact on the result for the period, is calculated based on the functional currency of each Group company.
The Group strives to minimise exposure to transaction risk by determining the "currency balance" and establishing hedging with plain vanilla derivatives, typically forward purchases or sales of foreign currency.

(ii) Translation risk represents the overall impact of exchange rate fluctuations on the Group's income statement and consolidated equity of translating assets, liabilities, revenues and costs of consolidated entities that prepare financial statements in a currency other than the Euro. The Group does not hedge translation risk.

b) Commodity risk

Since the beginning of 2019, the Group has managed all the energy produced by the plants in the Italian portfolio independently, without resorting to third-party dispatching operators, with the aim of minimising operating and balancing costs and stabilising group revenues at a consolidated level by means of price risk hedges. As of 2019, third-party plant dispatching management also began, expanding in 2020 and 2021 with a managed volume of more than 750 GWh and greater geographical and technological diversification of the portfolio. This activity will continue over the course of the years, and the volume managed will increase in proportion to the volume of the new Falck Renewables Group plants that will come into operation. The goal is to ensure better diversification of the Group's portfolio at the zonal and/or territorial level. From the third quarter of 2020, the dispatching activity was also extended to the UK, in order to internalise the management of

the plants in that portfolio as well. Dispatching activity from the second half of 2022 is expected to be extended to the Spanish market in order to internalise dispatching management of existing plants and those being developed which will become fully operational in the coming years.
During 2022 Falck Next Energy will prepare for participation in ancillary service markets in order to allow the group assets to increase the range of accessible revenues and distributable services and optimise economic performance, including in consideration of the fact that most of the newly built renewable plants will be coupled to storage systems providing the FRNP plants with greater flexibility and scheduling.
Thus Falck Next Energy will become BRP (Balance Responsible Party) and BSP (Balancing Service Provider) of the group's plants and both will offer services to third parties.

As of 2021, the Group independently managed approximately one third of the energy produced in the UK and in subsequent years the volume managed will increase both through the management of third-party plants and by internalising the management of the part of the Group's portfolio currently dispatched by third-party operators.
The Group's results are exposed to:
(i) volume risk resulting from the difficulty in forecasting the production levels of plants powered by wind or solar energy, depending on the availability of natural resources;
(ii) risk of commodity price volatility;
(iii) operational risk, deriving from the level of adequacy of the set of technical and organisational measures implemented by the Group to carry out activities related to the dispatching of electricity on the market;
(iv) counterparty risk arising from the inability of the off-taker to meet its obligations during the contractual period.

In order to mitigate these risks, a specific structure has been set up within the Energy Management function which, on the basis of specific Risk Policies approved at Group level, carries out hedging activities (strategies for fixing the prices of the physical volumes underlying the portfolio), trading (strategies aimed at achieving margins by exploiting price volatility), and market analysis using statistical models.
At the beginning of 2019, with a view to continuously improving processes and with the objective of ensuring constant monitoring of its internal control system, a specific structure was also set up within the Risk Management function, which is responsible for monitoring and reporting the Group Portfolio's exposure to risks and coordinating the development of risk policies and the monitoring and reporting tools used (ETRM).
The purpose of the risk policies is to define the risk profile deemed to be acceptable by the Group within the context of its Hedging and Trading activities, providing for the adoption of specific risk limits in terms of VaR and Stop Loss risk capital, performance indicators, and escalation processes for the use of the derivative financial instruments commonly used on the market, in order to maintain the exposure itself within the approved limits.

In order to optimise the execution process of hedging and trading activities, during 2019 Falck Next Energy Srl completed the onboarding process on the European Energy Exchange (EEX) market platform and increased and extended credit lines with various financial operators in order to have better real-time access to derivative contracts in the electricity markets, reducing execution risks and containing the fees associated with individual transactions. In the first half of 2020, the Group began operating on the continental gas (TTF and others) and Henry hub (United States gas) markets, respectively on the ICE and CME Nymex Exchanges, while in the second half of 2020 Falck Next Energy Srl enabled itself on the Joint Allocation Office (JAO) platform, in order to operate on the options market utilising the underlying differential in the prices of the Continental European power exchanges.

1. Volume risk

Exposure to volume risk can lead during the year to situations of over/under hedging with respect to the production forecast during the budgeting phase, while at a daily level it can lead to differences between the binding programme of the Day-Ahead Market (MGP), then corrected on the different sessions of the Intraday Market (MI), and the actual energy fed into the grid, with a potential impact in terms of higher imbalance costs.
Short-term volume risk management strategies involve daily optimisation of production programs on the day-ahead and intraday markets using hourly /half-hourly weather forecasting tools (wind, sun, temperature) to limit the differences between the feed-in programs and actual production levels. Other volume risk mitigation

measures include prevention and protection strategies for plant downtime, planned or otherwise, in addition to a hedging policy with a coverage threshold in order to limit over-hedging.

2. Price risk

To manage price risk, the Energy Management department uses financial swaps to set spot prices on the electricity markets, within the limits of the Energy Risk Policy and the PPA (Power Purchase Agreement) contracts with the third parties appointed to withdraw the energy. These contracts allow for the prices to be fixed based on the production volumes.
In January 2021, the Group adopted a new Hedging Policy that provides for a hedging scheme for managing the price risk exposure of its European assets, the purpose of which is to hedge a percentage of each asset's expected production volumes equal to approximately 70%, in order to minimise the variability of the Group's financial results caused by the volatility of electricity prices. The volume to be hedged for each asset is determined on a monthly basis, in order to take the seasonality of the expected production into account, and to minimise the risk of over/under-hedging. This percentage is also measured based on the situation and volatility of markets according to a flexible approach.
Falck Next Energy Srl was tasked with implementing this hedging scheme, and reference benchmarks were established for each country and for the various temporal granularities of the financial products used to perform the hedging (Year, Quarter, Month), with the aim of evaluating their performance and identifying the extra value generated by implementing this hedging scheme.

3. Operating risk related to Energy Management activity

In order to manage and identify adequate measures to minimise operating risk in relation to the Group's activities selling energy, the Energy Management department, supported by Operations and IT, performs regular assessments of corporate procedures, information flows (to and from plants), the IT infrastructure used for dispatching and the quality of the data used in this activity. These activities ensure that dispatching and plant operations take place in line with corporate procedures, and with sufficient levels of reliability and traceability. In order to cover the operational risk in dispatching activities, a 24-hour, 7-day-a-week shift has been implemented.
Lastly, at the start of 2019, with a view to continuously improving processes and market operations, the Trading and Risk Management system was implemented to manage monitoring and reporting activities. In addition, in the first half of 2020, automatic order execution technicalities were identified for markets whose exchanges are operational 24 hours a day, allowing us to manage the operational risk during unmanned market hours.
During the course of 2020, a Business Continuity project was launched in order to strengthen market management procedures and prevent any errors/problems that might arise from business interruptions due to various causes. In 2021, the same project was extended with a focus on the dispatching process in the UK.

Furthermore, from the beginning of 2019 Falck Next Energy Srl became Balance Service Provider (BSP) and participated in the auctions held by Terna for the procurement of dispatching resources for the owners of Mixed Enabled Virtual Units (UVAM). This activity involves sending and loading flexibility profiles of aggregated customers within UVAM and operational management on the MSD market to respond to Terna's requests.

4. Counterparty risk

For new projects that do not benefit from a guaranteed remuneration system (FiT, CfD) and/or incentives, the Group negotiates fixed-price Renewable Power Purchase Agreements (Renewables PPAs) with a duration of generally more than five years in order to mitigate price risk, stabilise project cash flows and also to facilitate access to financing systems for these projects through project financing. The counterparties in these contracts (off-takers) are generally companies that consume the energy produced by the plant or other entities (traders/utility) that resell the energy withdrawn from the plant to third parties.
In the case of the Renewable PPA, the counterparty risk for the Group is the risk that the off-taker is unable to meet its obligations during the contractual period (withdrawal of the quantities of energy subject to contract, late payments and financial difficulties, etc.).

Counterparty risk management is therefore also one of the main elements of attention in order to achieve bankability of a project.
Throughout the Falck Renewables Group, counterparty risk management includes assessing the current soundness of the off-taker in providing guarantees and an outlook on the risks that could arise in the long term with respect to the contract. It is very important to draw up a contractual structure that can provide a long-term mitigation of the operational risks arising from the management of this type of operation.
In some cases, in order to cover the counterparty risk and make the project easier to finance, the group requires the off taker to issue bank guarantees or parent company guarantees covering a percentage of the notional value of the contract for its entire duration.

c) Legal

A) Probable liabilities for which provisions are recognised in the balance sheet in respect of disputes, litigation and negotiation acts of fully consolidated companies

Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
Payment of professional services - Sicily Region lawyers vs Tifeo Energia Ambiente ScpA in liquidation and Elettroambiente SpA in liquidation.		
24 May 2018 Court of Milan Supreme Court	By appeal pursuant to art. 702-bis of the Italian Criminal Code, filed on 24 May 2018 with the Court of Milan, Francesco Stallone and Pietro Carmelo Russo, lawyers, summoned Tifeo Energia Ambiente ScpA in liquidation ("Tifeo"), Elettroambiente SpA in liquidation ("Elettroambiente") and Zurich Insurance PLC, General Representative for Italy ("Zurich"), to request that they be ordered to pay the credit (alternatively quantified in € 248 thousand and in a sum of between a minimum of € 294 thousand and a maximum of € 947 thousand, plus legal fees and interest pursuant to art. 1284(4) of the Civil Code), as consideration for the legal assistance provided to the Presidency of the Sicilian Region and the Department of Energy and Public Utilities of the Sicilian Region (together referred to as the "Sicily Region") in the proceedings before the Court of Milan, Section VI, R.G. 74223/2009, between the Sicily Region and the respondents - with judicial conciliation on 8 June 2015. In particular, during the settlement of the aforementioned proceedings, the plaintiffs, considering that the accrued remuneration might not be paid by the Sicilian Regional Administration, refused to waive the benefit of professional solidarity. Tifeo and Elettroambiente asked for permission to request that the Sicily Region indemnify them against the claim, in application of art. 7 of the settlement. With the "Order" dated 23 October 2019, the Court of Milan: (i) dismissed Stallone's claims, (ii) awarded Russo the sum of € 234 thousand, plus VAT and CPA and court costs, of € 20 thousand, (iii) ordered the Sicily Region, Tifeo, Elettroambiente and Zurich, jointly and severally, to pay those amounts, (iv) ordered the Sicily Region to reimburse Tifeo, Elettroambiente and Zurich all amounts paid to Russo by them, (v) ordered the Sicily Region to reimburse Tifeo and Elettroambiente for the costs of the proceedings, of € 18 thousand, plus incidental expenses (the same amount was also paid to Zurich). In execution of the provisions of the Order, the payment was made. Subsequently, during the month of February 2021, the Sicily Region proceeded to credit the advanced amounts. Supreme Court: On 20 June 2020, lawyers Russo and Stallone filed an appeal with the Supreme Court against the order, claiming Stallone's lack of active legitimacy, failure to apply Ministerial Decree no. 127/2014 for the liquidation of the amounts due to the lawyers amounting to € 13 thousand, and failure to rule on interest. In their counter-appeal of 10 July 2020, Tifeo and Elettroambiente requested the Court of Cassation (i) to declare inadmissible (including, where applicable, pursuant to art. 375 in the code of civil procedure) or, in any event, to reject in its entirety, as unfounded, the appeal filed by Messrs Stallone and Russo; (ii) order Francesco Stallone and Pietro Carmelo Russo to reimburse Tifeo and Elettroambiente for the costs of the proceedings, plus tax and ancillary costs in accordance with law. Zurich also lodged a counter-appeal, requesting that the appeal notified by Mr Russo and Mr Stallone be dismissed in its entirety.	The hearing date is pending. The companies have established an adequate risk provision.

Start date/ Jurisdiction	**Description of the dispute**	**Status of proceedings and Management consideration**

Payment of professional services - Sicily Region lawyers vs Platani Energia Ambiente ScpA in liquidation and Elettroambiente SpA in liquidation.

1 June 2020 Court of Milan	On 1 June 2020, Attorneys Pietro Carmelo Russo and Francesco Stallone (lawyers for the Region of Sicily) served an appeal pursuant to art. 702 of the Code of Civil Procedure against Elettroambiente and Platani, seeking an order to pay the fees which they allegedly accrued against the Presidency of the Region of Sicily and the Department, in relation to the activities carried out in the administrative proceedings. The appeal is based on the allegation that the dispute was settled by judicial conciliation on 8 June 2015. Based on this assumption, they invoke the joint and several liability of Elettroambiente and Platani for the payment of the fees accrued by them for assistance to the Sicilian Administration and not paid to date. The amount claimed is € 1.5 million (plus VAT and CPA) or, alternatively, € 960 thousand (plus VAT and CPA), plus interest pursuant to Legislative Decree no. 231/2002 (or ex art. 1284, para. 4, in the Italian Code of Civil Procedure). On 4 December 2020, Elettroambiente and Platani entered an appearance in response, requesting the postponement of the hearing in order to be able to summon third parties pursuant to art. 106 and art. 702-bis, paragraph 5 of the Italian Code of Civil Procedure. (i.e., Sicily Region and Department). With the order dated 22 April 2021, the Judge rejected the request for a summons submitted by the Presidency of the Sicilian Region and the Department and deferred to the hearing of 20 October 2021. In this hearing <u>the Judge, reversing his previous decision granted the request for a summons submitted by the Presidency of the Sicilian Region and the Department and deferred to the hearing of 19 January 2022. During this hearing the appearing Sicilian administration asked for the dismissal of the claims against them, as well as deferral of the hearing due to negotiations in progress between the plaintiffs Acknowledging this the Judge deferred the case to 22 March 2022.</u>	A hearing is scheduled for 22 March 2022. The companies have established an adequate risk provision.

Payment of professional services - Sicily Region lawyers vs Falck Renewables, Falck, Palermo Energia Ambiente Scpa in liquidation and Zurich Insurance PLC

23 April 2021 Court of Milan	By appeal pursuant to art. 702 bis of the Italian Criminal Code filed on 23 April 2021, attorneys Francesco Stallone and Pietro Carmelo Russo (lawyers for the Sicily Region) summoned Falck Renewables SpA ("FKR"), Falck SpA ("Falck"), Palermo Energia Ambiente S.C.P.A. in Liquidation ("PEA") and Zurich Insurance PLC before the Court of Milan in order to seek the payment of an amount equal to € 624 thousand, or alternatively € 539 thousand, plus interest pursuant to art. 1284, par. 4 of the Italian Civil Code "By way of fees for professional services consisting of assistance and representation in court" provided in favour of the Presidency of the Sicily Region and the Energy Department of Public Utility Services of the Sicily Region (the "Sicily Region") in verdict no. 74309/2009 of the Court of Milan. In particular, during the settlement of the aforementioned case, in the belief that the accrued fees might not be paid by the Sicily Region, the professionals in question refused to waive their rights under art. 13, paragraph 8 of Law 247/2012. Following filing an appearance in court of the Companies, they were authorised to summon the Region of Sicily. Subsequently, at the 1 December 2021 hearing, the plaintiffs, after filing of an appearance by the Region of Sicily, requested and obtained from the Council, the formulation of a settlement proposal that entails the liquidation "according to the average values of the reference bracket related to Ministerial Decree no. 55/14 considering the increases for the parties and the settlement activity provided quantifying the total amount in € 400 thousand as well as the reimbursement of general expenses	The next hearing is 22 March 2022. The Companies have established an adequate risk provision.

	totalling 15% as well as VAT and Cpa. This agreement includes complete compensation between the parties of the expenses for this trial". The Court clarified that the proposal (in terms of the payment of the amount of € 400 thousand) is addressed to the Region of Sicily and Rosso/Stallone (and thus not to PEA, Falck, FKR and Zurich). The negotiations are in progress.	

Start date/ Jurisdiction	**Description of the dispute**	**Status of proceedings and Management consideration**

ISTAT revaluation - Gestore Servizi Energetici vs Ecosesto SpA

11 March 2015 Lazio Regional Court	In 2015, the Gestore Servizi Energetici (GSE) notified the Company of the start of the procedure for the recalculation of the incentive tariff, implementing the sentence of the Plenary Assembly of the Council of State no. 9 of 4 May 2012, which ordered its exclusion from the 2005 ISTAT revaluation, and the recovery of the amounts received in the meantime. Faced with the rejection of the observations submitted by the Company, the Company appealed against the final decision of the GSE of 23 November 2015 ordering the activation of the recovery of the higher amounts received by the Company by way of ISTAT revaluation. After the negotiation hearing of 24 January 2022 the case was taken under advisement. Pending a sentence	Pending sentence The Company has set aside the sum requested by the GSE in previous years, amounting to approximately € 529 thousand.

ISTAT revaluation - Gestore Servizi Energetici vs Actelios Solar SpA

07 April 2015 Lazio Regional Court	In 2015, the Gestore Servizi Energetici (GSE) notified the Company of the start of the procedure for the recalculation of the incentive tariff, implementing the sentence of the Plenary Assembly of the Council of State no. 9 of 4 May 2012, which ordered its exclusion from the 2005 ISTAT revaluation, and the recovery of the amounts received in the meantime. Faced with the rejection of the observations submitted by the Company, the Company appealed against the final decision of the GSE of 30 November 2015 ordering the activation of the recovery of the higher amounts received by the Company by way of ISTAT revaluation for € 19 thousand. Following the further communication of the GSE of 27 February 2016, containing an invitation to pay the higher amounts received by way of ISTAT revaluation, the Company filed additional grounds for the pending appeal and following the suspension of payments by the GSE.	The hearing date is pending. The Company has already set aside the sum of € 40 thousand in previous years.

Recalculation of incentives - Gestore Servizi Energetici vs Prima Srl

16 December 2016 Lombardy Regional Court	With a resolution communicated on 16 December 2016, the Regulatory Authority for Energy, Networks and the Environment ("ARERA") approved the proposal of the Gestore Servizi Energetici (GSE) formulated on 24 March 2016 to recalculate for the period 2007-2014 the CIP 6/92 incentives recognised and already paid to the Company for the net electricity produced by the Trezzo sull'Adda plant on the assumption that the incentivisable energy had been overestimated due to the consumption of auxiliary services. Against this decision, the company filed an appeal on 14 February 2017 along with a request of stay. At the outcome of the precautionary hearing, the Regional Administrative Court rejected the application for a precautionary measure by order. An appeal was lodged against this order. In a hearing on 20 July 2017, the Council of State accepted the company's appeal as *periculum in mora*, suspending the provisions appealed in the first degree and returning the case to the Regional Court for decision. The date of the hearing is pending. In addition, by letter dated 10 February 2017, the GSE informed the company that it would be recognised, for the period 2008-2012, as having no green certificates due. Against this decision, the company filed an appeal on 26 May 2017.	The date of the hearing is pending. The Company, also on the basis of what has been expressed by its lawyers, has set aside in previous years the amount of € 6,532 thousand.
06 May 2017 Lombardy Regional	As a result of the inspections referred to in the lawsuit described above, the GSE communicated during 2017, again for the period	The date of the hearing is pending.

Court	2008-2012, that the incentives issued under the Green Certificates (GC) scheme, amounting to 2,840 GCs, had been issued even though they were not due. Against this decision, the company filed an appeal on 26 May 2017. On 12 March 2018, the Company filed additional grounds following the entry into force of the 2018 Finance Act, which introduced paragraph 3 into art. 42 of Legislative Decree 28/2011 on incentives for plants powered by renewable sources. With an appeal dated 11 November 2020 Prima proposed further additional grounds, taking note of the *ius superveniens* constituted by the novelty of art. 56, paragraph 7, letter a), of Law Decree 76/2020, converted with amendments by Law 120/2020, which further amended art. 42, paragraph 3, of Legislative Decree 28/2011 establishing that if the GSE finds significant violations during the checks, it may order the forfeiture of the incentives, as well as the recovery of the amounts already paid, only "in the presence of the conditions referred to in art. 21-nonies of Law 7 August 1990, no. 241", which is equivalent to saying that the forfeiture, or the exercise of a power of self-protection, can take place under art. 21-nonies only "within a reasonable period, not exceeding eighteen months from the time of adoption of the measures of authorization or allocation of economic benefits […] and taking into account the interests of the recipients […]".	The Company, also on the basis of what has been expressed by its lawyers, has set aside in previous years the amount of € 106 thousand.

B) Potential liabilities related to legal cases of fully consolidated companies

Nothing to report

C) Current lawsuits of fully consolidated companies

Start date/ Jurisdiction	Description of the dispute	Status of proceedings

Appeal against plant qualification - Ecosesto vs GSE

23 April 2010 Council of State	By appeal filed on 23 April 2010, Ecosesto SpA challenged the GSE measure of 13 February 2010, relating to the biomass plant of Rende, in the part in which, while recognizing the qualification as a plant powered by renewable sources, it applies a D coefficient equal to 0.9 instead of 1. By ruling no. 13251 of 19 November 2019, the Lazio Regional Administrative Court, Section III, held that the action brought by Ecosesto SpA should be dismissed. The company appealed to the Council of State within the time limits established by law.	The date of the hearing is pending.

Grin Convention Ecosesto SpA-Eolica Petralia Srl-Eolica Sud Srl-Eolo 3W MM Srl-Geopower Sardegna Srl and Prima Srl vs GSE

30 June 2016 Council of State	On 30 June 2016, the mentioned companies filed an appeal with the Lazio Regional Administrative Court for the annulment and/or declaration of invalidity - even partial - and ineffectiveness of the Convention for the economic regulation of the incentive on "net generation incentive" for remaining period of entitlement, after 2015, for plants that have acquired the right to benefit from Green Certificates pursuant to arts. 19 and 30 of the Decree of 6 July 2012 (so-called "GRIN Convention"), as well as the Technical Annex thereto. The hearing for the case has been set for 28 September 2018. By decision of the Lazio Regional Administrative Court dated 16 November 2018, the Regional Administrative Court upheld the appeal filed and annulled the draft agreement of 22 April 2016 on the grounds that it had been adopted by the GSE in the absence of the power to impose the agreement with regard to power plants powered by renewable sources already incentivised with green certificates. By deed served on 15 May 2019, the GSE appealed to the Council of State against the above mentioned decision. The companies - with the exception of Prima Srl - filed an appeal within the deadline.	The date of the hearing is pending.

D) Probable and potential liabilities of equity companies:

Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration

Probable liabilities

Action brought by Gestore Servizi Elettrici vs Frullo Energia Ambiente Srl

2016 Lombardy Regional Court Council of State Lombardy Regional Court Council of State	With an appeal filed before the Lombardy Regional Administrative Court, Frullo Energia Ambiente Srl (FEA) challenged, with a request for suspension, Resolution no. 527/2016 by which ARERA (formerly AEEGSI) adopted the findings of the GSE contained in the Communication of 28 December 2015 (the GSE proposed to ARERA to change the percentage of 4.9% attributable to ancillary services, even though it was provided for in the agreement and subject to timely verification by the GSE itself, because it was not representative of the quantities of electricity absorbed by the ancillary services themselves, by the transformation and transport losses) and consequently ordered the administrative recovery of the amounts which, according to the GSE, were overestimated and unduly received. On 2 May FEA filed an appeal on additional grounds and, at the same time, requested the suspension of memorandum no. 2266 of 1 March 2017 by which the Cassa per i Servizi Energetici e Ambientali ordered the Company to pay € 4,916 thousand by way of restitution of the excess incentives paid. For these additional grounds, the Company also requested damages for the amount of the difference between the surplus incentives paid by the GSE from 18 November 2011 to 31 December 2015 and the amounts paid by the Company in the same years for the purchase of energy used by the incinerator, on top of the taxes paid. With sentence no. 2338/2018, the Lombardy Regional Administrative Court rejected the main appeal and declared itself incompetent to decide on the additional grounds, referring the matter to the Lazio - Rome Regional Administrative Court. The judgement was challenged before the Council of State. After discussing the substance of the case, the Council of State partially accepted the appeal. The Council therefore ordered that the documents be referred to the Lombardy Regional Administrative Court, in a different composition, for a decision on the additional grounds. At the result of the ruling, the Lombardy Regional Administrative Court, with a verdict of 08 June 2021 rejected the appeals submitted by FEA. The verdict was challenged before the Council of State which, in first instance, granted to FEA suspension of the challenged verdict, subordinate to the presentation of a surety, promptly filed.	A hearing on the merits is scheduled for 10 March 2022. FEA has set aside the amount requested by the GSE.

2017 Lombardy Regional Court Lazio Regional Court	By means of an action brought before the Lombardy Regional Administrative Court, FEA challenged, and requested the annulment of, the measures of the GSE in relation to the inspection carried out on 28 and 29 May 2015 pursuant to art. 42 of Legislative Decree no. 28/2011 on the power plant powered by waste called "CTV2" - IAFR 2160. In particular, the GSE noted the disbursement of 11,898 excess Green Certificates that were allegedly unduly received by FEA in the period 2006-2014, for a value of € 1,134 thousand, and therefore requested their restitution. The Lombardy Regional Administrative Court issued a provision referring the matter to the territorial jurisdiction of the Lazio Regional Administrative Court (TAR). FEA in January 2019 resumed the case. Pending this, the GSE adopted the measure GSE/P20210021503 of 10.08.2021 with which it had rejected FEA's request to revoke such measure as self-protection; therefore FEA filed another appeal for additional motives on 11 October 2021.	The hearing date is pending. FEA has set aside the amount requested by GSE as a provision for doubtful accounts.

d) Tax

A) **Probable liabilities for which provisions are recognised on the balance sheet with respect to disputes, litigation and negotiation acts of fully consolidated companies**

Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
Refusal to refund VAT credits for 2006, 2007 and 2008 - Tax Office vs Palermo Energia Ambiente Scpa in liquidation		
29 July 2011 Palermo Provincial Tax Commission Regional Tax Commission Supreme Court	On 29 July 2011 the Tax Office served a notice of assessment on Palermo Energia Ambiente Scpa in liquidation (PEA) requesting the return of the 2006 VAT credit that had already been reimbursed as it had allegedly failed to recognise the grounds for exclusion from the category of so-called shell companies. The total amount of the disputed 2006 VAT credit is € 1,008 thousand. The Palermo Provincial Tax Commission ("CTP") upheld the Company's appeal in its ruling of 13 June 2012, which was later confirmed by the Palermo Regional Tax Commission ("CTR") (ruling no. 4869/14/18). The Tax Office also notified rejection of the 2007 and 2008 VAT claims (€ 1,636 and 709 thousand respectively) on the same grounds as the assessment on the 2006 VAT refund claim. First the Palermo Provincial Tax Commission ("CTP") with rulings dated 28 December 2011, then the Regional Tax Commission ("CTR") on 6 July 2015, upheld PEA's arguments.	The case is currently pending in the Supreme Court. In light of the complexity of the disputes mentioned, the constant stance of the Tax Authorities, together with the imminent closure of the liquidation procedure, in previous years it was deemed appropriate to fully write down or set aside the VAT receivables under dispute (€ 3,353 thousand), as well as the VAT receivable requested for reimbursement for 2009 (approximately € 488 thousand) and the VAT receivable accrued for the portion that currently is not expected to be offset by the date scheduled for the closure of the liquidation procedure (approximately € 710 thousand).
Refusal to refund VAT credit for 2008 - Tax Office vs Tifeo Energia Ambiente Scpa in liquidation		
26 May 2016 Palermo Provincial Tax Commission Regional Tax Commission	On 26 May 2016, the Tax Office notified the denial of the request for refund of the VAT credit for the year 2008 for € 2,206 thousand. On 13 February 2019, the CTP of Palermo dismissed the appeal brought by the Company. On 22 October 2019, the Company therefore filed an appeal against the ruling of the Palermo Provincial Tax Commission and is awaiting the setting of the hearing.	The case is currently pending before the Regional Tax Commission. Given that the amount involved in this dispute is unlikely to be recovered by the end of the liquidation procedure, the company decided to write down the amounts (€ 2,206 thousand) during previous years.
Settlement of registration tax for the year 2014 - Tax Office vs Tifeo Energia Ambiente Scpa in liquidation		
27 June 2017 Enna Provincial Tax Commission Regional Tax Commission Supreme Court	On 27 June 2017, the Tax Office filed a notification of liquidation for stamp (and Land Registry) duties worth a total of € 579 thousand. The tax was calculated on the basis of a judgement of the Court of Enna, filed on 11 September 2014, concerning the enforcement of a contract for the sale of land. On 11 January 2019, the CTP of Enna upheld the appeal brought by Tifeo and ordered the Tax Office to pay the costs of the proceedings. On 25 November 2019, the Sicily CTR upheld the Provincial Commission's ruling. On 4 February 2020, the Avvocatura Generale dello Stato notified the appeal to the Supreme Court against the judgement issued by the CTR. The company therefore filed a counter-appeal with the Supreme Court.	The case is currently pending before the Supreme Court. Given the inflexibility of the Tax Authorities' stance, the uncertainty of the outcome of the litigation, and the imminent closure of the liquidation procedure, it was deemed appropriate to write-down the previously recognised registration tax receivable (€ 528 thousand).

Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration

Refund of VAT credit for 2009 - Tax Office vs Platani Energia Ambiente Scpa in liquidation

1 December 2016 Palermo Provincial Tax Commission Regional Tax Commission	On 1 December 2016 the Tax Office notified its refusal to the VAT credit refund claim for 2008 filed in 2009 for € 976 thousand. On 27 January 2017, the company has filed an appeal against the act of denial. On 25 January 2019 the Palermo CTP met to discuss the dispute, declaring the appeal inadmissible on the same date (notified to the Company on 18 March 2019). On 30 September 2019, the Company filed its appeal against the ruling of the Palermo CTP.	The case is pending before the Regional Tax Commission. In light of the complexity of the disputes existing with respect to these receivables, the unwavering attitude of the Tax Authorities regarding them and the requests for reimbursement for accrued VAT receivables, together with the imminent closure of the liquidation procedure, in the past years it was deemed appropriate to write down the VAT receivable (€ 976 thousand) as well as the VAT receivable accrued for the part that it is estimated will not be offset by the date scheduled for the closure of the liquidation procedure (approximately € 510 thousand).

B) Probable liabilities for which provisions for litigation, disputes and negotiation acts are recognised in the balance sheet for equity companies

Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration

Correctness of land register classification - Unione dei Comuni Terre di Pianura vs Frullo Energia Ambiente Srl (ICI/IMU)

30 March 2016 Settlement agreement	On 30 March 2016, the Unione dei Comuni Terre di Pianura notified the Company of an invitation to cross-examine issued pursuant to art. 5 of Legislative Decree no. 218/97 The procedure is aimed at preventively assessing the correctness of the land registry classification as category "E" for ICI/IMU tax purposes, for the years 2010-2015, of the waste-to-energy plant in the municipality of Granarolo (Bologna). In October 2008, the parties agreed, solely for the purposes of conciliation and without this constituting in any way any acknowledgement of the reciprocal opposing positions, to consider as due the tax for the years under assessment, determined according to the principles of calculation of the cadastral rent of buildings pursuant to the legislation in force for the years 2010 to 2015.	Settlement agreement 2010/2015. With regard to subsequent tax periods after settlement, the Company has begun discussions with the Tax Office in order to reach an agreement with them. Pending the definition of the annuities subsequent to 2015, each year the Company has set aside an estimate of the IMU potentially due (€ 140 thousand).

e) Operating risks

During 2021, including following the normal evolution of business, the Group in recent years had the Risk Management function perform a complete revision of the framework of operating risks to which the Group is exposed, to be considered a the risk of losses resulting from external events or the inadequacy or failure of internal processes, people and systems.
The Group classifies operating risks identified based on six risk categories, defined according to the requirements of legislation and international standards: Internal/External Fraud; Execution, Delivery and Process Mgmt; Business Disruption and System Failures; Damage to Physical Asset; Employment Practices and Workplace Safety; Counterparties, Services & Business Practices.

In terms of fraud the risks mainly regard issues connected with cybersecurity (phishing, malware, social engineering and ransomware). To manage these the Risk Management and IT & Digital Transformation functions have defined a multi-year development plan, with the objective to reinforce company security by adopting custom mitigation measures such as updating the entire technological infrastructure of firewalls at plant level, as well as well as KRIs and root cause analysis systems for monitoring cyber attack attempts.

The main operating risks in the business disruption and physical damages area include those connected to possible causes of ineffectiveness/inadequacy in processes or strategies aimed at preventing or promptly managing critical events, including of an external nature (e.g., disastrous climatic events) and thus difficult to assess beforehand, which can impact the business continuity of company assets. To respond to these risks, starting in 2020, the Risk Management function has been coordinating the project to define a Business Continuity Management System for the Group, with the aim of improving the overall resilience of Business, through analysis and definition of business continuity requirements to ensure in the main critical processes of the company (e.g., trading and dispatching processes and Renewable Asset Management).

These operating risks are also actively monitored by Operation and Maintenance activities, including performance monitoring systems with the aid of proprietary digital platforms such as NUO, which make it possible to analyse the status of the individual machines in each plant in real time and plan and optimise predictive maintenance activities also in relation to the forecast weather conditions. This activity makes it possible to comply with applicable regulations and improve the efficiency and effectiveness of machines during the entire operating plant of the plants.
In addition, the Group also has specific annual insurance coverage in order to mitigate possible consequences deriving from: (i) disastrous climatic and natural events, (ii) certain typical plant operating risks, and (iii) third-party liability. The Insurance Management system adopted by the Group includes policies, in line with the best practices of the market also taking into account the requirements of lending banks for plants financed by project financing, making it possible to obtain relief, with predefined ceilings and deductibles in line with the reference sector, both for property damage and business interruption. The renewal terms of the Group's insurance policies depend, at the end of their annual or biannual term, on the evolution of the insurance market, and for this reason the risk of an increase in insurance premiums, deductibles or a reduction in limits cannot be excluded in the future, in light of the Group's claims ratio and the global insurance market environment.

In terms of human resource management and safety in the workplace, in addition to the issues presented by the Covid pandemic (see the specific paragraph on external risks), operating risks are mainly connected to the work of personnel involved in management and maintenance carried out at plants owned by the Group in compliance with normative regulations and authorisation restrictions for every single plant. Falck Renewables Group plant safety is managed by the OHSE/Compliance Structure.

f) Strategic risks

The sources of energy used in the sector in which the Group operates lead to highly variable production levels, due to the diverse climatic conditions of the locations of the wind farms and solar plants (including sun and wind), and production forecasts that are based on historic data and probability estimates. In particular, electricity generation from wind and solar sources, which represent a significant percentage of the Group's business, are associated with "un-plannable" climatic factors that are affected by seasonality during the year and do not generate constant production levels. Adverse climatic conditions, specifically long periods of low wind levels for the wind farms and low levels of sun rays for the solar plants compared to levels recorded during the development stages (regarding the availability of the source and forecast climatic conditions), could result in a drop in, or interruption of, the plant's activities, with the possibility of a significant drop in the volume of electricity generated, resulting in a negative impact on productivity and the Group's operating results, state of affairs and financial position.
The Group mitigates this risk by diversifying the geographical areas in which its plants are developed and by monitoring the historical trend of data both for plants that are already operational and when identifying sites of interest, in order to periodically update the estimates of future production of individual wind farms, taking into account both the actual windiness at the various sites and the related technical operation, recorded historically.
This procedure is applied to all plants run by the Group that have been in service for at least five years, while for more recent plants, forecast production is based on third-party estimates carried out by a market leader in wind level assessment. Over the coming years other plants will be included in the estimate update procedure once they have reached five years' operating activity, while those plants already included in the process will undergo further recalculations based on historical data over a longer timeframe.

The technology used to generate electricity from renewable sources is subject to continuous development and improvement in the quest to achieve greater efficiency. However, the Group is exposed to the technological risk with respect to competitive and regulatory changes, and cannot exclude the possibility that the technology and materials used for its plant portfolio will be able to ensure consistently effective and efficient operation over time. In order to mitigate this risk, the Group actively reviews technological innovation in this field and evaluates the best technology and technical solutions to adopt at the time of developing and renewing its plant facilities.

Considering the knowledge and skills needed to carry out the Group's activities, especially with reference to the evolution of the business model that envisages the development of new activities and markets, the aspects connected with the management and development of the most important professional skills should also be noted following the growth of the services sector.
In order to manage this potential risk, among other things, the Group has also implemented processes for identifying talents and key resources to be exploited through targeted training and career development courses. In addition, the Group has completed a preliminary analysis of its resources' distinctive skills, and has laid out a training plan to cover any skills gaps and establish adequate succession plans for the resources themselves. This analysis will be progressively updated in relation to any changes in the business activities and based on any new organisational requirements.

The Group has set up medium-long terms incentive systems aimed at making key resources and talents loyal, incentivated and motivated.

g) External risks

Operating in the renewables sector, which is heavily regulated and not always predictable, requires the Group to keep abreast of changes in legislation in order to implement the best solutions. The directives and regulations on renewables issued both at EU and national level can have a significant impact on the Group's activities and results. These regulations govern, inter alia, both plant construction (regarding both construction and administration authorisations) and operation, together with production incentives and environmental aspects (regulations relating to the landscape and noise pollution).
As Falck Next Energy Srl has taken over the management of the plants of the Group and of some third parties, we must also pay attention to the measures relating to the electricity market. Finally, the regulations relating to energy efficiency, self-production and self-consumption systems must also be considered.
The Group constantly monitors the risks associated with the ongoing changes in the renewable energy market, which is increasingly competitive, with fewer benefits being offered by the sector. Moreover, despite enjoying several incentives, the sector remains vulnerable to energy price drops due to separate, concurring factors (e.g., macroeconomic and regulatory).

Energy prices in Europe increased more than forecast in 2021, after the end of the economic shutdowns for the Covid-19 pandemic during 2020. This growth is mainly due to the sharp increase in gas and, to a lesser extent, CO2 prices.
At EU and Member State level measures are being assessed and implemented aimed at controlling the effect of these increases on end consumers of energy.
In Spain, the Royal Law Decree 17/2021 and Royal Law Decree 23/2021 were published in September and October 2021, respectively introducing new measures for the September 2021 - March 2022 period aimed at mitigating the impact of the escalation on natural gas prices on the national electricity market[2]. These measures limit the remuneration of renewable plants, which are not in the exemption classes cited in the decrees, proportionally to the higher income obtained after incorporation of the higher natural gas prices from marginal technologies and emissions into wholesale electricity prices. In the Group's Spanish portfolio, Desafio Solar is the only plant impacted by these measures.
It is not clear if these measures will be extended beyond March 2022 if this market situation continues.

[2] See Chapter 4.1.1 "Regulatory framework"

In Italy, Law Decree no. 4/2022 of 27 January 2022[3] introduced temporary measures aimed at limiting the effects of price increases, with a direct impact on revenues obtained from renewable sources plants with power greater than 20 kW. Specifically, from 1 February 2022 to 31 December 2022 a two-way compensation mechanism is planned on the price of electricity fed into the grid from solar systems that benefit from the fixed prices as per the Energy Account, not dependent on market prices, as well as systems without incentives fed by renewable sources such as solar and wind power.

Both in Spain and Italy, respectively from 6 July and 21 September 2021, negative prices were introduced on the Day-Ahead and Intraday markets, fostering a greater cannibalization of the price and thus deteriorating the captured price of the plants.

It should also be noted that in Italy a decree was adopted transposing the renewable Directive (Legislative Decree no. 199 of 08 November 2021[4]) which, among other provisions, also introduces an obligation for the Regions to define areas suitable or not suitable for the installation of renewable plants. This requirement could potentially limit development activities in the country and make them more complex.

The Group constantly monitors the market and anticipates developments in order to mitigate, as much as possible, any negative impact and acts accordingly either by adapting its business management tools, establishing business partnerships and agreements or through the geographical diversification of its investments.

h) Risks relating to the British referendum on remaining in the European Union ("Brexit")

At 31 December 2021 Falck Renewables Group was present in the UK with twelve plants in operation (of which one in England of 11.75 MW, ten in Scotland of a total of 342.75 MW and one in Wales of 58.5 MW) with a total installed capacity, calculated at 100%, of 413 MW. Of the twelve plants in operation in the UK, six, with a total of 273 MW, were subject to 49% transfer in March 2014 (share 134 MW).

Given Falck Renewables Group's presence in the UK, there are potential risks arising from the outcome of the referendum held on 23 June 2016 in which the majority of voters voted to leave the EU ("Brexit"), which was formalised after more than three years of negotiations with the EU on 24 December 2020 through the signing of the agreement on Brexit (the "Withdrawal Agreement").

In fact, effective 1 January 2021, the UK left the EU single market and customs union along with all EU policies and international agreements, placing restrictions on the free movement of people, goods, services and capital between the UK and the EU, although, to date, no significant disruption has been experienced to air, road, rail and maritime connectivity, which continues in a sustainable and uninterrupted manner.
The EU and the UK will therefore constitute two distinct markets and two separate regulatory and legal spaces. The EU-UK Trade and Cooperation Agreement includes a number of measures to simplify relations between the EU and the UK.
The main topics of the agreement affecting the energy sector are summarised below:

- the free flow of energy is guaranteed between the EU and the UK, based on adequate infrastructure and without technical and regulatory barriers. The UK is currently a net importer of energy. The EU supplies it with about 5-10% of electricity and 12% of gas. The provisions ensure security of supply, which is particularly important for Ireland, which will remain isolated from the EU internal energy market until new interconnections are in place;

- energy exchanges via electricity interconnectors between the EU and the UK will no longer be managed through existing single market instruments, such as market integration (coupling), as these are reserved for EU Member States. From 1 January 2021, the UK has been trading with the EU on third-country

[3] See Chapter 4.1.1 "Regulatory framework"
[4] See Chapter 4.1.1 "Regulatory framework"

terms, although the agreement allows for the possibility of developing separate arrangements for interconnector trade over time, based on a multi-region loose volume coupling model, which is generally less efficient than coupling;

- the UK has set up a domestic Emissions Trading Scheme (UK ETS), leaving the EU Emissions Trading Scheme (EU ETS) to reduce greenhouse gas emissions, and will be excluded from its effort-sharing mechanisms that allow Member States to share the burden of meeting decarbonisation targets. A link between the two carbon pricing mechanisms, including the inclusion of new sectors within the respective ETSs, is not excluded in the future;

- the UK will set its own climate change policies and targets. However, the agreement establishes an ambitious framework for cooperation in the fight against climate change, with a focus on the development of offshore energy in the North Sea and with the common goal of achieving climate neutrality in all sectors of the economy by 2050. The agreement includes a strong principle of non-regression such that the level of climate protection in place at the end of the transitional period should be the minimum guaranteed;

- lastly, the agreement does not contain any elements relating to equivalence regimes for financial services, and the two parties will unilaterally establish new rules on access to their respective financial markets. The different monetary policies of the EU and the UK, the new trade relations and balances that will be established and the speed of economic recovery from the Covid-19 crisis may also have an impact on currency instruments in the medium to long term.

With reference to Falck Renewables Group operating plants, the cash flows generated in British pounds are at the service of the portion of debt in the same currency and that the Group continued to have access in recent years to project financing at decidedly favourable conditions for the plants that entered into operation after the Brexit referendum.
The Group will continue to monitor medium and long-term indicators and any decisions that could affect the UK electricity market as well as the evolution of the GBP exchange rate which, in the event of devaluation, could have a positive impact on the Group’s debt in GBP while also negatively affecting the financial indicators, net equity and future cash flow from UK assets that are converted, even in translation, into EUR.

i) Risks related to the “Coronavirus (Covid-19)” emergency

Given that the Group operates in a sector whose market dynamics are often linked to unpredictable external variables, we are cautiously optimistic about the prospect of a gradual wind down of the Covid-19 pandemic and the emergency health situation that has affected most countries worldwide since the end of 2019, causing an unprecedented upheaval in the approach to the management of personal and social relations, even in terms of day-to-day operations at the company itself, as well as global macro-economic effects.

During the first phase, the directives and measures issued by the countries involved in the crisis to contain the spread of contagion imposed increasingly restrictive regulations on the mobility of people and goods, and on the reduction/suspension of production activities in areas at greater risk of contagion (so-called lockdowns), with consequent negative impacts on production activities in all industrial sectors and on trade at the national and international levels. Faced with these scenarios, the Group implemented all the analysis activities and continuity strategies set out in its operational plans since the very beginning of the pandemic, in order to better manage the effects described above, as well as reduce the risk of contagion among staff in the workplace. On this last point, it is important to point out that, from the very onset of the crisis in 2020, over 90% of the staff at all the Italian and foreign offices were widely encouraged to use remote work methods for a prolonged period of time (“Smart Working”), which is still allowing the Group to significantly reduce its exposure to many of the related risk factors, including staff mobility, while still ensuring an excellent level of service.

During 2021, in conjunction with the launch of increasingly widespread vaccination campaigns, in the early months of the year significant improvements were being recorded from a public health and economic perspective, also thanks to the gradual relaxing of government-imposed safety measures, with the clear aim of promoting a progressive return to normality.
However, there is some residual uncertainty regarding future developments in the pandemic, also due to the variants of the virus that have emerged globally during the course of 2021, as demonstrated by the Delta and Omicron variants.
For these reasons, even if the vaccination campaigns are expected to generate significant improvements, new increases in infection rates and the consequent launch of new and more restrictive lockdown measures cannot be excluded, which could have a negative impact on the Group's markets, activities and future results. This potential impact remains difficult to quantify, as it is strictly connected to the continuation of the pandemic and the constantly changing macroeconomic context, the dynamics of which cannot be easily foreseen.

While the pandemic had several negative impacts on the Group's business activities during the first part of 2020, signs of recovery were able to be seen by the end of the year and during 2021. In particular, the main pandemic effects suffered by the Group have been limited to the following areas:

- a sharp initial decline in the sale prices of the energy produced on the markets in which the Group operates during the first half of 2020 (with regard to the produced component exposed to spot price volatility on the electricity markets), which was partly neutralised by the Group thanks to hedging activities under the 2020 portfolio. Since the end of 2020, however, there has been a strongly upward trend in electricity prices, mainly driven by a push for decarbonisation on the part of the European institutions, but also by other factors linked to the global natural gas market and the demand/supply dynamics that are driving the price upwards, even affecting the energy market;
- an initial reduction of the services carried out by the Group's companies during the first half of 2020 (e.g., Energy Team) directly at customers' plants (e.g., auditing and energy monitoring services, sale and installation of components for energy efficiency, asset management and technical services), mainly as a result of the reduced domestic and international mobility due to the lockdowns, and the subsequent economic crisis, which was followed by a gradual recovery and a return to near-normal during 2021;
- initial delay in the progress of projects under development, both in Italy and in other countries (e.g., in the United States), due to the considerable attention that public structures had to devote to the health crisis, the shortages of personnel due to illness, and the lockdown situations, which was followed by a return to near-normal conditions during the course of 2021.

To date, these impacts have not resulted in any uncertainties that would adversely affect the going concern assumption.

To date, further areas of the Group that are believed to be potentially impacted by new crises include:

- potential delays in the development, construction and commissioning of the plants (with regard to the timing and methods of management of the administrative procedures for the issuance of the necessary authorisations of the plants under development by the public bodies concerned, or the methods of procurement and supply of the various components, both wind and solar), with regard to the availability of contractors and components related to the new plants, and with regard to the availability of labour for contractors for the purpose of commissioning the plants under construction (currently in Sweden, Norway and the United States);
- the management of continuity of operations in continuous cycle thermal plants with regard to issues related to a forced absence of personnel, internal and external, from the workplace where a physical presence is required, or to operational limitations related to biomass supply, waste disposal and waste disposal activities, or in maintenance activities, planned or not, however managed through the activation of the applicable business continuity plans.

j) Risks connected with Climate Change

To cope with the challenge of climate change, during 2021 the Falck Group's Risk Management Department carried out a project in collaboration with Milan Polytechnic (MIP) of Climate Change Risk Assessment, with the aim of developing a replicable analysis model on an annual basis and integrated in the Group's ERM model already in use, aimed at identifying company areas with the greatest exposure and vulnerability to climate change related risks, as well as identifying the main opportunities offered by the energy transition and action plans that can be implemented to adopt the business to the effects of climate change.

The analysis was conducted starting from the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD) which represents the international benchmark on the identification and assessment of climate related risks and opportunities, identified for each of the four macro categories of climate risks identified by TCFD (acute physical, chronic physical, regulatory transition and market transition), the climate drivers considered significant in terms of potential risks or opportunities. The assessment scope for the climate change risk assessment was the entire Portfolio and the analysis was used to assess, plant by plant, the incidence of each driver in terms of potential effects on integrity and performance of the assets, based on an analysis of the data available at international databases on disastrous climate events, with provincial and regional granularity data. An analysis was also performed on claims activated with the insurer in the last ten years to confirm the analyses in terms of frequency of events and economic-financial impacts.

The analysis shows how hurricanes and tornadoes, as well as abrupt storms (storms, hail and lightening) turned out to be the events that Group plants are most exposed to. The vulnerability to these risks and their severity, depends on both the potential impact in terms of "direct damage" (damage to plant components) and "indirect damage" (business interruption and lower production), and for a discreet probability of occurrence recorded in certain geographic areas such as North America for storm events, Southern Italy and some areas of Iowa and North Carolina for tornadoes and hurricanes. The main mitigation form for these events is the adoption of an Insurance Management system for the Group that includes insurance policies in line with the sector best practices, both in terms of insured climate events and in terms of predefined ceilings and deductibles that ensure good coverage in the event of incidents. Moreover, since 2020, the Risk Management Department has been coordinating a project for the definition of a Group Business Community Management System, with the aim of improving the overall resilience of Business, including identification and implementation of practices aimed at mitigating risks of business disruption and physical damages linked to disastrous climatic events. Another important form of mitigation is represented by environmental and restriction studies performed during the development phase for new plants that makes it possible to analyse and identify possible risks areas ahead of time, providing useful information to the Engineering and Purchasing Departments for the development of layouts and technological solutions adequate for the context where the plant will be located.

In terms of chronic physical risks, the analysis of possible climatic driver effects is based on production capacity and captured prices of assets, while the probability was assessed based on climate anomaly maps on a regional scale, supplied by international providers. The analysis pinpointed as main risks potential medium-long term changes in temperature and wind patterns, since a possible significant change in wind patterns and/or increase in their volatility on an annual basis would have a direct effect on the Group's basic generation volumes and thus on revenues and profit/loss, since wind power accounts for more than 80% of the annual volumes of generated energy based on the 2021 portfolio composition. The main source of mitigation of this risk is geographic diversification of the plants, whose mitigation effect has been confirmed from the analysis of wind anomalies, which between Northern and Southern Europe presents partly counter correlated trends. In addition to geographic diversification, the Group is accumulating a significant pipeline of solar projects in the process of being developed, in order to better balance the portfolio in terms of technology.

Another possible source of mitigation might be represented by financial instruments for hedging the risk associated with lack of/volatility of wind (so-called weather derivatives), even if at present they are not an effective solution in terms of cost-performance, because they still have high management costs and a market not yet mature. The anomalies in temperature trends have an impact on heat consumption and the price of gas and electricity markets. Internalisation of Energy Management and dispatching activities, combined with implementation of a Price Risk management policy that guarantees annual coverage targets, mitigate the exposure of revenues in delivery to price fluctuations, partly connected to climate anomalies.

In terms of transition risks, the analysis conducted with the support of the most sensitive company areas and with business intelligence activities, showed the main drivers to be those connected to regulatory uncertainty or lack of regulations in various areas, which at present slow down or make it difficult to obtaining permitting for plants or implementation of investments in sectors and technologies that can accelerate energy transition and at the same time optimise supply chain management, reducing the Group's exposure to component price risk and shortages in the procurement chain. The Group has an in-house Regulatory Affairs function, in the Communication & Stakeholder Engagement area. This area deals with monitoring the regulatory and normative developments of interest and supports management of operating assets and development activities for new assets or services. The activity acts to mitigate regulatory risk and is performed in all countries of interest in part thanks to interaction with legislative entities, governments, regulatory authorities, industry association and industrial operators, as well as energy producers.

k) The Russia/Ukraine Crisis

The Group is constantly monitoring the developments in the conflict between Russia and Ukraine, which broke out on 24 February 2022 when Russia invaded the Ukrainian territory, and has launched risk assessment activities at all of its facilities.
The aim is to analyse any direct and indirect impacts that the Russia/Ukraine conflict is having or could have in 2022 and in the future on the markets and business areas in which the Group operates, even with regard to the management of the restrictions imposed upon relations with companies and persons indicated on the sanctions lists issued by numerous countries and international institutions, in order to avoid committing any violations. With regard to this latter point, the Group does not have any direct exposure to companies operating within the countries in conflict at the present time.
However, the Group could potentially be subject to various types of risks, mainly associated with counterparties particularly exposed to the Russian market, who could suffer on a financial, logistical, and production level.
Among other things, the main risk trends currently identified include the following: (i) risks associated with potential shortages in the supply chains of raw materials for which Russia and Ukraine are among the world's main producers (e.g., Natural gas, oil, grains, steel, etc.); (ii) significantly increased volatility on the commodities market (energy and non-energy), with repercussions on inflationary trends; (iii) increased cyber attacks, or a general decrease in personal safety. The Group is also considering the potential short-term opportunities, such as the increase in the price of energy, as well as the medium-long term opportunities associated with a possible boost in the renewable energy sector in order to achieve the 2030 decarbonisation goals and to address the need for all EU countries to reduce their dependence on Russian gas.

5.2.12 Significant events after the balance sheet date

On 17 January 2022 the partnership between Falck Renewables and BlueFloat Energy announced the success of three of its bids in the ScotWind auction, conducted by Crown Estate Scotland to award the concessions of seabeds for the development of large-scale wind farms off the Scottish coast. Two of the projects proposed by the partnership, on located east of Aberdeen ("Plan Option E1") and one north of Fraserburgh ("Plan Option NE6"), were granted in concession by Crown Estate Scotland along with a site proposed east of Caithness ("Plan Option NE3"), which will be developed by a partnership composed by Falck Renewables, BlueFloat Energy and Ørsted. The three areas could house a total of approximately 3 GW of sea wind capacity with floating technology. The projects could come into operation by the end of the decade subject to obtaining permits and connections to the grid.

On 20 January 2022 Falck Renewables announced that it had obtained Top Employers certification, an official recognition of company excellence in Human Resources ("HR") policies and strategies and their implementation to contribute to the well-being of individuals, improvement of the work environment and working world. The certification was issued by the Top Employers Institute, a global certifying body for company excellence in the HR field, for companies that achieve and meet the high standards required by the HR Best Practices Survey. The assessment questionnaire covers 6 macroareas in the human resources area, examines and performs in-depth analysis of 20 different issues and respective best practices, including people strategy, work environment, talent acquisition, learning, well-being, diversity & inclusion. Specifically, Falck Renewables was recognised for its commitment in creating and promoting opportunities for growth, learning and working together as individuals, team and organisation, contributing to the creation of a workplace able to transmit energy and stimuli for improvement. Falck Renewables is committed to developing a professional environment based on the principles of fairness, equality and inclusion, embracing a culture of trust, care of people and principle of sharing to great advantages for the whole Group.

On 26 January 2022 Falck Renewables announced that it had been added to the Bloomberg Gender-Equality Index (GEI) 2022, an index modified and weighted based on market capitalisation that includes 418 companies in 45 countries. GEI follows the performance of companies committed to transparent communication of gender figures, measuring results in five areas: female leadership and talent development, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro-woman brand.

On 27 January 2022 Falck Renewables was awarded the "L'Italia che verrà" (Italy of the future) UnipolSai prize in the "Territory" category for its lending crowdfunding initiative launched in October 2021 for financing the agri-voltaic project in Scicli, in the province of Ragusa. The award promotes virtuous Italian companies that work to design and create the sustainable future of the country. Falck Renewables' initiative was awarded for its ability to promote and foster the economic, social, cultural and geographic context where it works, offering local communities the possibility to contribute to energy transition and development of renewables in their area and to participate in collecting the value generated by the agri-voltaic plant, with annual 6% return. The 60-day campaign, now completed, collected € 179 thousand, from a total of 68 investors, going well beyond the initial target of € 100 thousand. The total will finance part of the construction of the agri-voltaic plant in Scicli (9.7 MW) in the Landolina area. The farm, with construction scheduled to begin in the first quarter of 2022, with combine farming and animal breeding with renewable energy, maximising efficient use of the land, with the planting of native crops. The plant will be located in land left vacant in the last twenty years and will produce new jobs, including agricultural.

On 22 February 2022, Nora Ventu, the company created from a partnership between Falck Renewables and BlueFloat Energy for development of floating Wind Farms of the coast of Sardinia, announced a series of meetings with locals to share the project proposals for two plants it intends to build off the Gulf of Cagliari. Nora Energia 1 in the south west and Nora Energia 2 in the south east, for approximately 1.4 GW of total installed capacity. Nora Ventu started to meet with a series of local contacts to create a relationship of listening and dialogue on the two floating wind farms, explaining the specifics and distinctive characteristics of the projects, along with the benefits for the area. Involvement of local communities starts before the authorisation procedure. Its first step will be a scoping procedure aimed at best addressing the contents of the environmental impact study. Falck Renewables' knowledge of the Italian energy scenario and BlueFloat Energy's experience in floating technology which makes it possible to position wind turbines in the open and deep sea without fixed foundations are the bases for the project proposals the company is developing. This minimises sea and land environmental impacts during all project phases and makes it possible to intercept wind power where it is most abundant, increasing the efficiency of the plants and contributing to Sardinia's energy requirements. The request for a maritime state property concession was filed at the end of December 2021, one for each of the two project proposals, with the Ministry of Infrastructure and sustainable mobility and Port Authority of Cagliari.

On 1 March 2022 Novis Renewables Holding LLC, partnership between Falck Renewables North America and Eni New Energy US subsidiary of Eni gas e luce - Plenitude, for the management of solar, onshore wind and storage plants in the United States, added 15 MW new solar capacity with the entrance into operation of the plants USA 963 and USA 40. It is estimated that each plant (7.5 MW) will produce approximately 9.25 GWh annually of clean energy, equivalent to the requirements of around 865 American families. Both projects were created with a strong approach to local community involvement. For the first 25 years of operation, the revenues of USA 963 and USA 40 will be generated and contracted through the community solar program VDER (Value of Distributed Energy Resources), which allows commercial and residential members to use the credits in bills generated by the project, lowering monthly electricity costs estimated around 10%.

5.2.12.1 Transfer of control by Falck Spa

On 24 February 2022, Falck Renewables SpA was informed that Infrastructure Investments Fund ("IIF"), an investment vehicle for which J.P. Morgan Investment Management is advisor, had completed the acquisition of the entire stake held by Falck SpA ("Falck") in the Company, equal to 60% of the Company's share capital in compliance with the terms and conditions of the sales contract signed between Falck and IIF on 19 October 2021. Following finalisation of the Transaction, Green Bidco SpA designated by IIF as buyer of the majority stake held by Falck, according to the terms and conditions of the purchase contract - will promote a mandatory takeover bid for cash, in accordance with arts. 102 and 106, paragraph 1 of Legislative Decree no. 58 of 24 February 1998 on the remaining Company share capital (the "Bid").
Moreover, on 25 February 2022, Green Bidco SpA intends to promote a voluntary takeover bid in cash on the Green Convertible Bond, at economic conditions equivalent to those of the Bid, reserved solely for investors qualified in accordance with article 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999.
In addition, Enrico Falck, executive Chairman of the Company's Board of Directors and member of the Sustainable Strategy Committee, as well as Federico Falck, Filippo Marchi and Guido Corbetta, non-executive and non-independent directors resigned, effective immediately, from the office of Company Directors, due to agreements reached pursuant to the Contract. On 24 February 2022, Filippo Marchi and Enrico Falck held 54,840 and 46,400 Company shares, respectively.
Following the resignations of the above directors, the Board of Directors in its 24 February 22 meeting, appointed the following new directors by co-option: Olov Mikael Kramer, John Hoskins Foster, Mark Alan Walters, and Sneha Sinha. The Board of Directors also appointed (i) director Olov Mikael Kramer as executive Chairman of the Board of Directors of the Company as well as new member and Chairman of the Sustainable Strategy Committee, and (ii) director John Hoskins Foster as Vice Chairman. Toni Volpe will continue to act as the Company's Chief Executive Officer.
The new directors will remain in office until the next shareholders' meeting to be held on 28 April 2022.
Lastly, in light of finalisation of the Transaction, article 1 of the Company's Articles of Association was amended, approved by the shareholders' assembly held on 14 December 2021, became effective and, therefore, the Company must change its name within the year.

5.2.13 Management outlook and going concern

The Group will benefit for all of 2022 from the industrial results from the Brattmyrliden wind farm (74.1 MW in Sweden), Desafio Solar SL solar plant (50 MW, in Spain), Westmoreland County Solar Project solar plant (29.6 MW in USA), Okla wind farm (21 MW in Norway) and profit/loss of the SAET group.
During the course of 2021, the Company began accelerating the growth of its pipeline of projects under development by launching new project initiatives in onshore wind, onshore solar, and storage, and by increasing its human resources in the areas of development, engineering, construction, procurement, energy management, and finance.
The number of dedicated resources in these areas has increased from 60, at 31 December 2020, to a total of 96, at 31 December 2021. The number of initiatives in the offshore segment was also expanded, and at the end of 2021 will include active development projects in both Italy and Scotland. The company is continuing its scouting activities in other countries. The accelerated pipeline expansion plan has exceeded the development objectives of the business plan published in March of 2020, and this trend is expected to continue into 2022 and beyond.

These pipeline growth objectives, in addition to the commitment to act so that the projects obtain everything necessary to be able start construction, represent the key element of the company's development strategy that will benefit from the presence of a reference shareholder like IIF, an investment vehicle. JP Morgan Investment Management is its advisor.

5.3 Operating and financial review of Falck Renewables Spa

5.3.1 Financial highlights

			(€ thousands)
		31.12.2021	31.12.2020
Sales revenues		2,073	81
Operating profit/(loss)		**(77,312)**	**(23,300)**
Profit/(loss) for the period		**(25,466)**	**37,202**
Invested capital net of provisions		692,396	769,086
Net equity		510,550	551,065
Net financial position - liabilities/(assets)		**181,846**	**218,021**
Investments		**5,759**	**11,901**
Employees at the period-end	(no.)	124	112
Ordinary shares	(no.)	291,413,891	291,413,891

5.3.2 Performance and review of business

The income statement at 31 December 2021 shows a net loss of € 25,466 thousand, for a decrease compared to the same period of 2020, which showed a profit of € 37,202 thousand.

The 2021 result is mainly influenced by the impairment loss and allocations related to the investment held by Falck Next Energy Srl (€ 148,954 thousand), by higher costs for direct services (€ 5,226 thousand), high personnel expenses for € 4,144 thousand for strengthening some business line and staff structures, lower Other income for € 2,447 thousand mainly due to the capital gain for sale of the Nuo software to Nuo Srl reported in the previous period, higher financial expenses for € 10,588 thousand mainly for notional charges of the amortised cost of the convertible bond loan, for € 4.7 million, higher administrative expenses for € 18,508 for services related to the extraordinary transaction to search for a strategic partner for € 10 million **("Non-recurring event")**, for more services due to the growth in business and higher ancillary costs and higher Long Term Incentive Plan costs of the Chief Executive Officer of Falck Renewables SpA for € 2 million due to the acceleration of the plan assuming there is a Change of Control at 31 March 2022 for the **Allocation for the extraordinary bonus cost** totalling € 25,679 million **("Non-recurring event")** partly offset by higher dividends collected (€ 143,150 thousand) and higher revenues for services for € 1,992 thousand.
It should be noted that the financial income of 2020 benefited from the positive change in the Fair Value of the derivative embedded in the senior unsecured equity-linked green bond for a value, net of contractual costs and the effect of the amortised cost as provided for by IFRS 9, of € 3,452 thousand **("Non-recurring event")** and reversal of financial receivables due to Falck Renewables Spa from Elettroambiente for € 2,372 thousand.

The write-down of the investment held in Falck Next Energy Srl is mainly due to the loss recorded by the investee company (<u>although not at the level of consolidated results</u>) due to the change in the negative fair value of the Group's commodity risk hedging derivatives following the exceptional increase in electricity prices of 2021.
As previously mentioned, the company Falck Next Energy also carries out hedging activities on the production of the Group's plants that is not directly dispatched, with the change in the fair value of the commodity derivatives being recorded on the income statement. If the energy prices for future deliveries were to be in-line with the levels forecast as of 31 December 2021, and the production values were to be in-line with the hedges, the write-down of Falck Next Energy would be offset by the future greater dividends received by Falck Renewables from the companies that generate electricity production, which would therefore benefit from the increase in prices.

The financial position showed a debit balance of € 181,846 thousand, compared with a debit balance of € 218,021 thousand as of 31 December 2020.

The improvement in the financial position compared to the previous period is due to dividends collected net of capital increases in companies in Italy, Norway, Sweden and Spain mainly to support the development and construction of new plants and the distribution of dividends to shareholders.

On 12 June 2015, Falck Renewables SpA entered into a new Corporate Loan contract, subsequently modified on 30 July 2018, for € 325 million maturing on 31 December 2023; at 31 December 2021 the loan was used for € 135 million.

On 16 September 2020 Falck Renewables SpA successfully placed its offer of a senior unsecured equity-linked green bond for € 200 million, maturing on 23 September 2025.
On 17 November 2020 the extraordinary shareholders' assembly of Falck Renewables SpA authorised the convertibility of the bond issue (the "Green Convertible Bond") into shares and the related share capital increase. The share capital increase, which is divisible and for cash, with the exclusion of pre-emption rights pursuant to paragraph 5 of art. 2441 of the Italian Civil Code, is solely for the conversion of the Green Bond for a maximum amount of € 200 million, including any share premium, through the issue of ordinary shares of Falck Renewables SpA with the same characteristics as the ordinary shares in issue.
Due to the change of control, the conversion price was adjusted from € 7.22 to € 5.7735. Moreover, on 25 February 2022, Green Bidco SpA (company indirectly controlled by IIF and buyer of 60% of the Falck Renewables SpA shares from Falck Spa) announced that it intends to promote a voluntary takeover bid in cash on Green Convertible Bond, at economic conditions equivalent to those of the Bid, reserved solely for investors qualified in accordance with art. 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999. It is reasonable to expect that at the end of this process the Green Convertible Bond will be converted into no. 34,641,032 shares in Falck Renewables Spa, increasing the group's equity and reducing net financial debt.

The net financial position also includes the positive fair value of the derivatives to hedge interest rate and foreign exchange risks for € 9 thousand.

5.3.3 Employees

The total number of Company employees at 31 December 2021 was 124, comprising 31 managers and 93 white collar workers, representing an increase of 12 compared to the total at 31 December 2020.

5.3.4 Investments

Investments for the period totalled € 5,759 thousand and mainly regarded the purchase of hardware, office furniture and equipment (€ 592 thousand), expenses for operating software and licences (€ 4,650 thousand) and capitalisation of rights of use (€ 517 thousand).

5.3.5 Corporate governance

Falck Renewables SpA has continued to streamline its corporate governance system in order to ensure transparency and efficiency.
The Share Capital consists entirely of ordinary shares with no nominal value. The reference shareholder at 31 December 2021 is Falck SpA which directly holds 60% of the share capital. The remaining shares are held by Shareholders with shares of less than 3%. It should be noted that on 24 February 2022 Infrastructure Investments Fund ("IIF"), an investment vehicle for which J.P. Morgan Investment Management is advisor, had completed the acquisition of the entire stake held by Falck SpA ("Falck") in the Company, equal to 60% of

share capital of the Company in compliance with the terms and conditions of the sales contract signed between Falck and IIF on 19 October 2021.
Following finalisation of the acquisition, Green Bidco Spa, designated by IIF as purchaser of the majority stake held by Falck Spa, became the controlling shareholder.

The Company has aligned itself with the provisions and indications provided by the control and regulatory bodies of the stock market. In particular, the following were introduced:

- the Corporate Governance Code;
- the Code of Ethics;
- the Internal Dealing Procedure;
- the Procedure for handling and disclosing privileged information to the public and for keeping a register of persons with access to privileged information;
- the Related Party Transactions Procedure;
- The Shareholder Engagement Policy
- the Diversity and Inclusiveness Policy;
- guidance on the accumulation of assignments.

The Company is governed by a Board of Directors.
The Chair and, within the limits of their respective mandates, the Vice-Chair and the CEO are jointly and severally responsible for legal representation and signature. The latter has been granted powers for the management of ordinary administration, and for certain defined activities, powers of extraordinary administration.
The Company adheres to the Corporate Governance Code approved by the Borsa Italiana Corporate Governance Committee in January of 2020, and has therefore revised its Corporate Governance Regulations to align them with the new contents of the aforementioned Corporate Governance Code.
The Board of Directors set up the Remuneration Committee and the Risk Control Committee with advisory and proposing functions, as well as the Sustainable Strategy Committee with advisory, investigative and support functions on sustainability, energy markets and technological innovation for the purpose of defining the Group's strategic objectives.

In compliance with the provisions of Legislative Decree 231/01, the Company has also introduced its own organisational and management model and appointed a special Supervisory Body.
The Company has appointed an Investor Relator to provide the market with periodic information and news about the Company and the Group.

5.3.6 Directors, statutory auditors, key managers and their interests

In accordance with Consob Resolution 18049 of 23 December 2011 that repealed art. 79 of the Listing Rules and the ensuing Resolution 18079 of 20 January 2012, repealing appendix 3C of the same rules, disclosures relating to the interests of directors, statutory auditors and key managers with strategic responsibilities are outlined in the Remuneration Report in compliance with art. 123-*ter* of the Consolidated Finance Act.

5.3.7 Related party transactions

Relations with subsidiaries, associates and joint ventures

Falck Renewables SpA carries out arm's length transactions of both a trade and financial nature with its subsidiaries, associates and joint ventures.

These transactions allow for Group synergies to be achieved through the use of shared services, know-how, and financial policies.
In particular, the relations concerned some specific activities:

- raising funds and issuing guarantees;
- administrative and professional services;
- management of shared services.

In addition to the transactions described above, Falck Renewables SpA opted to set up its own tax consolidation regime with most of the Italian subsidiaries.

Relations with the parent company Falck SpA

At 31 December 2021 the Company was 60.00% owned directly by Falck Spa, which in turn is 65.96% owned by Finmeria Srl, with which no economic or financial relationships exist.

Falck Renewables SpA performs professional services and manages shared services for the parent company Falck SpA. There is also a contract governing Falck's trademark that will continue after the transfer of Falck SpA as controlling shareholder until 31 March 2023 at most with the possibility for Falck Renewables SpA to withdraw with a notice of 180 days to allow the group adequate time to modify the brand and company name.

The Company also participates in the Group VAT return with its parent company Falck SpA until 31 December 2021. With regard to the domestic tax consolidation regime, as mentioned above, Falck Renewables SpA decided to withdraw its participation in the tax consolidation regime with the consolidating company Falck SpA with effect from tax year 2019 by opting at the same time for its own regime with all its Italian subsidiaries which at the time could make this choice. The company participated in the tax consolidation with Falck SpA in 2020 and 2021, once the legally binding participation period was over, they then opted to participate in Falck Renewable Spa's. As of 1 January 2021, all of the Italian subsidiaries participated in the tax consolidation with Falck Renewables SpA.

In light of the amendments introduced to the "Regulation on Related Party Transactions" by Consob with its Resolution no. 21624 of 10 December 2020 (the "Consob Regulation"), which became effective on 1 July 2021, with its resolution dated 23 June 2021 the Falck Renewables SpA Board of Directors made adjustments to its Procedure for the governance of Related Party Transactions, in order to render it compliant with the Consob Regulation.

5.3.8 Direction and coordination activities

In accordance with art. 2497-bis, paragraphs 1 and 5 of the Italian Civil Code, we inform you that the Company is directed and coordinated by the parent Falck SpA until 24 February 2022. Relations with the parent company are of a commercial nature, as mentioned above, and had a positive impact on the result for the year for a total of € 156 thousand. Charges made by Falck SpA for a total of € 1,117 thousand, mainly for the use of the Falck brand, negatively impacted the operating result.
Falck SpA stopped its direction and coordination activity on 24 February 2022 after sale of the investment equal to 60% of the stake in Falck Renewables SpA described in paragraph 5.2.12.1.

We confirm compliance with the requirements of art. 37 of the market regulation adopted by Consob with its resolution no. 16191 of 29 October 2007, letters a), b), c) and d).

5.3.9 Holding of own shares or parent company shares

In compliance with art. 2428, paragraph 3, point 3 of the Italian Civil Code, the Company declares that at 31 December 2021 it held 2,210,000 own shares without nominal value representing 0.7584% of share capital.

The carrying amount of own shares held is € 2,924,259 corresponding to an average share price of € 1.3232.

No subsidiaries held shares in Falck Renewables SpA at 31 December 2021, either through trust companies or third parties.

It should be noted that the authorisation granted to the Board of Directors concerning the purchase of own shares, in one or more times, resolved by the Shareholders' Meeting on 07 May 2020 ended on 7 November 2021.

5.3.10 Purchase and sale of own shares or parent company shares

In accordance with the provisions of art. 2428, paragraph 2, point 4, of the Italian Civil Code, we inform you that during 2021 the company did not purchase or sell its own shares.

5.3.11 Stock option, and stock grant plans and Extraordinary Incentive Plan

Stock option and stock grant plans

At the end of a process that also involved the Remuneration committee, the Shareholders' Assembly on 7 May 2020 approved the "2020-2022 stock grant plan" (the "Share Plan") for the Chief Executive Officer, managers and employees with key roles within the Company and its subsidiaries as per art. 114-bis of Legislative Decree 58 of 24 February 1998 (the "TUF").
The Share Plan, which has a three-year duration, involves granting a maximum of 1,800,000 ordinary shares in the Company, equal to a maximum of approximately 0.6177% of the Company's share capital, to the beneficiaries free of charge, subject to the fulfilment of three conditions:

(i) the sustainability of the Group's balance sheet (expressed by the ratio of Net Financial Position to EBITDA);

(ii) achieving a three-year cumulative EBITDA target;

(iii) the continuation of the existing relationship between the beneficiary and the Company.

Once these three conditions are met, the number of shares to be allotted to the pool of beneficiaries may vary, up to a maximum of 1,800,000 shares, depending on the price of the ordinary share as it approaches the end of the Share Plan or extraordinary events like a Change of Control. The maximum amount is then subject to anti-dilution mechanisms.

The Share Plan is part of the Long-Term Incentive Plan and designed to bring the interests of the beneficiaries in line with those of the Company and its shareholders, and encourage them to work with us to meet our medium/long-term performance objectives.
The Plan will be implemented with company treasury shares already in the portfolio or purchased under art. 2357 of the Italian Civil Code.
As of 31 December 2021, the Share Plan was in place for the CEO of Falck Renewables SpA for 936,304 share rights and 663,214 share rights for certain Group managers due to the assumption of a Change of Control on 31 March 2022[5] and anti-dilution adjustments and the Cash Plan was in place for the CEO and certain Group managers, for a total of approximately € 2.2 million.

[5] If the Change of Control occurs in 2022 at a date earlier than the estimated one of 31 March 2022 the number of rights would increase by a total of around 840 units for every 30 days ahead of time.

Extraordinary Incentive Plan

The 14 December 2020 shareholders' meeting approved the proposal to modify the Remuneration Policy aimed at making it possible to adopt an extraordinary incentive plan in favour of the Chief Executive Officer of Falck Renewables SpA and top management figures of the Company or its subsidiaries (some of which quantifiable as Managers with Strategic Responsibilities as defined in the Remuneration Policy), which accompanies and is in addition to incentive stock and cash plans currently in effect ("Extraordinary Incentive Plan").
It should be noted that first of all the Extraordinary Incentive Plan originates from the resolution of the Board of Directors to start a process to search for a strategic partner able to support the medium-long term growth projects of the Company. The Board of Directors felt it was opportune that, through access to new financial resources, the Company could obtain and best exploit the opportunities offered by the current macroeconomic and market negative conditions, as well as compete more effectively in the renewable energy segment, where a progressive concentration of main players is underway and entrance of new operators of significant size.
In this context, the opportunity of adopting an extraordinary incentive model has been studied, first by the Remuneration Committee. It is aimed at the best alignment between the interests of management to the objective to create value for all Company shareholders if an extraordinary transaction is finalised with the aforesaid strategic partner allowing at the same time (i) current shareholder to obtain the possibility of divesting their holding at favourable conditions, and (ii) Falck Renewables to benefit from the support of a new reference shareholder that shares the objectives of creating value in a sustainable manner in the long-term and contribute to obtaining reaching them.
Based on these considerations and with the desire to structure a mechanism able to adapt to different types of possible extraordinary transactions able to impact the ownership structure of Falck Renewables and bring benefits to all its shareholders, the Board of Directors approved ex ante - with effectiveness subordinate to prior adoption by the Shareholders' Assembly of a special amendment to the current Remuneration Policy - the Extraordinary Incentive Plan, basically structured as follows:

i. the right to receive the extraordinary bonus matures for the recipients only if the minimum enterprise value of FKR is exceeded by the aforesaid partner in the framework of a possible extraordinary transaction that entails a change of control of FKR. This minimum threshold is particularly protective for the Company shareholders, since it has been defined in an amount equal to € 2,752 million, value equal to market consensus, expressed by average of target price indications provided by financial analysts when the Extraordinary Incentive Plan was prepared (and equivalent to around € 6.7 per share - value that does not take into account any conversion of Falck Renewables convertible bonds into Company shares);
ii. starting from the minimum threshold in point i, the amount of potential extraordinary bonus increases in directly proportional measure to increase of the reference enterprise value, based on different value levels. The mechanism was structured with the aim of motivating management to act so that the enterprise value of Falck Renewables recognised in any extraordinary transaction is as high as possible. Specifically, the aforesaid minimum threshold corresponds to € 2,752 million, the recipients will receive a bonus of 0.45% of the enterprise value, which can increase up to a maximum of around 1.1%. This latter percentage (around 1.1% of the enterprise value) however, is reached only against a significant creation of additional value (for example, 1.06% obtained based on the enterprise value attributed by the Partner - as defined herein - to Falck Renewables, consequently with an increase of approximately € 840 million of value compared to the minimum threshold of the Extraordinary Incentive Plan) compared to the market consensus, for all Falck Renewables shareholders; and
iii. the right to payment of an extraordinary bonus matured only in the event of finalisation of an extraordinary transaction that involves the acquisition of a controlling stake or other transaction on share capital that involves a change of control of Falck Renewables and - consequently - launch of a mandatory takeover bid on the entire share capital. Specifically, this extraordinary bonus is expected to be paid to the beneficiaries when the new controlling shareholder publishes the bid document approved by Consob in accordance with art. 102, paragraph 4, of the TUF, i.e., when

there is evidence of a launch of the takeover bid and consequent creation of value for all FKR shareholders (the "Conditions").

The Remuneration Committee unanimously approved the Proposal to adopt the Extraordinary Incentive Plan, finding it compliant with the relevant market benchmarks, based on an analysis of (i) the incentive schemes for transactions similar to the proposed ones that involved industrial operators, and (ii) average premiums paid in the event of a takeover bid in Italy and for transactions in the energy sector in Europe.

It should be noted that a favourable, preventive opinion was also received from the Company's Audit and Risk Committee (in its capacity as committee competent for expressing opinions on transactions with related parties - the "OPC Committee") pursuant to art. 7.4 of the Procedure for Transactions with Related Parties approved by the Board of Directors of FKR on 23 June 2021. The OPC Committee, including based on the considerations made by the Remuneration Committee, concluded that the Extraordinary Incentive Plan is able to best pursue the company interest within the context of a possible extraordinary transaction that changes the current control structure of the Company. The OPC Committee opinion underlines the interest of the Company, the substantial fairness of the terms and conditions of the proposed incentive scheme, as well as its overall benefits for the Company and all its shareholders, for the reasons described above.

Lastly, it should be noted that the Board of Statutory Auditors was also involved in the discussion regarding the formulation of the Extraordinary Incentive Plan and felt the latter in keeping with the pursuit of the Company's medium-long terms objectives, therefore not finding any critical issues for its adoption.

Given this, following the search process for a strategic partner able to support and accelerate the Company's medium-long period growth in the renewable energy sector and following what has been described to this point, on 19 October 2021 Falck SpA and Infrastructure Investments Fund Int'l Acquisitions Ltd. (the "Partner"), institutional investor for which J.P. Morgan Investment Management is advisor, signed a share purchase agreement for acquisition by the Partner of a stake representing 60% of the share capital of FKR owned by Falck SpA. The closing of this transaction, which may take place during the first quarter of 2022 (it actually took place on 24 February 2022), creates a legal obligation for the Partner (or another corporate vehicle identified by the Partner) to carry out an TOB at the terms and conditions at least equivalent to the ones ensured by the previous controlling shareholder on all the remaining shares of Falck Renewables. Within the context of this transaction, the Partner has also shown interest in promoting a TOB on the convertible bonds of Falck Renewables.

The Remuneration Committee, assigned for this purpose by the Board of Directors, determined the exact and accurate amount - within the scale of values initially approved by the Board of Directors - of the potential bonus resulting from the Extraordinary Incentive Plan. Payment of this extraordinary bonus shall not be due, if when the Conditions are met the beneficiary no longer works for or holds office in the Company or Falck Renewables Group, due to voluntary resignation not agreed upon with the Company or Falck Renewables Group; with the understanding that termination of employment for any other reason, including dismissal, death and/or incapacity of the beneficiary, the Falck Renewables Group shall retain the right of payment of the extraordinary bonus when the relative Conditions are met.

Specifically, the SPA entails the acquisition of the stake held by Falck SpA in the share capital of Falck Renewables at a price equal to € 8.81 per share (based on an enterprise value of FKR equal to € 3,595 million, as determined and indicated by the Partner in its acquisition proposal to Falck Spa), which will not be subject to changes in the event of conversion of the convertible bonds of Falck Renewables in Company shares, but only if there are transfers of value from Falck Renewables to its shareholders between 30 June 2021 and closing of the transaction, through distribution of Dividends or another form (according to the "locked box" mechanism). This price per share represents a significant premium compared to the weighted average price of the Borsa Italiana in the 3, 6 and 12 months before the announcement of the transaction to the market (29.2%, 40.5% and 45.2%, respectively). Moreover, in the medium-long period, the value which was generated by the Company under the management of its current management team, which could be realised taking part in the TOB, represents a premium of 130% and 1208% compared to the closing price reported by Borsa Italiana, respectively 2 and 5 years before the announcement of the transaction to the market.

In light of the enterprise value attributed by the Partner (which led the Partner to offer a share price equal to € 8.81), the extraordinary maximum premium which would mature for the beneficiaries is equal to € 38,058,456[1], equal to approximately 1.06% of the enterprise value broken down as follows:

- a total of € 18,487,500 to the CEO of FKR, amount corresponding to approximately 0.51% of the enterprise value of FKR.
- a total of € 19,570,956 to other managers, employees and/or self-employed workers of the Company or its subsidiaries identified by the CEO of FKR (broken down between the recipients determined by the same CEO), corresponding to approximately 0.54% of the enterprise value of FKR - of which up to a maximum of 44% to Managers with Strategic Responsibilities defined in the Remuneration Policy and the remaining amount corresponding to around 56% to the eligible company population on the job at 30 June 2021 other than Managers with Strategic Responsibilities according to the criteria established by the CEO.

The Board of Directors has recognised the significant role performed by top management to date for the Company's ambitious development project - in a negative market characterised by a particular trend in the renewable energy sector - for the purpose of best exploiting the opportunities for sustainable growth of Falck Renewables in the medium-long term. In particular, top management's ability to organise and implement a credible growth project for the Company, made it possible to attract the interest of a leading long-term international investor that, thanks to its investment in Falck Renewables, reasonably generates value to the benefit of all shareholders and stakeholders. Furthermore, the Partner in formulating its proposal to enter in the Company's share capital appreciated not just the results attained to date, but also its future potential, thanks to the ability and expertise of its employees and its top management in particular, showing its intention to continue the next phase of the Company's development under the aegis of such management.

In the context of a possible entrance of the Partner in FKR shareholding, the Chief Executive Officer of FKR and top management to date have contributed fundamentally to the structuring of the transaction and search and selection of the nest strategic partner for the Company, as well as provide their assistance during negotiation of the terms and conditions of the agreement stipulated between Falck SpA and the Partner - assistance which will obviously continue in the current phases between signing the agreements and implementing them.

To conclude, the Board of Directors believes that the Extraordinary Incentive Plan adequately awards the already profuse commitment and, provides excellent incentive for the efforts still to make by top management so that the change of control of FKR takes place. In this context, the Extraordinary Incentive Plan best pursues the interest all the Company's shareholders, even if the first phase of the aforesaid transaction only includes the sale of the controlling stake and closing of such sale -as previously underlined above - it creates a legal obligation for the Partner (or another corporate vehicle identified by the Partner) of promoting an TOB at the terms and conditions at least equivalent to the ones, particularly favourable (since they include the so-called "control premium"), assured to Falck SpA on all the remaining Falck Renewables shares. The Extraordinary Incentive Plan also envisages that the right to receive the relative extraordinary bonus matures only when there is evidence of the TOB launch - or when the new controlling shareholder publishes the offer document approved by Consob pursuant to art. 102, paragraph 4 of the TUF.

The possible entrance of the Partner in Falck Renewables shareholding is for all effects and purposes part of a more extensive process of searching for a strategic partner that shares the Company's objective to create value (for the shareholders and other stakeholders) sustainably in the long term and contributes to achieving them, by providing resources to support and accelerate the growth projects of Falck Renewables in the renewable energy sector.

The adoption of the Extraordinary Incentive Plan definitively effectively promotes the desired alignment of interests between top management and the Company in the context of an extraordinary transaction whose closing will result in benefits for Falck Renewables and all its shareholders.

In terms of 2021 an Allocation item for the extraordinary bonus cost totalling € 29,313 that also includes the relative social contributions where applicable.

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[1]This amount does not include social security and welfare contributions, if applicable, due by the Company or its subsidiaries on the Extraordinary Incentive Plan and gross of social security and welfare contributions borne by the withholding beneficiaries by the Company or its subsidiaries.

5.3.12 Corporate governance and Code of Self Discipline

Falck Renewables SpA adheres to and complies with the Corporate Governance Code approved by the Borsa Italiana Corporate Governance Committee in January of 2020, and has therefore revised its Corporate Governance Regulations to align them with the new contents of the aforementioned Corporate Governance Code and the consequent adjustments to the characteristics of the Group.
The "Report on Corporate Governance and Structure" (the "Report") provides an overview of the Group's Corporate Governance model and discloses information regarding the ownership structure and compliance with the Corporate Governance Code, which includes the key governance principles implemented and the risk and internal control management system that oversees the financial disclosure process. This Report is subject to the same disclosure requirements as the annual financial statements, and is available on the www.falckrenewables.com website in the Ethics and Governance - Corporate Governance - Documents section.

5.3.13 Participation in the opt-out regime

The Board of Directors, given the regulatory simplification introduced by the Consob in Resolution 18079 dated 20 January 2012, resolved on 18 January 2013 to take part in the opt-out scheme described in arts. 70, paragraph 8, and 71, paragraph 1-bis, of the Listing Rules 11971/99 (and subsequent modifications and amendments). As a result, the Company is not required to meet the obligations to publish the information documents required for significant mergers, spin-offs, capital contributions in kind, purchases and sales.

5.3.14 Legislative Decree 231/2001

The Company has adopted an Organisation and Management Model as per Legislative Decree 231/2001, tailored to meet the specific requirements of Falck Renewables SpA and aimed at ensuring that the Company carries out its business correctly and transparently thus safeguarding its stakeholders.
The Supervisory Board, as per Legislative Decree 231/2001, is made up of two external components, Giovanni Maria Garegnani, as Chairman, and Luca Troyer, in addition to an internal member, Siro Tasca, in charge of the company's Internal Audit department.

5.3.15 Proposed appropriation of profit/(loss) for the period

Dear Shareholders,

Your Company's financial statements at 31 December 2021 closed with a loss of € 25,465,579.72.

We propose carrying forward the loss.

On behalf of the board of directors
The Chairman
Olov Mikael Kramer

Milan, 10 March 2022

6. Consolidated financial statements as of 31 December 2021

6.1 Consolidated financial statement

(€ thousands)

			Notes	31.12.2021	*of which related parties*	31.12.2020	*of which related parties*
Assets							
A	**Non-current assets**						
	1	Intangible assets	(1)	197,495		165,451	
	2	Property, plant and equipment	(2)	1,466,691		1,332,993	
	3	Investments and securities	(3)	2,480		2,573	
	4	Investments accounted for using the equity method	(4)	36,533		27,738	
	5	Non-current financial receivables	(5)	18,043	5,884	7,897	7,057
	6	Deferred tax assets	(8)	91,689		27,212	
	7	Other receivables	(7)	1,998		3,385	
	Total			**1,814,929**		**1,567,249**	
B	**Current assets**						
	1	Inventories	(9)	24,150		28,361	
	2	Net contractual assets	(10)	2,827			
	3	Trade receivables	(6)	177,069	1,625	83,975	1,213
	4	Other receivables	(7)	52,912	7,421	44,674	7,484
	5	Current financial receivables	(5)	7,519	6,218	6,012	3,018
	6	Securities	(3)	539		858	
	7	Cash and cash equivalents	(11)	302,000		239,230	
	Total			**567,016**		**403,110**	
C	**Non-current assets held for sale**						
Total assets				**2,381,945**		**1,970,359**	
Liabilities							
D	**Net equity**						
	1	Share capital		291,414		291,414	
	2	Reserves		159,616		231,757	
	3	Retained earnings					
	4	Profit/(loss) for the period		(18,367)		45,606	
	Equity attributable to owners of the parent		(12)	**432,663**		**568,777**	
	5	Non-controlling interest		163,356		139,417	
	Total equity		(12)	**596,019**		**708,194**	
E	**Non-current liabilities**						
	1	Non-current financial liabilities	(15)	991,020	20,829	843,640	17,470
	2	Trade payables	(16)	2,798		3,220	
	3	Other liabilities	(17)	63,823	3,018	52,035	3,644
	4	Deferred tax liabilities	(8)	58,856		43,685	
	5	Provisions for risks and charges	(13)	125,018		106,304	
	6	TFR (Staff leaving indemnity)	(14)	7,667		5,712	
	Total			**1,249,182**		**1,054,596**	
F	**Current liabilities**						
	1	Trade payables	(16)	121,837	1,032	60,322	1,493
	2	Net contractual liabilities	(18)	2,933			
	3	Other liabilities	(17)	48,146	6,577	32,219	6,107
	4	Current financial liabilities	(15)	325,307	12,080	115,028	
	5	Provisions for risks and charges	(13)	9,167			
	6	IAS 19 liabilities for extraordinary bonus	(19)	29,354			
	Total			**536,744**		**207,569**	
G	**Liabilities attributable to non-current assets held for sale**						
Total liabilities				**2,381,945**		**1,970,359**	

For details of "related party transactions", see page 172.

For the effects of significant non-recurring transactions see page 192.

6.2 Consolidated income statement

(€ thousands)

		Notes	31.12.2021	*of which related parties*	31.12.2020	*of which related parties*
A	Revenues	(20)	568,417	652	384,359	1,593
	Direct costs	(22)	(378,000)	(541)	(211,476)	(1,328)
	Personnel Cost	(21)	(59,532)		(46,123)	
	Other income	(23)	22,010	12,542	17,473	2,996
	Administrative expenses	(24)	(56,210)	(1,244)	(32,984)	(1,588)
	Net margin from trading activities	(25)	(6,367)		31	
	Allocation of cost for extraordinary bonus	(26)	(29,313)			
B	**Operating profit/(loss)**		**61,005**		**111,280**	
	Financial income/(expenses)	(27)	(41,151)	159	(33,197)	(58)
	Investment income/(expenses)	(28)	51		10	
	Share of profit/(loss) of investments accounted for using the equity method	(29)	992	992	(2,506)	(2,506)
C	**Profit/(loss) before tax**		**20,897**		**75,587**	
	Total income tax	(30)	(16,507)		(15,762)	
D	**Profit/(loss) for the period**		**4,390**		**59,825**	
E	Profit/(loss) attributable to non-controlling interests		22,757		14,219	
F	**Profit/(loss) attributable to owners of the parent**		**(18,367)**		**45,606**	
	Earnings per share attributable to owners of the parent (€)	(12)	*-0.064*		*0.158*	
	Diluted profit/(loss) attributable to owners of the parent (€)	(12)	-0.064		*0.157*	

For details of “related party transactions”, see page 192.
For the effects of significant non-recurring transactions see page 192.

6.3 Consolidated statement of comprehensive income

(€ thousands)

		2021			2020		
		Gross	Tax	Net	Gross	Tax	Net
A	**Profit/(loss) for the period**	**20,897**	**(16,507)**	**4,390**	**75,587**	**(15,762)**	**59,825**
	Other items of comprehensive income						
	Other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax						
	Foreign exchange differences on translation of overseas financial statements	32,305		32,305	(28,573)		(28,573)
	Fair value adjustment of held for sale financial assets						
	Other items included in equity concerning associated and joint venture companies measured with the equity method	127		127	(127)		(127)
	Fair value adjustments of derivatives designated as cash flow hedges	(162,378)	40,246	(122,132)	(15,307)	3,717	(11,590)
	Change in derivative time value	(1,532)	(4)	(1,536)			
B	**Total other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax**	**(131,478)**	**40,242**	**(91,236)**	**(44,007)**	**3,717**	**(40,290)**
	Other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax						
	Other items included in equity concerning associated and joint venture companies measured with the equity method	7		7	(4)		(4)
	Balance of actuarial gains/(losses) on personnel defined benefit plans	527		527	(264)		(264)
C	**Total other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax**	**534**		**534**	**(268)**		**(268)**
B+C	**Other comprehensive income/(loss)**	**(130,944)**	**40,242**	**(90,702)**	**(44,275)**	**3,717**	**(40,558)**
A+B+C	**Total comprehensive income/(loss)**	**(110,047)**	**23,735**	**(86,312)**	**31,312**	**(12,045)**	**19,267**
	Attributable to:						
	- Owners of the parent			(121,006)			13,757
	- Non-controlling interests			34,694			5,510

6.4 Statement of cash flows

(€ thousands)

	Notes	2021	2021 *of which related parties*	2020	2020 *of which related parties*
Cash flow from operating activities					
Profit/(loss) for the period		4,390		59,825	
Adjusted for:					
Amortisation of intangible assets	(22) - (24)	5,034		4,299	
Depreciation of property, plant and equipment	(22) - (24)	87,225		77,535	
Impairment/(revaluation) of intangible assets	(22) - (24)	4		164	
Impairment/(revaluation) of property, plant and equipment	(22) - (24)	5,582		(1,462)	
Staff leaving indemnity provision	(21)	1,625		1,400	
Stock grant plan costs		4,584		2,088	
Financial income	(27)	(19,170)	(650)	(27,918)	(437)
Financial expenses	(27)	60,321	491	61,115	495
Share of profit/(loss) of investments valued using equity method	(29)	(992)	(992)	2,506	2,506
(Gain)/loss on disposal of property, plant and equipment		110		(4,012)	
Investment (income)/expenses	(28)	(51)		(10)	
Other changes		30,078		1,072	
Allocation of cost for extraordinary bonus		29,313			
Capital grants		(3,946)		(2,102)	
Income tax (income statement)	(30)	16,507		15,762	
Operating income before changes in net working capital and provisions		**220,614**		**190,262**	
Change in inventories	(22)	4,211		1,766	
Change in trade receivables		(81,031)		11,396	
Change in trade payables		52,959		(11,422)	
Change of contractual assets and liabilities		896			
Change in other receivables/payables		14,031		(18,678)	
Net change in provisions		19,460		(2,159)	
Change in personnel provisions - staff leaving indemnity paid during year	(14)	(1,050)		(805)	
Cash flow from operating activities		**230,090**		**170,360**	
Interest paid and exchange differences		(41,076)	(172)	(47,742)	(106)
Tax paid/collected		(15,277)		(19,179)	
Payments for stock grant plan				(5,700)	
Net cash flow from operating activities (1)		**173,737**		**97,739**	
Cash flow from investing activities					
Dividends received		5,019	5,019	2,450	2,450
Proceeds from sale of property, plant and equipment		118		15	
Investments in intangible assets	(1)	(17,003)		(16,145)	
Investments in property, plant and equipment	(2)	(108,564)		(77,795)	
Purchase of shares and capital increases		(10,006)	(10,471)	(12,076)	(8,125)
Disposals of equity investments with loss of control				2,014	
Purchase of subsidiaries net of cash		(30,926)		(21,696)	
Interest received and exchange rate gains		16,556	420	17,493	437
Net cash flow from investing activities (2)		**(144,806)**		**(105,740)**	
Cash flow from financing activities					
Dividends paid		(30,270)	(22,608)	(30,412)	(22,750)
Proceeds from share capital increase and capital contribution net of expenses		4,373	4,373	18,835	18,545
Net change in financial receivables		1,874	1,205	1,550	1,550
Loans granted		(1,849)	(1,849)	(1,972)	(1,972)
New borrowings		161,080		5,733	
Issue of convertible bond				199,050	
Repayment of borrowings		(96,454)		(127,210)	(1,758)
Repayment of leasing liabilities		(9,887)		(8,242)	
Disposals of equity investments without loss of control				62,128	
Net cash flow from financing activities (3)		**28,867**		**119,460**	
Net (decrease)/increase in cash and cash equivalents (1+2+3)		**57,798**		**111,459**	
Cash and cash equivalents at 1 January		239,230		131,232	
Translation (loss)/gain on cash and cash equivalents		4,972		(3,461)	
Cash and cash equivalents at 31 December	(11)	**302,000**		**239,230**	

6.5 Statement of changes in equity

(€ thousands)

	Share capital	Reserves	Profit/(loss) for the period	Equity attributable to owners of the parent	Third party equity	Total equity
At 31.12.2019	**291,414**	**209,732**	**48,436**	**549,582**	**58,081**	**607,663**
Appropriation of 2019 profit/(loss)		48,436	(48,436)			
Dividends paid		(19,377)		(19,377)	(11,296)	(30,673)
Other comprehensive profit/(loss) items included in net equity*		(31,849)		(31,849)	(8,709)	(40,558)
Convertible bond reserve		19,170		19,170		19,170
Stock grant plan fair value		(2,811)		(2,811)		(2,811)
Effects from the sale of US minority companies		11,569		11,569	47,694	59,263
Other movements		(3,113)		(3,113)	39,428	36,315
Profit/(loss) for the period at 31 December 2020**			45,606	45,606	14,219	59,825
At 31.12.2020	**291,414**	**231,757**	**45,606**	**568,777**	**139,417**	**708,194**
Appropriation of 2020 profit/(loss)		45,606	(45,606)			
Dividends paid		(19,377)		(19,377)	(12,688)	(32,065)
Other comprehensive items included in net equity*		(102,639)		(102,639)	11,937	(90,702)
Stock grant plan fair value		4,584		4,584		4,584
Other movements		(315)		(315)	1,933	1,618
Profit/(loss) for the period at 31 December 2021**			(18,367)	(18,367)	22,757	4,390
At 31.12.2021	**291,414**	**159,616**	**(18,367)**	**432,663**	**163,356**	**596,019**

** These items are included in the Statement of other comprehensive income

6.6 Notes to the financial statements

6.6.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as supplemented by the relevant interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC) and adopted by the European Union, as well as with the measures issued in implementation of art. 9 of Legislative Decree no. 38/2005.
The consolidated financial statements are prepared on a going concern basis, applying the historical cost method and taking into account impairment losses where appropriate, with the exception of those items which, under IFRS, must be measured at fair value, as described in the accounting policies below.

It should be noted that, also following the simplifications introduced by Legislative Decree 25 of 15 February 2016 (which has assimilated Directive 2013/50/EU, so-called Transparency II) on periodic financial information to the public and in accordance with art. 2.2.3, paragraph 3, of the Rules of Markets organised and managed by Borsa Italiana SpA, Falck Renewables SpA, as a company belonging to the STAR segment, will continue to draw up and publish the interim financial reports in the forms adopted so far.

The financial statements used for consolidation purposes are those presented by the board of directors for approval at the shareholders' assemblies of each subsidiary, associate and joint venture, reclassified and adjusted in line with International Financial Reporting Standards (IAS/IFRS) and Group policy.

The accounting policies adopted for the preparation of the consolidated financial statements are consistent with those used for the preparation of the consolidated financial statements for the year ended 31 December 2020, except for those that came into effect on 1 January 2021.

It should be noted that due to the extraordinary nature of the allocated bonuses, a specific item has been created in the income statement and balance sheet, called "Allocation for extraordinary bonus" and "IAS 19 liabilities for extraordinary bonus". Moreover, following the consolidation of the Saet group two new balance sheet items have been created called "Net contractual assets" and "Net contractual liabilities".

With regard to the layout of the consolidated financial statements, the Company has opted to present the following accounting statements:

- ***Consolidated financial statement***
  The Consolidated balance sheet is presented in sections with separate disclosure of assets and liabilities and equity. Assets and liabilities are classified in the consolidated financial statements as either current or non-current.

- ***Consolidated income statement***
  The consolidated income statement presents costs by function, also using the variable element of cost as a distinguishing factor in the analysis of direct and general costs.

  For a better understanding of the normal results of ordinary operating, financial and tax management activities, the income statement presents the following intermediate consolidated results:

  - operating income;
  - profit/(loss) before tax;
  - profit/(loss) for the period;
  - profit/(loss) attributable to non-controlling interests;
  - profit/(loss) attributable to owners of the parent.

  Segment reporting has been presented in respect of the business units in which the Group operates, as the information used by management to evaluate operating results and for decision-making purposes in the individual business units coincides with the economic and financial information of each segment.

- ***Consolidated statement of comprehensive income***
  The Group has opted to present two separate statements, consequently this statement discloses profit/(loss) for the period including income and expenses recognised directly in equity.
- ***Consolidated cash flow statement***
  The consolidated statement of cash flows presents an analysis by areas that generate cash flows as required by International Financial Reporting Standards.
- ***Consolidated statement of changes in equity***
  The statement of changes in equity is presented as required by International Financial Reporting Standards with separate disclosure of the profit/(loss) for the period and each item of revenues, income, cost and expense not recorded in the income statement but recognised directly in consolidated equity based on specific IAS/IFRS requirements.

The consolidated reports are shown in EUR and the balances and notes are expressed in thousands of EUR, unless specifically indicated otherwise.

These consolidated financial statements as of 31 December 2021 will be up for approval and authorisation for publication by the board of directors' meeting on 10 March 2022.

These consolidated financial statements are subject to an audit by PricewaterhouseCoopers SpA in accordance with the assignment conferred by the Shareholders' Assembly resolution of 15 April 2019.

6.6.2 Scope of consolidation

The consolidated financial statements for the year ended 31 December 2021 include the financial statements of the parent company Falck Renewables SpA and its subsidiaries.
Falck Renewables SpA controls an entity when it has the power to influence significant decisions, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity: in this case the entity is consolidated on a line-by-line basis.
The companies in which the parent company exercises joint control with other shareholders (joint-ventures) and those in which it exercises a significant influence are consolidated using the equity method.

Falck Renewables Group consists of 184 companies, of which 160 are consolidated on a line-by-line basis, and 24 are consolidated applying the equity method.

During 2021, the following companies were established

- <u>companies consolidated line-by-line:</u>

- Falck Renewables Sviluppo Offshore Srl with effect from 16 March 2021, 100% owned by Falck Renewables SpA;
- Falck Renewables Minervia Srl with effect from 25 March 2021, 100% owned by Falck Renewables SpA;
- Falck Renewables Tibula Srl with effect from 25 March 2021, 100% owned by Falck Renewables SpA;
- Falck Renewables Nora Srl with effect from 25 March 2021, 100% owned by Falck Renewables SpA;
- Falck Renewables Odra Srl with effect from 25 March 2021, 100% owned by Falck Renewables SpA;
- Falck Renewables Finland Oy with effect from 1 June 2021, 100% owned by Falck Renewables SpA;
- Falck Renewables Offshore HoldCo 1 Ltd with effect from 9 July 2021, 100% owned by Falck Renewables Wind Ltd;
- Falck Renewables Offshore HoldCo 2 Ltd with effect from 9 July 2021, 100% owned by Falck Renewables Wind Ltd;
- Nov NY53 Holdings, LLC with effect from 14 September 2021, 100% owned by Novis Renewables Holdings, LLC;
- Nov NY53 Lessee, LLC with effect from 14 September 2021, 100% owned by Nov NY53 Holdings, LLC

- NRH Project Holdco, LLC with effect from 20 May 2021, 100% owned by Novis Renewables Holdings, LLC;
- Consorzio Next Energy Aggregator with effect from 28 July 2021 50% owned by Falck Next Energy Srl 50% by Falck Next Srl;
- Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable, with effect from 1 October 2021, 99% owned by Falck Renewables SpA 1% by Falck Renewables Power I SL;
- Webb PV Holdings, LLC with effect from 07 December 2021, 100% owned by Novis Renewables Holdings, LLC;

- companies included in the scope of consolidation consolidated using the equity method

- Lyra Offshore Wind Farm, Ltd with effect from 6 December 2021, 33.33% owned by Falck Renewables Offshore Holdco 1 Ltd;
- Northern Cross Offshore Wind Farm, Ltd with effect from 06 December 2021, 33.33% owned by Falck Renewables Offshore Holdco 2 Ltd;
- Webb Storage, LLC with effect from 07 December 2021, 100% owned by Novis Renewables, LLC;

The other transactions carried out in 2021 are reported below:

- related to companies consolidated line-by-line:

- Falck Renewables SpA completed the acquisition of 100% of the share capital of Desafio Solar SL with effect from 20 April 2021;
- Falck Renewables Power I acquired 90% of the share capital of Premier SPV 17 SL on 24 June 2021, and finalised the acquisition of the remaining 10% as of 30 September 2021;
- PV Diagnosis SL sold its 0.05% stake in Vector Renewables Mexico SA de CV to Vector Renewables Italia Srl;
- Falck Renewables SpA finalised the acquisition of 60% of the share capital of SAET SpA, which, in turn, owns 80% of Elettromeccanica Euganea Srl, with effect from 20 July 2021;
- WMC Solar Holdings LLC sold to Nov RF Lessee LLC its 100% ownership of the share capital to Westmoreland County Solar Project LLC effective from 2 November 2021;
- Falck Renewables Finland Oy purchased 100% of the share capital of Greenwatt Mustalamminmäki Oy Ab and 100% of the share capital of Greenwatt Koiramäki Oy Ab on 3 November 2021;
- Odyssey Solar 2 completed the acquisition of 100% of the share capital of Telemachus Solar, LLC with effect from 30 November 2021;
- Falck Renewables Wind Ltd completed the increase of its holding in Elektrownie Wiatrowe Bonwind Łyszkowice Sp.Z.o.o. from 50% to 82% of the share capital with effect from 23 December 2021;
- Falck Next Srl decreased its holding in Consorzio Energy Cloud, dropping from 74.07% to 56.60% share capital, following the entrance of new consortium members.

- related companies included in the scope of consolidation with the equity method

- Naturalis Energy Developments Limited acquired 100% of the share capital of Mynydd Fforch Dwm Wind Energy 2021 Limited, on 12 October 2021;
- Naturalis Energy Developments Limited acquired 100% of the share capital of Strath Tirry Wind Energy 2021 Limited, on 12 October 2021;
- Naturalis Energy Developments Limited acquired 100% of the share capital of Touch Estate Wind Energy 2021 Limited, on 12 October 2021;
- Falck Renewables Power 3 SLU completed the acquisition of 50% of the share capital of Ardemer ITG SLU with effect from 28 December 2021;

During 2021 the following companies were removed from the commercial register:

- Sol Occidental SL with effect from 11 January 2021;
- Falck Renewables CH-1 LLC with effect from 20 January 2021;
- Route 23A Solar Farm LLC with effect from 20 January 2021;
- Lake Osiris Road Solar Farm LLC with effect from 20 January 2021;
- Vector Cuatro EOOD in liquidation with effect from 28 September 2021;
- Windfor Srl with effect from 3 November 2021 due to the merger with Vector Renewables Italia Srl.

NRH Project Holdco, LLC also acquired 100% of the following companies from Novis Renewables, LLC:

- EF NY CDG 011, LLC effective 12 July 2021;
- EF NY CDG 003, LLC effective 15 July 2021;
- EF NY CDG 007, LLC effective 15 July 2021;
- EF NY CDG 001, LLC effective 24 August 2021;
- EF NY CDG 002, LLC effective 24 August 2021.

These companies were fully consolidated as of 31 December 2021. The companies were previously valued using the equity method.

Furthermore, with effect from 16 July 2021, Falck Renewables SpA sold BlueFloat Energy International SL 50% of the shares in the following companies, which, at the same time, changed their names as follows:

- Falck Renewables Minervia Srl, now Minervia Vento Srl;
- Falck Renewables Odra Srl, now Odra Energia Srl;
- Falck Renewables Nora Srl, now Nora Ventu Srl;
- Falck Renewables Tibula Srl, now Tibula Energia Srl;
- Falck Renewables Sviluppo Offshore Srl, now Kailia Energia Srl.

These companies were valued using the equity method as of 31 December 2021. The companies were previously fully consolidated.

The following companies changed their company names during 2021:

- Vector Cuatro Japan into Vector Renewables Japan KK with effect from 17 February 2021;
- Vector Cuatro SL into Vector Renewables España SL with effect from 3 March 2021;
- Vector Cuatro France Sarl into Vector Renewables France Sarl with effect from 4 March 2021;
- Vector Cuatro Srl into Vector Renewables Italia Srl with effect from 14 June 2021;
- Vector Cuatro Energías Renovables Mexico SA de CV into Vector Renewables Mexico SA de CV with effect from 2 July 2021.

Falck Renewables SpA increased its stake in Falck Renewables Vind AS from 88.64% to 89.87% during 2021.

Purchase Price Allocation

Definitive Purchase Price Allocation for the purchase of Building Energy Holding US

On 25 November 2020, the Group acquired control of Building Energy Holdings US, LLC and its subsidiaries (BEHUS). BEHUS' business included 61.6 MW of wind and solar projects in operation in the United States of America, a development and asset management team, and a pipeline of wind projects up to 160 MW.

During the first half of 2021, the Group completed the Purchase Price Allocation of the acquisition presented as provisional at 31 December 2020 and at 31 March 2021.

The audits performed for the final Purchase Price Allocation did not change the conclusion reached during the provisional PPA audits.

(EUR/000)	**Carrying value of the acquired company at the acquisition date (final allocation)**
Property, plant and equipment	88,062
Trade receivables/(payables)	(291)
Other assets/(liabilities)	(7,779)
Financial receivables/(payables)	(39,477)
Non controlling interests	(17,955)
Total net assets acquired	**22,560**
Badwill	(154)
Total acquisition cost	**22,406**

BEHUS's total revenues and net profit/(loss) for the year 2020 are shown below, starting from the date of the first consolidation, and for 2021:

(EUR/000)	**2020**	**2021**
Revenues	587	9,053
Profit/(loss) from the period	-6	2,371

The cumulative effect on equity from the date of acquisition to the date of this report is equal to € 2,365 thousand.

Definitive Purchase Price Allocation for the acquisition of Desafio Solar SL

On 20 April 2021 Falck Renewables SpA finalised the acquisition of 100% of the share capital of Desafio Solar SL, owner of a solar plant operating in Spain. The solar plant (50 MW), located in the municipality of Escatrón, in the region of Aragon, has been in operation since June 2020.

The primary purpose of the business combination is to mark the Group's entry into the solar power generation sector in Spain, where the Group holds a pipeline with grid connection rights, some of which are already in the authorisation phase. The Group has thus reached an annual production in Spain of 190 GWh, allowing for the adoption of the integrated energy management model, like in Italy and the UK. This allows the Group's plants and those of its customers to optimise and diversify their revenue models by supplementing their revenues from the sale of energy with those from flexibility and capacity services, while at the same time maximising the value of their present and future environmental attributes.

The acquisition was accounted for in accordance with IFRS 3, applying the purchase method, by calculating the fair value of the assets and liabilities acquired.
The Group completed the Purchase Price Allocation of the acquisition presented as provisional at 30 June 2021 and at 30 September 2021.

Desafio Solar SL's financial position was entirely consolidated and recorded on the consolidated income statement from 20 April 2021. The cost of the acquisition, which amounted to € 22,054 thousand, including the assumption of the € 7,966 thousand shareholder loan, was paid entirely in cash.

Consolidated equity at the date of acquisition was € 14,118 thousand. The difference of € 30 thousand between the equity acquired and the price paid has been allocated to the income statement. The amounts contributed to the consolidated financial statements of the company acquired in 2021 is shown below:

(EUR/000)	Carrying value of the acquired company at the acquisition date (provisional allocation)	Adjustment at the time of final allocation	Carrying value of the acquired company at the acquisition date (final allocation)
Property, plant and equipment	50,972	(27)	50,945
Intangible assets	580	27	607
Trade receivables/(payables)	326		326
Other assets/(liabilities)	(3,762)		(3,762)
Financial receivables/(payables)	(27,212)		(27,212)
Total net assets acquired	**20,904**	**-**	**20,904**
Badwill	(97)	67	(30)
Total acquisition cost net acquired cash	**20,807**	**67**	**20,874**

The group's revenues and results at 31 December 2021, starting from the date of its consolidation within Falck Renewables Group, are as follows:

(EUR/000)	2021
Revenues	6,864
Profit/(loss) from the period	3,409

Temporary Purchase Price Allocation for the acquisition of SAET Group

On 20 July 2021 Falck Renewables SpA acquired 60% of the shares of SAET SpA, a Padua based company that's a leader in the design and construction of high voltage electrical systems and energy storage plants. SAET, in turn, owns 80% of Elettromeccanica Euganea Srl.
The agreed price, which amounted to approximately € 5.7 million, was financed entirely using in-house resources. The transaction also entailed the signature of a shareholders' agreement at closing, and the possibility of acquiring the remaining 40% of SAET within four years.

Throughout its 65 years of activity, SAET has built more than 70 high voltage substations in Italy and abroad, and was among the pioneers in the construction of storage plants, for which it can boast about 100 MWh of installed capacity. With this transaction, SAET will be able to continue operating independently, and will grow more rapidly, while the Falck Renewables Group will gain access to SAET's historic expertise, even for the benefit of its customers, including producers and consumers in both the industrial and tertiary sectors. This transaction bolsters the Group's position on the market, allowing it to reassert itself as an operator that's ready to tackle the energy context of the future, which will be characterised by a massive presence of non-programmable renewable plants.
The specific effects on the current values of SAET Group's identifiable assets and liabilities are still being determined and identified. There may be changes in the determination of the amount of the purchase price currently allocated, and the amount initially attributed to the goodwill value, after the completion of these activities, which will take place within 12 months from the date of execution, as required by IFRS 3.

SAET group was consolidated on a balance sheet and financial basis with effects on the consolidated income statement starting from 1 August 2021 (approximating the transfer of control to that date). The cost of the acquisition amounted to € 10,133 thousand, which, net of the cash and cash equivalents acquired and the registration of the PUT option on the remaining shares, was paid entirely in cash.

Consolidated equity at the date of acquisition was € 1,958 thousand. The difference of € 8,175 thousand between the net assets acquired and the price paid has been temporarily allocated to goodwill. The amounts contributed to the consolidated financial statements of the group acquired:

(EUR/000)	2021
Property, plant and equipment	1,583
Intangible assets	103
Temporary PPA (goodwill)	8,175
Net contractual assets and liabilities	790
Trade receivables/(payables)	3,610
Other assets/(liabilities)	(2,183)
Financial receivables/(payables)	(5,065)
Non controlling interests	1
Price	**7,014**

Cash flow analysis of the acquisition:

Total acquisition cost	**10,133**
Cash and cash equivalents acquired	3,119
Price	**7,014**
Payable for acquisitions at 31.12.2021	4,413
Net financial outlay for acquisitions	**2,601**

The group's revenues and results at 31 December 2021, starting from the date of its consolidation within Falck Renewables Group, are as follows:

(EUR/000)	2021
Revenues	13,282
Profit/(loss) from the period	170

6.6.3 Principles of consolidation

The companies included within the scope of consolidation applying the line-by-line method are those controlled by the parent company, also through indirect holdings.
Associated companies and those entities on which the parent company exercises joint control together with other third parties are consolidated using the equity method.
The financial statements of the companies included within the scope of consolidation have been adjusted, where necessary, to bring them into line with Group accounting policies that conform to IAS/IFRS.
The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the parent company gains control and up to the date on which this control ceases.
The assets and liabilities, income and expenses of consolidated entities are fully recognised on a line-by-line basis in the consolidated financial statements (line-by-line integration method); the carrying amount of investments in each of the controlled entities is eliminated against the corresponding portion of equity of each of the investee entities, including any fair value adjustments to the value of assets and liabilities made at the date control is acquired. The portions of equity and profit or loss attributable to non-controlling interests are shown separately under the appropriate headings in the equity, income statement and statement of comprehensive income.
Changes in investments held (directly or indirectly) by the Company in controlled entities that do not result in a change in the classification of the investment as a controlled entity are recognised as equity transactions. The carrying amount of equity attributable to owners of the parent and non-controlling interests is adjusted to reflect the change in ownership interest. The difference between the carrying amount of non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity attributable to the owners of the parent.
In contrast, the disposal of shares resulting in the loss of control results in recognition in profit or loss: (i) any gain or loss calculated as the difference between the consideration received and the corresponding portion of equity transferred; (ii) the effect of adjusting any residual investment retained to its fair value; (iii) any amounts recognised in other comprehensive income relating to the former controlled entity that are required to be reversed through profit or loss. The fair value at the date of loss of control of the retained interest, if any,

represents the new carrying amount of the investment and, therefore, the reference value for the subsequent measurement of the investment in accordance with the applicable measurement criteria. Dividends received by the parent company or other consolidated companies from investments included within the scope of consolidation are reversed in the consolidated income statement.
The assets and liabilities in the financial statements of subsidiaries denominated in foreign currencies are translated to EUR applying the year-end exchange rate.
The income statements of the financial statements of subsidiaries denominated in foreign currencies are translated to EUR using the average exchange rate for the year. Maintaining the same level of revenues and margins, fluctuations in foreign exchange rates may impact the value of revenues, costs and profit/(loss) restated in EUR.
The differences arising from the translation of opening balances at year-end rates are recorded in the translation reserve together with the difference arising on translation of the income statement and balance sheet values of profit/(loss) for the year.
The following exchange rates were used to translate the financial statements:

	Average value 2021	**31.12.2021**	**Average value 2020**	**31.12.2020**
British Pounds (GBP)	0.8596	0.84028	0.8897	0.8990
US Dollars (USD)	1.1827	1.1326	1.1422	1.2271
Polish Zloty (PLN)	4.5652	4.5969	4.4430	4.5597
Mexican Pesos (MXN)	23.9852	23.1438	24.5194	24.416
New Bulgarian Lev (BGN)	1.9558	1.9558	1.9558	1.9558
Japanese Yen (JPY)	129.8767	130.3800	121.8458	126.49
Chilean Peso (CLP)	898.3900	964.3500	903.1400	872.52
United Arab Emirates Dirham (AED)			4.1947	4.5065
Norwegian Krone (NOK)	10.1633	9.9888		
Swedish Krona (SEK)	10.1465	10.2503		
Australian Dollar (AUD)	1.5749	1.5615	1.6549	1.5896

Investments in associates and interests in joint ventures

An associate is an investee in which the investor has significant influence, i.e., the power to participate in determining the financial and operating policies of the investee, without having control or joint control over the investee. The investor is presumed to have significant influence (unless the contrary can be proven) if it owns, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights. A joint venture is a jointly controlled arrangement in which the parties with joint control have rights to the net assets of the arrangement and, therefore, an interest in the jointly controlled corporate vehicle. Investments in associates and joint ventures are accounted for using the equity method, as described under 'Investments accounted for using the equity method'.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 - 'Business Combinations'. Based on this standard, the cost of a business combination is determined at the date control is assumed and is equal to the fair value of the assets transferred, the liabilities incurred or assumed, and any equity instruments issued by the acquirer. The payment of a business combination also includes an estimate of the acquisition-date fair value of any contingent consideration. After initial recognition, the subsequent change in the fair value of the contingent consideration classified as an asset or liability, as a financial instrument that is within the scope of IFRS 9, is recognised in profit or loss or in other comprehensive income. If the additional consideration is not within the scope of IFRS 9, it is accounted for in accordance with the relevant IFRS. If the contingent consideration is classified as an equity instrument, the original amount is not remeasured and its subsequent settlement is accounted for within equity. Acquisition costs are expensed during the year.

At the date of acquisition of control, the identifiable acquired assets and assumed liabilities of investee companies is determined by attributing their fair value to individual assets and liabilities. Any residual difference with respect to the payment, if positive, is recorded under the asset item “Goodwill”. If the fair value of the net assets acquired exceeds the consideration transferred, the Group ensures that the identification of all of the assets acquired and liabilities assumed is complete and reviews the procedures used to determine the amounts recognised at the date of acquisition. If the remeasurement still results in a fair value of the net assets acquired that exceeds the consideration, the difference (gain) is recognised in profit or loss if not previously attributable to a reduction in assets; if negative, it is recognised in profit or loss.

In the case of non-total control, the portion of equity of non-controlling interests is determined on the basis of the share of the fair values attributed to assets and liabilities at the date of assumption of control, excluding any goodwill attributable to them (the so-called “partial goodwill method”). Alternatively, the entire amount of goodwill generated by the acquisition is recognised, including the portion attributable to non-controlling interests (the “full goodwill method”); in the latter case, non-controlling interests are stated at their full fair value, including goodwill attributable to them. The Group decides separately for each business combination how to determine goodwill (Partial goodwill method or Full goodwill method).

If control is assumed in subsequent stages, the payment is determined by adding the fair value on the date of acquisition of control, of the previously held equity interest in the acquiree and the amount paid for the additional equity interest. The difference between the fair value of the previously held equity investment restated at the time of acquisition of control and the related carrying amount is recognised in profit or loss. On taking control, any components previously recognised in other comprehensive income are recognised in profit or loss or in another equity item, if no reversal to profit or loss is envisaged. When the values of the acquired assets and liabilities are determined provisionally in the period in which the business combination is completed, the recognised values are adjusted retrospectively, no later than twelve months after the acquisition date, to reflect new information about facts and circumstances that existed at the acquisition date.

Asset acquisition

According to IFRS 3, if acquired assets and liabilities do not identify with a business, they must be reported as an asset acquisition. In this case the acquired assets and liabilities are recognised at acquisition cost, including transaction costs, which presumably identify with the market value on the transaction date. Unlike what is described in the paragraph on business combinations, in the case of an asset acquisition, no remaining difference is reported compared to the consideration paid, therefore no goodwill or badwill is reported. As stated in IAS 12, paragraph 15, since it is not a business combination, in the case of asset acquisition no deferred taxation is reported, unless the same acquisition can be referred to investments in subsidiaries, branches and associates and joint ventures, when the following conditions are met:

a) the Group is able to control the cancellation of the temporary differences; and

b) it is probable that in the foreseeable future, the temporary differences will not be cancelled.

Treatment of put options on shares of subsidiaries

Under the requirements of IAS 32, paragraph 23, a contract that contains an obligation for an entity to acquire shares for cash or other financial assets gives rise to a financial liability for the present value of the option exercise price. Therefore, if the entity does not have the unconditional right to avoid delivery of cash or other financial instruments when a put option on the shares of subsidiaries is exercised, the liability shall be recognised; all subsequent changes are recognised in profit or loss. The same accounting treatment is applicable when, in addition to a put option, there is also a call option: symmetrical put and call options related to non-controlling interest. The Group considers shares subject to put options (i.e., cross put and call options) as already acquired, if the economic benefits and risks associated with the actual ownership of the shares do not remain with the minority shareholders; therefore, in such circumstances, the Group does not recognise the minority interests in the consolidated financial statements.

Intra-group transactions eliminated in the consolidation process

Profits arising from transactions between consolidated enterprises and not yet realised vis-à-vis third parties are eliminated, as are receivables, payables, income and expenses, guarantees, commitments and risks between consolidated enterprises. Unrealised gains with companies accounted for using the equity method are eliminated to the extent of the group's share. In both cases, intragroup losses are not eliminated because they are deemed to represent an actual decrease in the value of the transferred asset.

6.6.4 Accounting policies

The accounting policies used for the preparation of the consolidated reports are in line with those applied for the consolidated financial statements at 31 December 2020, with the exception of the policies applicable from 1 January 2021. The joint ventures were consolidated using the equity method.

The Group has not early adopted any other standards, interpretations or improvements issued but not yet effective.

New standards and amendments that entered into force for the first time on 1 January 2021, as envisaged by the EU at the time of approval

With reference to the accounting standards, interpretations or improvements in force as of 1 January 2021, compared to those applicable to 2020, the following amendments did not have significant effects on the Group's consolidated financial statements:

- Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9;
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2.

New standards and amendments that entered into force for the first time on 1 April 2021, as envisaged by the EU at the time of approval

Amendment to IFRS 16 Leases: Covid-19-Rent Concessions after 30 June 2021.

New standards issued and endorsed by the EU, but effective from 1 January 2022

Amendment of the following standards: IFRS 3 Business Combinations; IAS 16 Property Plant and equipment, IAS 37 Provisions Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020. The company is examining the possible impacts.

New standards and amendments issued and endorsed by the EU. The standards and amendments will become effective as of 1 January 2023

Below are the new standards, interpretations or improvements issued and endorsed by the EU:

- Amendment to IFRS 17 Insurance Contracts;

New standards and amendments issued and not yet endorsed by the EU. The standards and amendments will become effective as of 1 January 2023

Below are the new standards, interpretations or improvements issued and endorsed by the EU:

- Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

- Amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

The principal accounting policies and valuation methods adopted in the preparation of these consolidated financial statements are set out below:

Intangible assets

An intangible asset is recorded only when it is identifiable, controllable, is expected to generate economic benefits in future periods, and the cost may be reliably measured.
Intangible assets are recorded at cost including directly attributable expenses and are amortised systematically over their estimated useful economic life.
Intangible assets with a finite useful life are classified at cost net of accumulated amortisation and any impairment losses. The amortisation is parametrised to the period of their estimated useful life and starts when the asset is available for use.
Intangible assets with an indefinite useful life and those not available for use are tested for impairment, at least annually when the financial statements are closed.
Costs relating to the acquisition of CIP 6/92 or other concession rights are amortised over the related benefit period.
Goodwill arises from business combinations and represents the excess of the cost of the combination over the group's interest in the net fair value of the assets, liabilities and contingent liabilities identifiable by the acquired entity. Goodwill is subjected to an impairment test, at least on an annual basis, in order to identify permanent reductions in value.
In order to perform the impairment test correctly, goodwill has been allocated to each of the cash generating units (CGUs) that benefit from the acquisition.
Where goodwill is allocated to a cash generating unit and part of the operations of the CGU is disposed, the goodwill associated with the disposed business is included in the carrying amount in order to determine the gain or loss on sale. The goodwill associated with the disposed business is determined on the basis of the relative values of the disposed business and the remaining portion of the CGU.

Research and development costs
Research costs are charged to the income statement in the year in which they are incurred. Development costs incurred in relation to a given project are recognised as intangible assets when the Group is able to show:

- the technical possibility of completing the intangible asset, so that it is available for use or sale;
- the intention to complete the activity and its ability and intention to use or sell it;
- how the asset will generate future economic benefits;
- the availability of resources to complete the activity;
- the ability to reliably assess the cost attributable to the asset during development.

After initial recognition, development activities are valued at cost less accumulated depreciation or impairment losses. Depreciation of the asset begins when development is completed and the asset is available for use. Development activities are amortised over the period of expected benefits. During the development period, the asset is tested for impairment annually.

Property, plant and equipment

Property, plant and equipment is recorded at acquisition or production cost including directly attributable costs.
Property, plant and equipment is valued at cost, net of depreciation and impairment losses, with the exception of land, which is not depreciated and is valued at cost less impairment losses.
In the event that significant components of an item of property, plant and equipment have different useful lives, each component is attributed a separate useful life for depreciation purposes (component approach). The depreciation rates applied represent the estimated useful life of the assets.

The rates applied to the various asset categories are as follows:

	(%)
Industrial buildings	4 - 10
Plants and machinery	2.5 - 10
Equipment	7 - 15
Other assets	6 - 20
Assets operated under concession	5 - 10

These rates are applied based on months of actual use with regard to assets that come into use during the year.
Development costs are capitalised and allocated to the assets to which they relate only when all of the following conditions can be demonstrated:

- the technical feasibility of completing the intangible asset so that it is available for use or sale;
- the intention to complete the asset and to use or sell it;
- the ability to use or sell the asset itself;
- how the asset will generate future economic benefits;
- the ability to reliably measure the cost attributable to the intangible asset during its completion;
- availability of technical, financial and other resources necessary to complete the development and for the use or sale of the intangible asset in question.

Prior to this time, they are charged to the period in which they are incurred.
Ordinary maintenance costs are charged to expenses in the year in which they are incurred.
Maintenance costs that increase the future economic benefits derived from the assets are capitalised on the related asset and depreciated over the residual useful life.
Financial expenses for the construction of a plant or its acquisition are capitalised up until the moment in which the asset is ready for use in the production process.
Depreciation is applied from the date on which temporary approval (or equivalent status) is awarded to the plant or areas of it that are capable of operating at full regime as defined by management. From this date, financial costs and expenses attributable to the approved plant or areas within it are no longer capitalised and are charged to the income statement.

Leasing

A contract is, or contains, a lease if it gives an entity the right to control the use of an identified asset for a specified period of time in exchange for consideration. By applying this model, the lessee must record: (i) an asset, representing the related right of use, and a liability, representing the obligation to make payments under the lease, in its statement of financial position for all leases with a term of more than twelve months whose value cannot be regarded as immaterial; (ii) the depreciation of the recognised asset and separately interest on the recognised liability in the income statement. The term of the lease is taken to include, in addition to the non-cancellable period of the contract, where there is reasonable certainty, the additional periods offered by the contractual extension options, or by the failure to exercise early termination options. The lease liability is recognised initially at an amount equal to the present value of the following lease payments not yet made at the commencement date: (i) fixed (or substantially fixed) payments, net of any incentive payments to be received; (ii) variable payments that depend on changes in rates or indices; (iii) estimated payment by the lessee as security for the residual value; (iv) payment of the exercise price of the purchase option, if the lessee is reasonably certain to exercise it; and (v) payment of contractual penalties for termination of the lease, if the lessee is reasonably certain to exercise the option. The current value of the payments is calculated using a discount rate equal to the Group's incremental financing rate taking into account the periodicity and duration of the payments under the lease agreement. After initial recognition, the lease liability is measured at amortised cost and is remeasured, with an offsetting entry to the carrying amount of the related right-of-use asset, when there is a change in lease payments due as a result of: (i) contractual renegotiations; (ii) changes in rates or indices; or (iii) changes in the valuations made in respect of the exercise of contractual options (e.g., purchase of the leased asset, extension or termination of the contract). The right-of-use asset is initially recognised at cost, measured as the sum of the following components: (i) the initial amount of the lease liability; (ii) the initial direct costs incurred by the lessee; (iii) any payments made on or before the commencement date, net of any incentives received by the lessor; and (iv) the lessee's best estimate of the costs of dismantling and removing the underlying asset and, if necessary, restoring the site (i.e., the costs of bringing the asset back to the condition specified in the contract). Subsequent to initial recognition, the right-of-use asset is adjusted for (i) depreciation, (ii) impairment losses, if any, and (iii) the effects of any restatement of the lease liability.

The Group applies the practical exemption allowed for short-term and low-value leases, recognising payments related to these types of leases in the income statement as operating expenses over the lease term.

Impairment losses on non-financial fixed assets

When there are situations potentially generating impairment losses (and in any case at least once a year for goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use), tangible and intangible assets are tested for impairment by estimating the recoverable amount of the asset and comparing it with the related net carrying amount. The recoverable value of an asset or CGU is the greater of value in use and fair value less cost of disposal.
If the recoverable value is lower than the book value, the latter is consequently reduced. This reduction constitutes an impairment loss (allocated in priority to goodwill up to its amount), which is recognised in the income statement. Impairment losses on goodwill are not reversed.
When there is an indication that an impairment loss recognised in a previous accounting period is no longer required, the carrying value is restated to the new estimated recoverable value which may not exceed the carrying value that would have been recognised had the original impairment not occurred. The value reversal is also recorded in the income statement.
The Group defines CGUs as the smallest, reasonably identifiable group of operations that generates cash flows substantially independently from the cash flows generated by other units or groups of units.
For more information on the procedures the Group follows to perform the impairment test see the “Impairment test” paragraph below.

Investments and securities

Investments in other companies and other investments

Financial assets representing non-controlling interests, because not held for trading purposes, are measured at fair value on an alternating basis: (i) in profit or loss (fair value through profit or loss or FVTPL) or (ii) in the equity reserve that recognises other comprehensive income, with no reversal to profit or loss upon realisation (fair value through profit or loss or FVTOCI). This classification can only be made on a security-by-security basis at initial recognition and is irrevocable. Dividends from these investments are recognised in the income statement under “Income (expenses) from equity investments”. Measurement at cost of a non-controlling interest is permitted in the limited circumstances where cost is an appropriate estimate of fair value.

Investments in associates/joint ventures

Holdings in associates/joint ventures are consolidated applying the equity method in accordance with IFRS 11. In application of the equity method, investments are initially recognised at cost and subsequently adjusted for impairment: (i) the investor's share of the investee's profit or loss realised after the acquisition date; (ii) the investor's share of other comprehensive income of the investee. Dividends distributed by the investee are recognised as a reduction in the carrying amount of the investment. For the application of the equity method, the adjustments required for the consolidation process are taken into account (see also 'Principles and techniques of consolidation'). In the case of assuming an associate (or joint control) in stages, the cost of the investment is measured as the aggregate of the fair values of the interests previously held and the fair value of the consideration transferred at the date the investment becomes an associate (or jointly controlled). The effect of the revaluation of the carrying amount of investments held prior to assumption of the connection (or joint control) is recognised in profit or loss, including any components recognised in other comprehensive income. The disposal of an investment that results in the loss of joint control or significant influence over the investee is recognised in profit or loss: (i) any gain or loss calculated as the difference between the consideration received and the corresponding fraction of the carrying amount transferred; (ii) the effect of the fair value adjustment of any residual investment retained; (iii) any amounts recognised in other comprehensive income relating to the investee that are expected to be recycled through profit or loss. The value of any investment retained, aligned with its fair value at the date of loss of joint control or significant influence, represents the new carrying amount and therefore the reference value for subsequent measurement in accordance with the applicable accounting policies. If there is objective evidence of impairment, the recoverability of the carrying amount is tested by comparing the carrying amount with the related recoverable amount and recognising the difference in profit or loss under "Income (expenses) from equity investments". When the reasons for the write-downs no longer apply, the investments are revalued to the extent of the write-downs made and the effect is recognised in the income statement under "Income (expenses) from equity investments". The investor's share of any losses of the investee in excess of the carrying amount of the investment is recognised in a separate provision to the extent that the investor is committed to meet the legal or constructive obligations of the investee, or otherwise to cover its losses.

Financial instruments

Financial assets - debt instruments

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets, which represent debt instruments, are classified into the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI); (iii) financial assets measured at fair value through profit or loss. Initial recognition is at fair value; for trade receivables without a significant financial component, the initial recognition value is the transaction price. Subsequent to initial recognition, financial assets that generate contractual cash flows representing solely payments of principal and interest are measured at amortised cost if they are held for the purpose of collecting the contractual cash flows (the hold-to-collect business model). Under the amortised cost method, the initial registration value is subsequently adjusted to take account of capital repayments, any write-downs and the amortisation of the difference between the repayment value and the initial registration value. Amortisation is performed on the basis of the effective internal interest rate, which is the rate that makes the present value of expected cash flows and the initial recognition value equal at the time of initial recognition. Receivables and other financial assets valued at amortised cost are presented in the balance sheet net of the related provision for doubtful accounts. Financial assets representing debt instruments whose business model provides for both the possibility of collecting the contractual cash flows and the possibility of realising gains on disposal (the so-called hold to collect and sell business model) are measured at fair value with the effects recognised in OCI (also "FVTOCI"). In this case, changes in the fair value of the instrument are recognised in equity, within other comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve that includes other comprehensive income, is reversed to profit or loss when the instrument is derecognised. Interest income calculated using the effective interest rate, exchange differences and write-downs are recognised in the income statement. A financial asset representing a debt instrument that is not measured at amortised cost or FVTOCI is measured at fair value through profit or loss (hereafter FVTPL); this category includes financial assets held for trading purposes. When the purchase or sale of financial assets is made under a contract that provides for settlement of the transaction and delivery of the asset within a specified number of days, as determined by market regulators or market conventions (e.g., purchase of securities on regulated markets), the transaction is recognised on the settlement date. Financial assets sold are derecognised when the contractual rights to receive the cash flows associated with the financial instrument expire or are transferred to a third-party.

Impairment of financial assets

The recoverability of financial assets representing debt instruments not measured at fair value through profit or loss is assessed using the expected credit loss model. In particular, expected losses are determined on the basis of the product of: (i) exposue at default; (ii) the probability that the counterparty will not fulfil its payment obligation (probability of default); (iii) an estimate, in percentage terms, of the amount of the receivable that will not be recovered in the event of default (loss given default), based on past experience and possible recovery actions (e.g., out-of-court actions, legal disputes, etc.). For commercial customers, the assessment of expected losses is generally based on a provision matrix, which is constructed by grouping receivables into appropriate clusters, where appropriate, to which impairment percentages are applied based on past loss experience, adjusted as necessary to reflect forward-looking information regarding the credit risk of the counterparty or counterparty cluster. Given the characteristics of the regulated markets, credit exposures past due by more than 90 days or, in any case, credit exposures that are in litigation or in the process of being restructured/re-negotiated are considered to be in default. Disputed exposures are defined as exposures for which credit recovery actions have been taken, or are in the process of being taken, through legal/judicial proceedings. Write-downs of trade and other receivables are recognised in the income statement, net of any write-backs, under the heading "Net reversals (write-downs) of trade and other receivables". The recoverability of long-term loans granted to associates and joint ventures, the repayment of which is not planned or not probable in the foreseeable future, and which in substance represent an additional investment in them, is assessed, firstly, on the basis of the expected credit loss model and, secondly, together with the investment in the associate/joint venture, by applying the equity method.

Financial liabilities

Financial liabilities, other than derivative instruments, including financial payables, trade payables, other payables and other liabilities are initially recognised at fair value less any related transaction costs; they are subsequently recognised at amortised cost using the effective interest rate for discounting purposes, as explained in "Financial assets" above. Financial liabilities are derecognised when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset in the balance sheet when there is a currently exercisable legal right of set-off and there is an intention to settle the relationship on a net basis (i.e., to realise the asset and settle the liability simultaneously).

Derivative financial instruments and hedge accounting

Derivative financial instruments, including embedded derivatives, are assets and liabilities recognised at fair value in accordance with the criteria set out in "Fair value measurements" below. In the context of the defined risk management strategy and objectives, the qualification of transactions as hedging requires: (i) verifying that there is an economic relationship between the hedged item and the hedging instrument sufficient to offset changes in value and that this offsetting capacity is not affected by the level of counterparty credit risk; (ii) establishing a hedge ratio consistent with the risk management objectives, within the defined risk management strategy, taking appropriate rebalancing actions where necessary. Changes in risk management objectives, the failure to meet the above conditions for qualifying as a hedge or the initiation of rebalancing transactions result in the discontinuation of all or part of the hedge. In order to qualify a transaction as a fair value hedge or cash flow hedge, formal documentation is prepared when the hedge is initiated that explains the risk management strategies and objectives and identifies the hedging instrument, the hedged item, the nature of the hedged risk and how it will be assessed to determine whether the hedging relationship meets the hedge effectiveness requirements. When hedging derivatives cover the risk of changes in the fair value of the hedged instruments (fair value hedge; e.g., hedging the variability of the fair value of fixed-rate assets/liabilities), the derivatives are recognised at fair value and the effects are recognised in profit or loss. When derivatives hedge the risk of changes in the cash flows of the hedged instruments (cash flow hedge; e.g., hedging the variability of cash flows of assets/liabilities due to fluctuations in interest rates or exchange rates), changes in the fair value of derivatives deemed effective are initially recognised in the equity reserve relating to other comprehensive income and subsequently recognised in profit or loss in line with the economic effects produced by the hedged transaction. In the case of hedges of future transactions that result in the recognition of a non-financial asset or non-financial liability, the cumulative changes in the fair value of the hedging derivatives, recognised in equity, are recognised as an adjustment to the carrying amount of the hedged non-financial asset or non-financial liability (basis adjustment). The ineffective portion of the hedge is recognised in the income statement under "(Expenses)/Income from derivative instruments". Changes in the fair value of derivatives that do not qualify for hedge accounting, including any ineffective component of hedging derivatives, are recognised in profit or loss. In particular, changes in the fair value of non-hedging interest rate and currency derivatives are recognised in the income statement in the item 'Derivative (Expense)/Income'. Embedded derivatives in financial assets are not subject to accounting separation; in such cases, the entire hybrid instrument is classified according to the general classification criteria for financial assets. Embedded derivatives in financial liabilities and/or non-financial assets are separated from the host contract and recognised separately if the embedded instrument: (i) meets the definition of a derivative; (ii) as a whole is not measured at fair value through profit or loss (FVTPL); (iii) the characteristics and risks of the derivative are not closely related to those of the host contract. The existence of embedded derivatives to be unbundled and measured separately is verified at the time the enterprise enters into the contract and, subsequently, when there are changes in the terms of the contract that result in significant changes in the cash flows generated by the contract.

Long-term energy sales contracts (PPA)

The measurement of long-term energy sales contracts, so-called corporate Power Purchase Agreements (PPA) varies depending on the nature, physical or financial, of the underlying transaction.
Generally, contracts that involve the physical delivery of energy follow the rules in IFRS 15 and qualified as executory contracts, if the requirements in IFRS 9 are also met for application of the own use exemption, while financial contracts, also called virtual, follow the rules in IFRS 9 for financial instruments and classified as derivatives, measured at fair value.
The requirements contained in IFRS 16 are also taken into consideration for both types in order to exclude the presence of a lease beforehand. A detailed analysis of the contract clauses is also carried out in order to identify the possible presence of embedded derivatives to unbundle from the main contract and measure separately at fair value.

For contracts classified as derivatives and for embedded derivatives, the Group applies hedge accounting if the requirements are met.

Financial contracts signed by the Group are mainly of two types: the first (contracts for differences) entails identification of a fixed price and settlement with the counterparty by differentials, positive or negative, as long as the spot price of a certain market index (e.g., PUN), at the contractual dates, is higher or lower than the fixed price. The second option entails the concessions in favour of the Group of a sales option at a certain strike price (Floor), to exercise if the market price on the contractual dates is lower than the strike, against payment of a premium to the counterparty.

Fair value measurement

Fair value is the price that can be received for the transfer of an asset or that can be paid for the transfer of a liability in a regular transaction between market participants at the measurement date (i.e., exit price). The fair value of an asset or liability is measured using the valuations that market participants would use in pricing the asset or liability. The fair value measurement also assumes that the asset or liability is traded in the primary market or, in the absence of a primary market, in the most advantageous market to which the company has access. The fair value of a non-financial asset is measured by considering the ability of market participants to generate economic benefits by using that asset to its highest and best use, or by selling it to another market participant capable of using it to its fullest extent. The maximum and best use of the asset is established from the perspective of market participants even if the enterprise intends to make a different use of the asset; the enterprise's current use of a non-financial asset is assumed to be its highest and best use, unless the market or other factors suggest that a different use by market participants would maximise its value. The measurement of the fair value of a financial or non-financial liability or equity instrument takes into account the quoted price for the transfer of an identical or similar liability or equity instrument; if no quoted price is available, the valuation of the corresponding asset held by a market participant at the measurement date is used. The fair value of financial instruments is measured taking into account the credit risk of the counterparty to a financial asset (Credit Valuation Adjustment - CVA) and the risk of default by the entity on a financial liability (Debit Valuation Adjustment - DVA). In determining fair value, a hierarchy of criteria is defined based on the origin, type and quality of information used in the calculation. This classification aims to establish the reliability of fair value, giving priority to the use of observable market parameters that reflect the assumptions that market participants would use in valuing the asset/liability. The fair value hierarchy has the following levels:

- Level 1: inputs represented by quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2: inputs, other than quoted prices included in Level 1, that are observable, directly or indirectly, for the assets or liabilities being measured;
- Level 3: unobservable inputs for the asset or liability. In the absence of available market quotations, fair value is measured using valuation techniques, appropriate to the individual case, that maximise the use of relevant observable inputs while minimising the use of unobservable inputs.

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines if any transfer between hierarchy levels has taken place by reviewing the categorisation (based on the lowest level of input that is significant to the entire fair value measurement) at each balance sheet date.

Inventories

Finished goods are stated at the lower of purchase cost and net realisable value.
Purchase cost is determined using the weighted average cost method.
Obsolete and slow moving inventory is valued based on possible future use or realisation.
With regard to contract work in progress that spans more than one accounting period, valuation is based on income matured to date with reasonable certainty, determined by comparing actual costs to date with the total estimated costs to completion.

Net contractual assets and liabilities

Contractual assets and liabilities to measure long-term orders are reported based on the contractual payments, defined with reasonable certainty with the customers, in relation to the progress of the works.
Considering the nature of the contracts and type of work, the progress is determined by using a method based on input based on the percentage that emerges from the ratio between costs incurred compared to costs estimated by the contract (cost-to-cost method).
To transpose the economic effects resulting from application of this method, compared to payments recognised in core business revenues, “net contractual assets” include the positive differences between the payments matured in relation to the progress of works and reported revenues, while negative differences are reported in “net contractual liabilities”.
The classification between contractual assets and liabilities, as established by IFRS 15, is based on the ratio between the performed service, measured according to the cost-to-cost method and customer payment for contractual advance payments and advances received on certified work, if the resulting value is positive, the net value of the order is reported in “net contractual assets”, vice versa, it is reported in the item “net contractual liabilities”.
In measuring contractual assets all the costs directly attributable to the order are considered as well as the contractual risks and revision clauses which have a high probability of recognition.
Customer requests to change the subject matter of the original work (variants) are considered in the total amount of payments when there is a high probability of recognition by the customer, likewise other claims resulting, for

example from higher costs incurred attributable to the customer, the total amount of the payments is only considered when the is a high probability of recognition vis-a-vis the counterparty.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand and short-term deposits, the latter maturing in less than twelve months at the outset. Cash and cash equivalents are recorded at nominal value, or in the case of balances denominated in foreign currency, at the year-end spot rate which represents the fair value.

Non-current assets held for sale and discontinued operations

Non-current assets and current and non-current assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale rather than through continuing use. This condition is met when the sale is highly probable and the asset or disposal group is available for immediate sale in its current condition. If there is a plan to sell a subsidiary that results in the loss of control, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether a non-controlling interest is retained after the sale. Verification of compliance with the conditions for classifying an item as held for sale requires management to make subjective assessments by making reasonable and realistic assumptions based on available information. Non-current assets held for sale, current and non-current assets of disposal groups and directly associated liabilities are recognised in the statement of financial position separately from other assets and liabilities of the enterprise. Immediately prior to classification as held for sale, assets and liabilities within a disposal group are measured in accordance with the applicable accounting policies. Subsequently, non-current assets held for sale are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell (see 'Fair value measurements' above). The classification as held for sale of investments accounted for using the equity method implies the suspension of the application of this valuation criterion; therefore, in this case, the book value is equal to the value resulting from the application of the equity method at the date of reclassification. Any negative difference between the carrying amount of non-current assets and the fair value less costs to sell is recognised as an impairment loss in the income statement; any subsequent reversals are recognised up to the amount of the previously recognised impairment losses, including those recognised before the asset is classified as held for sale. Non-current and current assets (and any associated liabilities) of disposal groups classified as held for sale constitute a discontinued operation if they either: (i) represent a significant stand-alone business or a significant geographical area of operation; (ii) are part of a plan to dispose of a significant stand-alone business or a significant geographical area of operation; or (iii) relate to a subsidiary acquired exclusively for the purpose of selling it. The results of discontinued operations, as well as any gain/loss realised on disposal, are reported separately in the income statement in a separate line item, net of the related tax effects, also for the periods being compared. When events occur that make it no longer possible to classify non-current assets or disposal groups as held for sale, they are reclassified to the respective balance sheet items and recognised at the lower of: (i) the carrying amount at the date of classification as held for sale; and (ii) the recoverable amount at the date of reclassification.

Provisions for risks and charges

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount may be made.
No provision is made for risks in relation to which the recognition of a liability is only possible. In this case the risk is disclosed in the relevant note on contingencies and commitments and no provision is made.
Provisions may be analysed as follows:

Ongoing litigation provision
This provision includes the charge for future costs relating to ongoing legal proceedings.

Investments provision
Provision is made to recognise potential impairment losses in the carrying value of non-consolidated subsidiaries.

Environmental provision
This provision comprises future obligations in relation to the decommissioning of power plants at the end of their useful life, with a corresponding increase in the book value of the asset to which the obligation relates, which are calculated based on independent expert valuations. The portion of the total classified in property, plant and equipment that exceeds the amount expected to be realised on sale of the recovered materials is subject to depreciation.
This provision also includes amounts provided to meet future commitments in relation to the redevelopment of landfills in accordance with the obligations undertaken on receipt of authorisations from the relevant authorities. These provisions are based on estimates prepared by specialist enterprises and are charged to the income statement.

Other risks provision
This provision includes all other future liabilities not included above, which are reasonably quantifiable but for which the date of occurrence is uncertain.

Staff leaving indemnity (TFR)
Post-employment defined benefits and other long-term personnel benefits are subject to actuarial valuation. The liability recognised in the balance sheet is the present value of the Group's obligations. Actuarial gains and losses are recognised in equity.
Valuation of the liability is performed by independent actuaries.
Pursuant to Finance Act 296 of 27 December 2006, only the liability relating to the staff leaving indemnity (TFR) held within the company has been valued for the purpose of IAS 19 as future provisions are paid to a separate entity. Consequently, in respect of future payments the Company is not subject to the reporting requirements relating to the future benefits payable during employment.

Government grants
Government grants are recognised when there is reasonable assurance that an entity will comply with any conditions attached and that the grant will be or has been received. Where grants are awarded to cover expenditure, they are classified as income and recognised in the period in which the related costs are incurred. Where grants are received towards the cost of an asset, both the asset and the grant are recorded at nominal value and systematically charged to the income statement over the useful life of the corresponding asset.
Where the Group receives a non-monetary grant, the asset and the grant are recorded at nominal value and systematically charged to the income statement over the useful life of the corresponding asset. Where loans or subsidies awarded by government authorities or similar institutions bear interest rates below current market rates, the benefit arising from this difference is recognised as an additional government grant.

Tax payables
The provision for income taxes is based on the estimated taxable income for the period for each individual company, taking into consideration tax credits and losses brought forward and utilised in the period.

Net equity
Ordinary shares are classified within share capital at nominal value.
Incremental costs directly attributable to capital transactions by the parent company are recorded as a deduction in equity.

Own shares
Own shares repurchased are measured at cost and deducted from equity. The purchase, sale or cancellation of own shares do not give rise to gains or losses in the income statement. Where shares are reissued, the difference between the purchase price and the amount paid is included in equity in the share premium reserve.

Stock grant plan
On 7 May 2020 the shareholders of Falck Renewables SpA approved the 2020-2022 incentive plan, which is governed by equity instruments. The plan involves awarding a maximum of 1,800,000 ordinary shares in Falck Renewables Spa, representing a maximum of approximately 0.6177% of the share capital, free of charge to the CEO and certain executives and key employees within the Company and its subsidiaries.
The cost of equity-settled transactions is determined by the fair value at the date the assignment is made using an appropriate valuation method, as explained in detail in the notes to this financial report in question, and is not subject to any subsequent updates.
The fair value of the services received by the owners of the stock grant plan in exchange for the shares received was calculated indirectly with reference to the fair value of the shares. This cost was recorded throughout the vesting period under personnel costs, or service costs if the beneficiary was not an employee, balanced by a specific reserve in equity. The accumulated costs were recorded according to the best estimate of the number of shares that will effectively reach maturity. The cost recorded under the results for the period represents the variation in the accumulated cost recorded at the beginning and end of the period.
No costs were recorded for rights that did not reach maturity due to failure to achieve performance or service targets.

Foreign currency translation
The functional currency of the Group is the EUR, representing the currency in which the consolidated financial statements are prepared and presented.
Foreign currency transactions are recorded at the exchange rate existing at the date of the transaction. Receivables and payables are translated at the closing rate at the balance sheet date. Exchange gains or losses arising on translation are recognised in the income statement in the period in which they arise.
Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.
Non-monetary items measured at fair value are translated using the exchange rate at the date when the fair value was determined.

Revenues
The Group develops, designs, constructs and manages power plants producing energy from wind, solar, biomass and waste to energy sources. Through the Vector Cuatro Group, the Falck Renewables Group is also present in the value chain providing solar and wind asset management services in operation. Through Energy Team SpA, acquired at the end of 2018, the Group operates in the field of consumption monitoring and flexibility management services in the electricity markets. Furthermore, through Falck Next Energy Srl it operates in the management and sale of energy.
In accordance with IFRS 15, the Group has identified the following main types of revenue:

i) Sale of electricity
The Group sells the energy produced by its plants. The relative earnings are recorded when the energy is input to the network, based on the measurements available, and assigned a value based on the tariffs set out in the current Power & Purchase Agreement.

ii) Revenues from incentives on production from renewable sources

The Group receives incentives for the production of energy from renewable sources, issued by the competent authorities in each state where we operate. The relative revenues are recorded on an accrual basis, according to the production during the period, and assigned a value based on the tariffs (so-called Feed-in Tariffs).

iii) Revenues from waste treatment

The companies operating in the WtE sector earn revenues on handling the waste during the period, based on the contractual conditions agreed with clients. Our current contracts do not contain any clauses for variable fees, trade discounts or discounts on volume.

iv) Revenue from provision of services

The Group provides asset management, engineering and transaction, and energy efficiency services. The contracts generally have monthly or periodic billing for the services, which are then recorded on an accrual basis. In the case of variable fees (e.g., success fees), if the revenues cannot be reliably measured, the Group holds off recognition until the uncertainty is resolved. Under IFRS 15, any variable fee must be estimated on the date of signing the contract and subsequently updated.

v) Interest

Finance income is accounted for applying the accruals concept.

vi) Dividends

Dividends are recognised when the right to receipt of the dividend is established, which normally corresponds to the approval of distribution in the shareholders 'Meeting.

Other income

These relate to the sale of projects at values unrelated to the Group's core business and, in accordance with IAS 1 currently in force, are classified as ordinary items and are subject to disclosure in the notes to the financial statements if material in amount.

Costs

Costs are recognised net of returns, discounts, bonuses and premiums, as well as direct taxes relating to the purchase of goods and services.

Tax

Income tax is calculated and provided for based on estimated taxable income for the year and applying existing tax legislation.

Deferred taxes are calculated applying the liability method on all temporary differences between the tax bases of assets and liabilities and the financial reporting values at the balance sheet date.

Deferred tax assets are recognised only where it is probable that the temporary differences will reverse in the immediate future and to the extent that there will be sufficient taxable income against which these temporary differences may be utilised. The balance of Deferred tax assets is reviewed at each balance sheet date and a valuation allowance is provided in the event that it is no longer probable that sufficient future taxable profits will be available to offset all or part of the tax credit. Unrecognised Deferred tax assets are reviewed at each balance sheet date and are recognised where it is probable that they may be recovered against future taxable profits.

Income taxes on items recognised directly in equity are also recognised in equity and not through the income statement.

Deferred tax assets and liabilities are measured at the enacted tax rates that will be in effect in the periods in which the assets are realised or the liability is settled and are classified in non-current assets and liabilities, respectively.

Value added tax (VAT)

Revenue, costs and assets are recorded net of VAT except where:

- VAT on the purchase of goods or services is not deductible in which case it is included in the purchase cost of the asset or as part of the cost charged to the income statement;
- It relates to trade receivables and payables disclosed gross of VAT.

The net balance of VAT recoverable that may be claimed from or is due to customs and excise is classified in either trade receivables or payables.

Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year, net of own shares held.

Use of accounting estimates

When preparing the consolidated financial statements and the notes to the financial statements, estimates and assumptions had to be used both to measure certain assets and liabilities and to measure contingent liabilities. The results obtained after the occurrence of events may therefore differ from these estimates. The estimates and assumptions used are reviewed on an ongoing basis and the effects of any changes are recognised immediately in the financial statements.

The use of estimates is particularly relevant for the following areas:

- the assessment that property, plant and equipment and intangible fixed assets, including goodwill, are recorded in the financial statements at a value that does not exceed their recoverable amount (the so-called Impairment tests). The estimate of recoverable amount depends on management's assessments of expected cash flows quantified in light of information available at the time of the estimate on the basis of subjective judgements on the trend of future variables, such as prices, costs, demand growth rates, production profiles, and are discounted using a rate that takes into account the risk inherent in the asset concerned;
- funds for dismantling and rehabilitation of industrial sites (decommissioning). The estimation of future liabilities related to decommissioning and industrial site restoration obligations is a complex process based on Management's technical and financial assumptions supported, where necessary, by independent expert reports. These liabilities reflect the estimated costs of decommissioning, removal and remediation that the Group, at the end of the production and operating activities of a production site, will incur to restore the environmental conditions of the site in accordance with local regulations and specific contractual agreements;
- Business combinations. The recognition of business combinations involves allocating to the assets and liabilities of the acquired company the difference between the acquisition cost and the net book value. For most assets and liabilities, the allocation of the difference is made by recognising the assets and liabilities at their fair value. The unallocated portion, if positive, is recognised in goodwill; if negative, it is recognised in profit or loss;
- Provisions for risks and charges for legal and tax disputes. Estimating these provisions is a complex process involving subjective judgements by Management;
- Fair value Measuring the fair value of financial and non-financial instruments is a complex process involving the use of sophisticated valuation methods and techniques that require the collection of updated information from reference markets and/or the use of internal input data. Although based on the best information available and the adoption of appropriate valuation methods and techniques, the determination of fair value, like other estimates, is intrinsically characterised by elements of uncertainty and the exercise of professional judgement and could lead to forecasts of values that differ from those that will actually be realised.

6.6.5 Financial risk management: objectives and criteria

The Group’s financial instruments, other than derivatives, comprise bank payables, demand and short-term bank deposits. Similar instruments are employed in financing the Group’s operating activities. The Group has performed derivative transactions, mainly interest rate swaps. The scope is to sterilise the interest rate risk for Group operations and its financing sources.

The Group’s debt financing exposes it to a variety of financial risks that include foreign exchange risk, interest rate, liquidity and credit risk.

Foreign exchange risk

The foreign exchange risk deriving from fluctuations in exchange rates between the date a foreign currency transaction takes place and the settlement date (receipt/payment) is defined transaction risk. This risk directly impacts the result for the period and is determined for the accounting currency of each Group company.

The Group foreign exchange risk management policy involves monitoring the foreign exchange balance to identify exposure and stipulate *plain vanilla* currency forward sale or purchase transactions.

Interest rate risk
The Group's exposure to market risk in respect of interest rate fluctuations principally relates to the long-term obligations entered into by the Group using a mix of fixed and variable interest rates. In order to manage this mix effectively, the Group purchases interest rate swaps under which it agrees to exchange, at specific levels, the difference between fixed interest rates and variable rates calculated on a pre-determined notional capital amount. The swaps are designated to hedge the underlying obligations.

Credit risk
The Group only trades with reliable and reputable customers.
Credit risk relates to the other financial assets of the Group that include cash and cash equivalents, available-for-sale financial assets and a number of derivative instruments, and present a maximum risk equal to the carrying amount of these assets. Consolidation of the Vector Cuatro Group, Energy Team and the Saet group has not substantially modified the credit risk profile.

Liquidity risk
The objective of the Group is to achieve a balance between maintaining available funds and ensuring flexibility through the use of loans and bank overdrafts. The Group entered into a loan agreement for € 325,000 thousand on 12 June 2015 that matures on 31 December 2023 with the purpose of funding the parent company's liquidity requirements and to provide capital to, and finance, its subsidiaries. At 31 December 2021, the Group had made use of this loan for € 135 million.
The loan is subject to, inter alia, financial covenants based on the ratio of net financial position/EBITDA and net financial position/total equity calculated using the amounts disclosed in the consolidated financial statements: these parameters were met as at 31 December 2021, based on these financial statements.
It should be noted that on 08 February 2022, the lending banks of the Corporate Loan authorised (earlier compared to the transfer of the majority of Falck Renewables SpA by Falck SpA to Green Bidco SpA indirectly controlled by IIF, which took place on 24 February 2022) the change of control from Falck SpA to the new majority shareholder. On the same date the banks also authorised the change in the definition of the Net financial position and Equity which will no longer include effective as of 31 December 2021, the negative and positive mark to market (and the relative equity reserve) of electricity hedging derivative transactions. Thus the financial ratios at 31 December 2021 are calculated according to this modified definition.

Cash and cash equivalents not restricted under project financing amounted to € 196,350 thousand at 31 December 2021 and are deposited with banks, short-term, following assessment of the related counterparty risk.

The cash and cash equivalents of Group companies financed under project financing principally comprise the current account balances that are restricted by the obligations established under the project financing contracts. For the wind power sector, this liquidity totalled € 89,663 thousand, while that relating to WtE, biomass and solar projects amounted to € 15,987 thousand. The Group considers the level of credit risk associated with these deposits to be acceptable.

On 16 September 2020 Falck Renewables SpA successfully placed its offer of a senior unsecured equity-linked green bond for € 200 million, maturing on 23 September 2025.
With this transaction, Falck Renewables SpA has confirmed its commitment to sustainability as part of its financing strategy, contributing to the growth of the Green Finance market.
The net proceeds of the equity linked green bond, under the Green Financing Framework, will be used to finance and/or refinance, in whole or in part, new or existing renewable energy assets with a significant environmental impact (Eligible Green Assets) in accordance with the Green Bond Principles published by the International Capital Markets Association (ICMA) in 2018 and the Green Loan Principles published by the Loan Market Association (LMA) in May 2020.
Due to the change of control, the conversion price was adjusted from € 7.22 to € 5.7735. Moreover, on 25 February 2022, Green Bidco SpA (company indirectly controlled by IIF and buyer of 60% of the Falck Renewables SpA shares from Falck Spa) announced that it intends to promote a voluntary takeover bid in cash on Green Convertible Bond, at economic conditions equivalent to those of the Bid, reserved solely for investors qualified in accordance with art. 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971

of 14 May 1999. It is reasonable to expect that at the end of this process the Green Convertible Bond will be converted into no. 34,641,032 shares of Falck Renewables Spa, increasing the group's equity and reducing net financial debt.

Commodity risk

As of 2021, the Group independently managed almost all of the energy produced in Italy and approximately one third of the energy produced in the UK and in subsequent years the volume managed will increase both through the management of third-party plants and by internalising the management of the part of the Group's portfolio currently dispatched by third-party operators.
The Group's results are exposed to:
(i) volume risk resulting from the non-programmability of the production of plants powered by wind or solar energy whose production depends on the availability of natural resources;
(ii) risk of commodity price volatility;
(iii) operational risk, deriving from the level of adequacy of the set of technical and organisational measures implemented by the Group to carry out activities related to the dispatching of electricity on the market;
(iv) counterparty risk arising from the inability of the off-taker to meet its obligations during the contractual period.

In order to mitigate these risks, a specific structure has been set up within the Energy Management function which, on the basis of specific Risk Policies approved at Group level, carries out hedging activities (strategies for fixing the prices of the physical volumes underlying the portfolio), trading (strategies aimed at achieving margins by exploiting price volatility) and market analysis using statistical models.
At the beginning of 2019, with a view to continuously improving processes and with the objective of ensuring constant monitoring of its internal control system, a specific structure was also set up within the Risk Management function, which is responsible for monitoring and reporting the Group Portfolio's exposure to risks and coordinating the development of risk policies and the monitoring and reporting tools used (ETRM).
The purpose of the risk policies is to define the risk profile deemed to be acceptable by the Group within the context of its Hedging and Trading activities, providing for the adoption of specific risk limits in terms of VaR and Stop Loss risk capital, performance indicators, and escalation processes for the use of the derivative financial instruments commonly used on the market, in order to maintain the exposure itself within the approved limits.

In order to optimise the execution process of hedging and trading activities, during 2019 Falck Next Energy Srl completed the onboarding process on the European Energy Exchange (EEX) market platform and increased and extended credit lines with various financial operators in order to have better real-time access to derivative contracts in the electricity markets, reducing execution risks and containing the fees associated with individual transactions. In the first half of 2020, the Group began operating on the continental gas (TTF and others) and Henry hub (United States gas) markets, respectively on the ICE and CME Nymex Exchanges, while in the second half of 2020 Falck Next Energy Srl enabled itself on the Joint Allocation Office (JAO) platform, in order to operate on the options market utilising the underlying differential in the prices of the Continental European power exchanges.

(i) Volume risk

Exposure to volume risk can lead during the year to situations of over/under hedging with respect to the expected production during the budgeting phase, while at a daily level it can lead to differences between the binding programme of the Day-Ahead Market (MGP), then corrected on the different sessions of the Intraday Market (MI), and the actual energy fed into the grid, with a potential impact in terms of higher imbalance costs. Short-term volume risk management strategies involve daily optimisation of production programs on the day-ahead and intraday markets using hourly /half-hourly weather forecasting tools (wind, sun, temperature) to limit the differences between the feed-in programs and actual production levels. Other volume risk mitigation measures include prevention and protection strategies for plant downtime, planned or otherwise, in addition to a hedging policy with a coverage threshold in order to limit over-hedging.

(ii) Price risk

To manage price risk, the Energy Management department uses financial swaps to set spot prices on the electricity markets, within the limits of the Energy Risk Policy and the PPA (Power Purchase Agreement) contracts with the third parties appointed to withdraw the energy. These contracts allow for the prices to be fixed based on the production volumes.
In January 2021, the Group adopted a new Hedging Policy that provides for a hedging scheme for managing the price risk exposure of its European assets, the purpose of which is to hedge a percentage of each asset's expected production volumes equal to approximately 70%, in order to minimise the variability of the Group's financial results caused by the volatility of electricity prices. The volume to be hedged for each asset is determined on a monthly basis, in order to take the seasonality of the expected production into account, and to minimise the risk of over/under-hedging. This percentage is also measured based on the situation and volatility of markets according to a flexible approach.
Falck Next Energy Srl was tasked with implementing this hedging scheme, and reference benchmarks were established for each country and for the various temporal granularities of the financial products used to perform the hedging (Year, Quarter, Month), with the aim of evaluating their performance and identifying the extra value generated by implementing this hedging scheme.

(iii) Operating risk related to Energy Management activity

In order to manage and identify adequate measures to minimise operating risk in relation to the Group's activities selling energy, the Energy Management department, supported by Operations and IT, performs regular assessments of corporate procedures, information flows (to and from plants), the IT infrastructure used for dispatching and the quality of the data used in this activity. These activities ensure that dispatching and plant operations take place in line with corporate procedures, and with sufficient levels of reliability and traceability. In order to cover the operational risk in dispatching activities, a 24-hour, 7-day-a-week shift has been implemented.
Lastly, at the start of 2019, with a view to continuously improving processes and market operations, the Trading and Risk Management system was implemented to manage monitoring and reporting activities. In addition, in the first half of 2020, automatic order execution technicalities were identified for markets whose exchanges are operational 24 hours a day, allowing us to manage the operational risk during unmanned market hours.
During the course of 2020, a Business Continuity project was launched in order to strengthen market management procedures and prevent any errors/problems that might arise from business interruptions due to various causes. In 2021, the same project was extended with a focus on the dispatching process in the UK.

Furthermore, from the beginning of 2019 Falck Next Energy Srl became Balance Service Provider (BSP) and participated in the auctions held by Terna for the procurement of dispatching resources for the owners of Mixed Enabled Virtual Units (UVAM). This activity involves sending and loading flexibility profiles of aggregated customers within UVAM and operational management on the MSD market to respond to Terna's requests.

(iv) Counterparty risk

For new projects that do not benefit from a guaranteed remuneration system (FiT, CfD) and/or incentives, the Group negotiates fixed-price Renewable Power Purchase Agreements (Renewables PPAs) with a duration of generally more than five years in order to mitigate price risk, stabilise project cash flows and also to facilitate access to financing systems for these projects through project financing. The counterparties in these contracts (off-takers) are generally companies that consume the energy produced by the plant or other entities (traders/utility) that resell the energy withdrawn from the plant to third parties.
In the case of the Renewable PPA, the counterparty risk for the Group is the risk that the off-taker is unable to meet its obligations during the contractual period (e.g., withdrawal of the quantities of energy subject to contract, late payments and financial difficulties, etc.).
Counterparty risk management is therefore also one of the main elements of attention in order to achieve bankability of a project.

Throughout Falck Renewables Group, counterparty risk management includes assessing the current soundness of the off-taker in providing guarantees and an outlook on the risks that could arise in the long term with respect to the contract. It is very important to draw up a contractual structure that can provide a long-term mitigation of the operational risks arising from the management of this type of operation.
In some cases, in order to cover the counterparty risk and make the project easier to finance, the group requires the off taker to issue bank guarantees or parent company guarantees covering a percentage of the notional value of the contract for its entire duration.

6.6.6 Capital risk management

The key objectives of the Group regarding capital management are creating value for its shareholders and ensuring the going concern of the business.
The Group has also set a goal of maintaining the best possible capital structure in order to reduce the cost of debt and fulfil the financial covenants imposed by the loan agreement.

As of 31 December 2021, all the Group companies that had signed "non-recourse" project financing loans showed financial parameters above the minimum default levels.

Lastly, no changes were made to the objectives, policies and procedures for capital management.

6.6.7 Sector information

Set out below are details of the results of operations and financial position by business segment in accordance with IAS/IFRS disclosure requirements.
The segments identified represent the organisation and production structure adopted by Falck Renewables Group.
The operating segments and performance indicators were based on the reporting model used by the Group's board of directors for the purpose of strategic decision making.

(€ thousands)

	WTE, biomass, solar		**Wind**		**Services**		**Energy Management**		**Other Businesses**		**Elimination**		**Consolidated**	
Operations	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	81,635	64,884	309,746	246,702	68,915	42,901	262,996	81,356	1,864	81	(156,739)	(51,565)	568,417	384,359
Direct costs	(57,512)	(43,895)	(128,340)	(113,575)	(41,503)	(18,791)	(260,637)	(79,154)	(5,505)		115,497	43,939	(378,000)	(211,476)
Personnel Cost	(7,321)	(6,313)	(4,570)	(3,238)	(29,203)	(22,293)	(133)	(5)	(18,887)	(14,304)	582	30	(59,532)	(46,123)
Other income	6,612	12,535	14,156	3,650	7,772	910	138	54	8,489	10,974	(15,157)	(10,650)	22,010	17,473
Administrative expenses	(4,855)	(4,300)	(11,642)	(16,591)	(5,518)	(3,562)	(4,616)	(908)	(41,025)	(21,771)	11,446	14,148	(56,210)	(32,984)
Net margin from trading activities			(80)				(302)	31	122		(6,107)		(6,367)	31
Allocation of cost for extraordinary bonus	(846)		(535)		(2,104)		(18)		(25,810)				(29,313)	
Operating profit/(loss)	**17,713**	**22,911**	**178,735**	**116,948**	**(1,641)**	**(835)**	**(2,572)**	**1,374**	**(80,752)**	**(25,020)**	**(50,478)**	**(4,098)**	**61,005**	**111,280**
Financial income/(expenses)	(5,351)	(4,668)	(28,967)	(33,181)	(372)	(558)	(1,860)	(400)	(4,881)	8,148	280	(2,538)	(41,151)	(33,197)
Investment income/(expenses)	961	336	129	11		1			41,145	49,469	(42,184)	(49,807)	51	10
Share of profit/(loss) of investments accounted for using the equity method	3,631	2,415	1,924						(4,563)	(4,921)			992	(2,506)
Profit/(loss) before tax	**16,954**	**20,994**	**151,821**	**83,778**	**(2,013)**	**(1,392)**	**(4,432)**	**974**	**(49,051)**	**27,676**	**(92,382)**	**(56,443)**	**20,897**	**75,587**
Tax	(2,497)	(2,605)	(43,138)	(18,575)	121	77	556	(249)	16,240	5,080	12,211	510	(16,507)	(15,762)
Profit/(loss) for the period	**14,457**	**18,389**	**108,683**	**65,203**	**(1,892)**	**(1,315)**	**(3,876)**	**725**	**(32,811)**	**32,756**	**(80,171)**	**(55,933)**	**4,390**	**59,825**
Profit/(loss) attributable to non-controlling interests	2,539	1,384	20,223	12,836	(1)						(4)	(1)	22,757	14,219
Profit/(loss) attributable to owners of the parent	**11,918**	**17,005**	**88,460**	**52,367**	**(1,891)**	**(1,315)**	**(3,876)**	**725**	**(32,811)**	**32,756**	**(80,167)**	**(55,932)**	**(18,367)**	**45,606**

(€ thousands)

	WTE, biomass, solar		**Wind**		**Services**		**Energy Management**		**Other Businesses**		**Elimination**		**Consolidated**	
Financial position	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Intangible fixed assets	901	240	110,238	99,487	52,326	44,992			34,644	21,516	(614)	(784)	197,495	165,451
Property, plant and equipment	384,822	273,143	1,069,794	1,052,543	8,005	6,609			8,957	5,579	(4,887)	(4,881)	1,466,691	1,332,993
Net financial position	189,661	129,640	493,223	431,503	1,976	3,487	201,507	(5,939)	183,782	227,714	(81,384)	(80,876)	988,765	705,529
Investments in the period	66,944	15,798	45,980	60,852	12,237	10,204			18,668	17,328	(372)	(4,203)	143,457	99,979

6.6.8 Significant events after the balance sheet date

See the directors' report for a description of the main significant events after the balance sheet date (paragraph 5.2.12 "Significant events after the balance sheet date")

6.6.9 Risks associated with the "Coronavirus (Covid-19)" emergency

Please refer to the report on operations for a description of the main impacts of the Covid-19 emergency on the Group's activities. These impacts have not so far had any significant impact on the income statement, nor have they generated uncertainties such as to reflect negatively on the going concern assumption.
As far as the recoverability of receivables is concerned, there are no particular risks, as the counterparties are either institutional or primary companies both on the commercial customers side and when considering financial counterparties. The analysis carried out in accordance with IFRS 9 did not indicate the need to write down the carrying amount of receivables.

Lastly, on 31 December 2020 the Group decided to perform an impairment test on assets considering the pandemic as a cross-cutting impairment indicator. However, this impairment test showed no need to make write-downs to the carrying amounts of property, plant and equipment and intangible assets.

6.6.10 Change of Control

As extensively described in the Management Report, during 2021, the Board of Directors of Falck Renewables SpA resolved to start a process to search for a strategic partner able to support medium-long term growth projects of the Company. Falck Renewables SpA was assisted by its external advisors in the search process. In this context described above, the opportunity of adopting an extraordinary incentive model was first studied by the Remuneration Committee. It is aimed at the best alignment between the interests of management to the objective to create value for all Company shareholders if an extraordinary transaction is finalised with the aforesaid strategic partner allowing at the same time (i) shareholders to obtain the possibility of divesting their holding at favourable conditions, and (ii) Falck Renewables SpA to benefit from the support of a new reference shareholder that shares the objectives of creating value in a sustainable manner in the long-term and contribute to obtaining reaching them. On 19 October 2021, Falck SpA and Infrastructure Investments Fund Int'l Acquisitions Ltd. (the "Partner") institutional investor for which J.P. Morgan Investment Management is advisor, signed a share purchase agreement for the acquisition, by the partner, of 60% of Falck Renewables Spa's share capital owned by Falck SpA (the "SPA"). Therefore, the Remunerations Committee appointed for this purpose by the Board of Directors determined the amount of the potential bonus resulting from the Extraordinary Incentive Plan, which in light of the enterprise value attributed by the Partner (which led the Partner to offer a price per share equal to € 8.81) corresponding to a maximum extraordinary premium that would mature for the beneficiaries equal to 38,058,456[6] when there is evidence of the launch of the takeover bid, or when the new controlling shareholder publishes the bid document approved by Consob in accordance with art. 102, paragraph 4, of the TUF.
The Falck Renewables SpA Shareholders' Meeting.

on 14 December 2021 in the context of the possible completion of the extraordinary transaction described at length in the Directors Report, approved the allocation, at certain conditions, of an extraordinary bonus to managers and employees of Falck Renewables SpA and Group companies.

The transaction described above, considered highly probable by Falck Renewables SpA management, entailed the acceleration of the Long-Term Incentive Plan 2020 - 2022, discussed in the Directors' Report, implied reaching all of the predefined objectives.

On 24 February 2022, Falck Renewables SpA was informed that Infrastructure Investments Fund an investment vehicle for which J.P. Morgan Investment Management is advisor, completed the acquisition of the entire investment held by Falck SpA in the Company, equal to 60% of share capital of the Company in compliance with the terms and conditions of the sales contract signed between Falck and IIF on 19 October 2021.

The effects of the change control of Falck Renewables Spa, of an exceptional or special nature, reported as accrued in 2021, are summarised below to ensure clarity and comparability with the figures in reading the financial statements:

[6] This amount does not include social security and welfare contributions if applicable, due by the Company or its subsidiaries the Extraordinary Incentive Plan and gross of social security and welfare contributions borne by the withholding beneficiaries by the Company or its subsidiaries.

(€ thousands)

Description	**Balance Sheet Item**	**Notes**	**Income Statement or Balance Sheet Item**	**Notes**	**Amount at 31 December 2021**
Costs for services related to the extraordinary transaction to search for a strategic partner	Provisions for risks and charges	13	Administrative expenses	24	8,760
Other consultation connected with the transaction	Current trade payables	16	Administrative expenses	24	1,225 (of 450 paid)
Extraordinary bonus	IAS 19 liabilities for extraordinary bonus	19	Allocation for extraordinary bonus	26	29,313
Foreign exchange diff	IAS 19 liabilities for extraordinary bonus	19	Reserves	12	41
Acceleration Long Term Incentive Plan – Employee Share	Reserves	12	Personnel Cost	21	1,367
Acceleration Long Term Incentive Plan – Employee Cash	Other liabilities	17	Personnel Cost	21	455
Acceleration Long Term Incentive Plan – CEO Share	Reserves	12	Administrative expenses	24	1,780
Acceleration Long Term Incentive Plan – CEO Cash	Other liabilities	17	Administrative expenses	24	184
Total costs connected with change of control of an exceptional or special nature					**43,125**

6.6.11 Financial statement contents and changes

Assets

A Non-current assets

1 Intangible assets

Movements in the period were as follows:

(€ thousands)

		At 31.12.2020	Acquisitions	Foreign exchange diff	Reclassifications	Change in scope of consolid.	Disposals	Other movements	(impairment) Revaluat.	Amortisations	At 31.12.2021
1.1	Industrial patent rights and intellectual property rights	3,229	135		2,105			4		(635)	4,838
1.2	Concessions, licences, trademarks and similar rights	7,480	63		11,318	611		(6)		(496)	18,970
1.3	Goodwill	93,636	8,175	3,406							105,217
1.4	Other intangibles	28,082	796	11	2,938	97		(2)		(3,706)	28,216
1.5	Rights of use	272	156					(11)		(197)	220
1.6	Assets under construction and advance payments	32,752	19,525	35	(16,361)	3,921	(2)	168	(4)		40,034
Total		**165,451**	**28,850**	**3,452**		**4,629**	**(2)**	**153**	**(4)**	**(5,034)**	**197,495**

Goodwill principally consists of the differences arising on first time consolidation between the book value of the investments and the corresponding share of net equity of the consolidated companies that is attributable to the Group.

Since 1 January 2005, goodwill has not been amortised but is subjected to an annual impairment test.

The goodwill resulting from business combinations has been allocated to separate cash generating units (CGUs) in order to identify any reduction in value. The cash generating units identified are:

(€ thousands)

CGU name	Allocated goodwill
UK - Wind - Market	62,338
Italy - Wind - Market	19,961
Energy Team	9,119
Vector Renewables Group	5,624
Saet Group	8,175
Total	**105,217**

The Group decided to review the cash generating units ("CGUs") in 2021, changing from a configuration for single plant to one for managed asset portfolios, where, in keeping with business logic and unitary management adopted by management the generation plants are grouped by country-technology-market.
An impairment test at 31 December 2021 was performed on the CGUs allocated with goodwill in compliance with IAS 36, which did not show any need for write-downs.

For more information on the procedures to perform the impairment test and its results at 31 December 2021 see the "Impairment test" paragraph below.

The financial expenses charged during the year to intangible assets amounted to € 53 thousand.

Investments in intangible assets total € 28,850 thousand and mainly refer to expenses for operating software and licenses for € 7,480 thousand (of which € 1,566 thousand from software development by Nuo Srl), development costs for € 9,441 thousand, goodwill from the temporary purchase price allocation generated by the acquisition of the SAET SpA group for € 8,175 thousand, acquisition of the concessions of two ready to build plants in Finland, reported as asset acquisitions, with a total installed capacity of 55 MW for € 3,598 thousand and rights of use for € 156 thousand.

The change in the consolidation area totalling € 4,629 thousand regards the acquisition of Desafio Solar Sl, subject to a definitive purchase price allocation and SAET SpA group subject to temporary purchase price allocation, according to IFRS 3 and the purchase of two ready to build wind farms in Finland. For further details, please refer to the Notes to the Consolidated Financial Statements in paragraph 6.6.2 Consolidation scope.

Asset values include rights of use, for which please refer to paragraph 31 “Disclosures in accordance with IFRS 16”.

2 Property, plant and equipment

Movements in the period were as follows:

	At 31.12.2020	Acquisitions	Change in scope of consolid.	Reclassification	Foreign exchange diff	Disposals	Other movements	(Devaluation) Revaluation	Amortisations	At 31.12.2021
Gross values										
2.1 Land	7,589	20			22					7,631
2.2 Industrial buildings	1,854			16	11		653			2,534
2.3 Plants and machinery	1,773,786	828	46,224	151,494	62,420	(563)	5,481	(6,634)		2,033,036
2.4 Industrial and office equipment	2,123	196	672	519		(10)				3,500
2.5 Other assets	7,327	180	1,465	788	45	(10)	3			9,798
2.6 Assets operated under concession	95,705			92				1,092		96,889
2.7 Rights of use	96,910	5,718	10,673		4,350		3,549	(1,810)		119,390
2.8 Assets under construction and advances	102,525	107,665		(152,909)	965		(255)			57,991
Total gross value	**2,087,819**	**114,607**	**59,034**		**67,813**	**(583)**	**9,431**	**(7,352)**		**2,330,769**
Accumulated depreciation										
2.1 Land										
2.2 Industrial buildings	(1,210)				(2)		(294)		(70)	(1,576)
2.3 Plants and machinery	(653,900)		(464)	40	(20,436)	457	5		(73,250)	(747,548)
2.4 Industrial and office equipment	(1,773)		(651)			1	1		(130)	(2,552)
2.5 Other assets	(4,348)		(1,246)	(40)	(34)	7	(9)		(997)	(6,667)
2.6 Assets operated under concession	(82,317)								(5,128)	(87,445)
2.7 Rights of use	(11,278)				(540)		762	416	(7,650)	(18,290)
Total depreciation	**(754,826)**		**(2,361)**		**(21,012)**	**465**	**465**	**416**	**(87,225)**	**(864,078)**
Net book amounts										
2.1 Land	7,589	20			22					7,631
2.2 Industrial buildings	644			16	9		359		(70)	958
2.3 Plants and machinery	1,119,886	828	45,760	151,534	41,984	(106)	5,486	(6,634)	(73,250)	1,285,488
2.4 Industrial and office equipment	350	196	21	519		(9)	1		(130)	948
2.5 Other assets	2,979	180	219	748	11	(3)	(6)		(997)	3,131
2.6 Assets operated under concession	13,388			92				1,092	(5,128)	9,444
2.7 Rights of use	85,632	5,718	10,673		3,810		4,311	(1,394)	(7,650)	101,100
2.8 Assets under construction and advances	102,525	107,665		(152,909)	965		(255)			57,991
Total property, plant and equipment	**1,332,993**	**114,607**	**56,673**		**46,801**	**(118)**	**9,896**	**(6,936)**	**(87,225)**	**1,466,691**

Investments in property, plant and equipment amounted to € 114,607 thousand, mainly relating to the construction of the wind farms of Brattmyrliden in Sweden (€ 13,147 thousand), Falck Renewables Vind in Norway (€ 17,451 thousand), and Parc Eolien d'Illois in France (€ 8,942 thousand), the construction of the Westmoreland County Solar Project's solar farms (€ 19,330 thousand) and the 5 solar plants in the state of New

York, in the United States (€ 42,871 thousand) and Landolina in Italy (€ 2,884 thousand) and of Falck Next in Italy (€ 107 thousand), the construction of a Falck Next storage plant (€ 396 thousand), the maintenance of the plants of Ecosesto SpA (€ 843 thousand), Solar Mesagne Srl (€ 163 thousand), Actelios Solar SpA (€ 106 thousand), Geopower Sardegna Srl (€ 116 thousand) and Cambrian Wind Energy Ltd (€ 489 thousand), the capitalisation of usage rights (€ 5,718 thousand), and the purchase of hardware, office furniture and equipment (€ 1,355 thousand).

The change in the consolidation area totalling € 56,673 thousand regards the acquisition of Desafio Solar Sl, subject to a definitive purchase price allocation and SAET SpA group subject to temporary purchase price allocation, according to IFRS 3 and the purchase of two ready to build wind farms in Finland.

For further details, please refer to the Notes to the Consolidated Financial Statements in paragraph 6.6.2 Consolidation scope.

Property, plant and equipment at 31 December 2021 did not include amounts relating to revaluations carried out in accordance with local monetary revaluation legislation or arising from economic revaluations.

Borrowing costs contributed during the year to property, plant and equipment amounted to € 84 thousand.

In terms of the impairment test, see the description in the next paragraph "Impairment test".

Asset values include rights of use, for which please refer to paragraph 31 "Disclosures in accordance with IFRS 16".

With regard to the ownership of the property, plants and machinery pledged as guarantees on financial liabilities, please refer to the section titled "Disclosures relating to the power plants".

Impairment tests

During 2021 the Group decided it was opportune to proceed with a revision of the cash generating units ("CGU"), changing from a configuration for single plant to one for portfolio of managed assets. Consistent with the business logic, the CGUs were identified using the following drivers:

- **Country:** the plants were divided by country;
- **Technology**: the plants were next divided based on technology (Wind, Solar, Wte and Biomass);
- **Counterparty risk and price structure** - an analysis was then performed of the clientele in order to group the plants based on the degree of risk associated with each customer. Due to the fact that the Group uses high quality standards, defined with specific internal procedures, it was possible to associate all customers with the same degree of risk. Thus the plants are grouped based on the same price structure applied to electricity concession contracts.

  For the individual countries where the Group works the energy market is basically integrated thanks to a common regulatory framework, interconnection guaranteed by the physical transmission/transport grid in the entire national territory and instantaneous transmission of energy fed into the grid. Consequently, the energy produced by the Group's plants, once fed into the grid, constitutes the coverage of the overall requirements of the Group's customers. The risks underlying plant management are broken down based on applicable regulations, generation technology and reference market. For all of the above, the management of Group plants (with programming always at maximum capacity) and the management of price risk is performed in a unitary manner for country-technology-market, since the plant park is managed by a single management. For unitary management of the plants, the Group's management uses unified reporting by country/technology. This set up is considered compliant with the definition of CGU contained in IAS 36. Due to the effect of unitary management, organisation and reporting profiles described above, a substantial interdependence is determined of the cash flows generated by the assets included in portfolios identified based on the drivers listed above, sufficient for justifying their identification as CGUs, according to IAS 36.

The table below lists the CGUs identified by applying the set up described above with separate indication of allocated goodwill and previous write-downs that can be revalued prior to performing an impairment test.

CGU name (Country-Technology-Market)	**Company (Plants/Activities)**	**Allocated goodwill (€ thousands)**	**Remaining amount of previous impairment evaluable (€ thousands)**
UK - Wind - Market	Assel Valley Wind Energy Ltd (Assel Valley wind farm) Auchrobert Wind Energy Ltd (Auchrobert wind farm) Ben Aketil Wind Energy Ltd (Ben Aketil wind farm) Boyndie Wind Energy Ltd (Boyndie wind farm) Cambrian Wind Energy Ltd (Cambrian wind farm) Earlsburn Wind Energy Ltd (Earlsburn wind farm) Kilbraur Wind Energy Ltd (Kilbraur wind farm) Kingsburn Wind Energy Ltd (Kingsburn wind farm) Millennium Wind Energy Ltd (Millennium wind farm) Nutberry Wind Energy Ltd (Nutberry wind farm) Spaldington Airfield Wind Energy Ltd (Spaldington wind farm) West Browncastle Wind Energy Ltd (West Browncastle wind farm)	62,338	
France - Wind - FIT/CFD	Ferme Eolienne de Noyales (Ferme Eolienne de Noyales wind farm) Parc Eolien du Bois Ballay (Bois Ballay wind farm) Parc Eolien de Mazeray e de Bignay (Mazeray and Bignay wind farm) Parc Eolien des Coudrays (Coudrays wind farm) Esquennois Energie SAS (Oise wind farm) Parc Eolien du Fouy SAS (Maine et Loire wind farm) Parc Eolien des Cretes SAS (Maine et Loire wind farm) Parc Eolien d'Illois Sarl (Parc Eolien d'Illois wind farm)		
France - Wind - FIT/CFD- Ty Ru	Ty Ru SAS (Plouigneau wind farm)		363
France - Wind - Market	Eol Team Sas (Eol Team wind farm)		
Spain - Wind - Market	Eolica Cabezo San Roque Sau (Cabezo wind farm) Energia Eolica de Castilla SL (wind farm at Carrecastro)		
Spain - Solar - Market	Desafio Solar SL (solar plant at Escatron)		
Italy - Solar - Market	Actelios Solar SpA (Sicily solar plants) Ecosesto SpA (Rende solar plant) Falck Renewables Sicilia Srl (Landolina Scicli solar plant)		
Italy – Solar – Market – Solar Mesagne	Solar Mesagne Srl (Mesagne solar plants)		309
Italy - Wind - Market	Eolica Sud Srl (San Sostene wind farm) Eolo 3W Minervino Murge Srl (Minervino Murge wind farm) Geopower Sardegna Srl (Buddusò-Alà dei Sardi wind farm)	19,961	
Italy - Wind – Market – Eolica Petralia	Eolica Petralia Srl (Petralia Sottana wind farm)		
Italy - Wte - Market	Prima Srl (Trezzo sull'Adda WtE plant)		
Italy - Biomass - Market	Ecosesto SpA (Rende hybrid plant)		6,872
Sweden - Wind - Market	Åliden Vind AB (wind farm at Örnsköldsvik) Brattmyrliden Vind AB (wind farm at Örnsköldsvik)		
Norway - Wind - Market	Falck Renewables Vind AS (Hennøy and Okla wind farm)		

CGU name (Country-Technology-Market)	Company (Plants/Activities)	Allocated goodwill (€ thousands)	Remaining amount of previous impairment evaluable (€ thousands)
Energy Team	Energy Team SpA (Servizi – implementation of efficient energy measurement systems)	9,119	
USA - Wind - Market	Building Energy Wind Iowa, LLC (solar plant in Iowa)		
USA - North Carolina solar market	Innovative Solar 42 LLC (Fayetteville solar plant, North Carolina)		
USA - Massachusetts solar market	HG Solar Development LLC (Middleton solar plant, Massachusetts) Fisher Road Solar I LLC (Dartmouth solar plant, Massachusetts) Syncarpha Massachusetts LLC (Leominster solar plant, Massachusetts) Syncarpha Palmer LLC (Palmer, Massachusetts solar plant)		
USA - Wind - New York market	Calypso Solar 1 LLC (Snyder Road solar plant) Odyssey Solar 2 LLC (Geneva solar plant) Calypso Solar 3 LLC (Harford& Musgrave solar plants) EF NY CDG 001, LLC (Green Lakes farm) EF NY CDG 002, LLC (North Eagle Village farm) EF NY CDG 007, LLC (Judd Road farm) EF NY CDG 003, LLC (Union Spring 963 farm) EF NY CDG 011, LLC (Union Spring USA 40 farm)		
USA - Maryland solar market	Annapolis Solar Park LLC (Maryland solar plants)		
USA - Virginia solar market	Westmoreland Country Solar Project, LLC (Westmoreland solar plant)		
Vector Renewables Group	Vector Renewables España and its subsidiaries (Engineering and consultation services)	5,624	
Saet Group	Saet SpA and its subsidiary (Services - design and construction of high voltage electricity systems and creation of Energy Storage plants)	8,175	
Frullo Energia Ambiente	Frullo Energia Ambiente Srl (WtE plant in Granarolo in Emilia)		
Parque Eolicos La Muela	Parque Eolicos La Muela (Plants of Plana de Jareta and La Carracha)		
Total		**105,217**	**7,544**

If this new CGU was subject to an impairment test in 2020, it would have obtained the same results it originally got.

An impairment test at 31 December 2021 was performed on the CGUs allocated with goodwill in compliance with IAS 36.

For the remaining CGUs an impairment test was carried out only in the presence of previous residual impairment and/or where specific impairment indicators resulted.
Moreover, if impairment indicators were identified related to a single plant part of a larger CGU, the same would be isolated as an independent CGU and subject to a specific impairment test. This case did not occur in 2021, where the only plant for which a specific impairment indicator was identified, represented by the Rende Biomass plant, already formed a separate CGU called "Biomasse – Italy – Market".
This CGU has a particular mechanism for formulating revenues for which a high level of the value of electricity determines a reduction in the GRIN incentive where a multiplication coefficient of 1.8x is applied (thanks to the biomass supply from a short supply chain). Consequently, the overall price of energy forecast for this CGU is significantly lower than what was believed last year. This peculiarity was considered a specific impairment indicator for this CGU.

For all of the other group assets no specific events occurred during the year that altered or were detrimental to the production capacity of these assets, which thus continued to regularly produce without having to interrupt activities even if the Covid-19 pandemic was not completely over. Moreover, the market trend, especially in the second part of 2021 witnessed a significant increase in energy commodity prices which continued at the beginning of 2022.

Consequently the impairment test activity at 31 December 2021 was only conducted on CGUs with the presence of goodwill ("UK – Wind – Market", "Italy – Wind – Market", "Energy Team", "Gruppo Vector Renewables" and "Gruppo Saet"), on those that had undergone write-downs in previous years ("France - Wind – FIT/CFD – Ty Ru", "Italy – Wind – Market – Eolica Petralia" and "Italy – Wte – Market") and the only CGU where a specific impairment indicator was identified ("Biomass – Italy – Market").

<u>Impairment test CGU relative to plants ("UK – Wind – Market", "Italy – Wind – Market", "France – Wind– FIT/CFD – Ty Ru", "Italy – Wind – Market – Eolica Petralia", "Italy – Wte – Market" and "Biomass – Italy – Market")</u>

Activities to verify the amount recoverable from individual cash-generating units were performed following the procedure required by IAS 36. The recoverable amount of CGUs related to plants has generally been determined as value in use based on a schedule of operating cash flows discounted at a rate representative of the weighted average cost of specific invested capital, net of taxes and determined according to the expected life of the various plants. Given the nature of the particular type of business, the present value of operating cash flows has been estimated on the basis of the residual life of the various projects, assuming for all industrial plants a zero terminal value present in the service activities.
The discount rate was determined using the Weighted Average Cost of Capital (WACC), using the Capital Asset Pricing Model ("CAPM") technique in which the return on risk free rate securities was calculated on the basis of the yield curve for government securities in the reference country with duration in line with the residual life of the plant.
The systematic non-diversifiable risk (β) and the debt to equity ratio were calculated by way of an analysis of a group of comparable entities operating in the same sectors as the Group.

The discount rates used for the CGUs tested for impairment which operate in the area of diverse technologies/countries are highlighted below:

WtE and biomass Italy:	from 3.6% to 3.9%
Wind sector UK:	3.9%
Wind sector Italy:	from 3.9% to 4.2%
Wind sector France:	from 3.3% to 3.6%
Solar sector Italy:	4.1%

The key factors that individually or jointly influenced the valuations with different effects based on technological, geographic, competitive and incentive system characteristics of the CGUs are detailed below.

- Italy: first of all, the price variations of energy are strongly controlled for wind and biomass plants by the mechanism for calculating the incentive, which for 78% (even if offset by one year) recovers the variations. The curve of prices shows higher values for the immediate future that then basically become aligned over time with the ones used last year. This price trend, generally positive for the country, led to a negative effect on the CGU "<u>Biomass - Italy - Market</u>" (Rende plant) resulting from the specific incentive mechanism that when the energy price rises the benefit reduces more than proportionately;
- UK: the usual annual update of the wholesale price curves and incentives, where applicable, in general terms showed a similar trend to Italy's, with prices higher in the immediate future and slightly lower in the long term. Based on this update, no critical problems were found for this year in any of the countries discussed here;

- France: the French CGUs are impacted to a lesser extent by updates of the curves of energy prices due to the presence of a Feed-in Tariff regime (duration 15 years from plant start-up) where a significant number of plants belonging to the France-Wind-Market CGU still benefit. Thus, the impairment test was performed only for the CGU "France - Wind - FIT/CFD- Tv Ru" in the presence of previous write-downs; the estimate of prices performed by the department in Energy Management also took into account any "Fixing" operations already stipulated for the coming years;

- there were no significant changes of tax legislation in the various countries. For the sake of information, it should be noted that during the first half of 2021, the British government approved a tax reform that entails an increase of the tax rate starting in April 2023 from the current 19% to 25%. This legislation was taken into account for interim reporting and no critical problems were recorded in the UK, further confirmed by impairment testing at the time;

- WACC rates used to discount cash flows were updated based on the performance of long-term government bond yields (at the basis of the risk-free component of the WACC itself), interest rates applied to bank debt, and the residual useful life of the plants belonging to the same CGU. Updating of the various parameters led to a slight increase of the average rate of the CGUs (however not enough to amount to an impairment indicator);

- as in 2020, the company also updated its estimates of future production for individual wind farms in 2021. Falck Portfolio's internal Technical Asset Management division carried out its assessments taking into account both the actual wind levels recorded historically at the various sites and estimates prepared by third parties that are market leaders in the assessment of wind levels, taking into account the availability of each individual plant. These forecasts are substantially in line with those used in the financial statements at 31 December 2020.

The update of the above mentioned factors confirmed the general recoverability of the carrying amounts of goodwill, intangible assets and property, plant and equipment related to the cash generating units, with the following exceptions:

- CGU "Biomass – Italy – Market" (Rende plant): for this CGU a write-down of approximately € 6.9 million was necessary. As mentioned above, the origin of this write-down is due to the peculiarity of the tariff regime it possesses. The CGU is subject to the GRIN incentive regime with a 1.8x multiplication factor because it uses biomass from a short supply chain. The high final prices of energy in 2021 and expected for 2022 determine a particularly low value for the GRIN incentive which is basically calculated by difference compared to a predefined ceiling. The direct consequence is that the GRIN value subject to the 1.8x multiplication coefficient results in the current impairment much lower than the previous one. Lastly, it should be noted that the plant and associated incentive have a useful life with expiration at the end of 2025 and thus, right now, there is no possibility of long-term recovery;
- CGU "Italy – Wte – Market" (Trezzo sull'Adda plant): the performed impairment test showed a complete revaluation of the written down net value, totalling € 1.1 million. The main motivation lies in the already mentioned increase in the short-term energy curves that the plant fully benefits from;
- CGU "Italy – Wind – Market – Eolica Petralia": in the past this CGU underwent partial write-downs and revaluations. The update of the operating (energy curve, operating costs and investments) and financial (discount rate) parameters permitted complete revaluation of the remaining carrying amount previously written down, totalling € 0.1 million;
- CGU "France – Wind – FIT/CFD – Ty Ru", "Italy – Wind – Market – Eolica Petralia": The trends of curves, rates and operating assumptions applied made it possible to partly recover what had been previously written down. The revaluation performed totalled approximately € 0.1 million. Around € 0.4 million of potential revaluation remains.

Impairment test of the Services Sector ("Energy Team", "Gruppo Vector Renewables" and "Gruppo Saet")

As for the other CGUs, the Service Sector CGUs were subjected to an impairment test on the specific assets of the multi-year contract portfolio and the residual goodwill allocated. For the "Saet Group" CGU which was purchased in 2021, the recoverable value was assumed equal to the price paid.
For the CGUs "Energy Team" and "Gruppo Vector Renewables", in keeping with the previous year, the recoverable amount was determined as value in use based on an explicit operating cash flow plan for a period of 5 years and a terminal value. The discount rate applied was calculated taking into consideration a sample of comparable companies operating in the services sector.
The terminal value was calculated as a perpetual annuity on the basis of a normalised cash flow considered representative of the flows at regime to which a growth rate (g) equal to zero was applied.

The range of discount rates used for CGUs operating within the highlighted countries is shown below:

Spain/Italy services: from 6.5% to 6.9%

The impairment test thus carried out in the context of these financial statements did not reveal any critical issues.

Sensitivity analyses

Impairment tests are based on estimates of production, electricity prices and other revenues/cost items (waste transfer) and the interest rates calculated using latest available information at the balance sheet date.
As each estimate is subject to uncertainty, a sensitivity analysis has been performed on the recoverable amount of the various CGUs, both industrial and financial.
In relation to the volatility of electricity prices, which is a characteristic of recent years, the following sensitivity tests were carried out on the various CGUs compared to the "base case": electricity prices lower than 10% and 0.5% increase in the discount rate and electricity prices higher than 10% with 0.5% lower discount rate.
Compared to the Base Case, the following are the scenarios described above in which both financial and operational/industrial sensitivity are combined:

Variation vs Base Case (€ millions)	Base case	Electricity prices -10%; Discount rate +0.5%	Electricity prices +10%; Discount rate -0.5%
Net revaluations/ (impairments)	(5.5)	(17.8)	(4.9)

After reviewing the various outcomes and taking into consideration the variables used to prepare the base case, the directors consider the valuations made to perform the impairment tests with reference to the base case and the relative impairments and adjustments to be adequate. They also confirm that the trend in these variables will be monitored in order to identify any adjustments in the estimates of the recoverable values of the amounts recorded in the financial statements.

3 Investments and securities

These are Energy Team securities for a total of € 636 thousand (of which € 539 thousand short-term), the 1.807% shareholding in Fondo Italiano per l'Efficienza Energetica SGR SpA for a total of € 2,283 thousand and options to purchase shares in Norway for a total of € 100 thousand.
During 2021, the Fondo Italiano per l'Efficienza Energetica SGR SpA continued its operational management of the Fund according to the development plan approved by its Board of Directors. For further information on total investments, please see the section "Commitments and contingencies".

4 Investments accounted for using the equity method

(€ thousands)

	At 31.12.2020	Acquisitions	Revaluation (Impairment)	Adjustment to total equity	Capital increases/(dividends)	Other movements	At 31.12.2021
Frullo Energia Ambiente Srl	22,549		3,631	134	(2,279)		24,035
Parque Eolico La Carracha Sl	131		1,169		(390)	5	915
Parque Eolico Plana de Jarreta SL	105		755		(390)	4	474
Minervia Vento S.r.l.		130	(69)				61
Odra Energia S.r.l.		130	(138)			8	
Nora Ventu S.r.l.		130	(69)				61
Tibula Energia S.r.l.		130	(54)				76
Kailia Energia S.r.l		130	(140)			10	
Naturalis Energy Developments Limited Group			(970)		992	(22)	
Nuevos Parque Eolicos La Muela AIE							
Novis Renewables Group, LLC	4,953		(3,146)		8,829	275	10,911
Total	**27,738**	**650**	**969**	**134**	**6,762**	**280**	**36,533**

These are the shareholdings in Frullo Energia Ambiente Srl (49%), Parque Eolico La Carracha Sl and Parque Eolico Plana de Jarreta Sl (both 26%), each of which owns 50% of the capital of Nuevos Parque Eolicos La Muela AIE (50%), Naturalis Energy Developments Limited (77.5%) and the Novis Renewables Group (50%) Minervia Vento Srl, Odra Energia Srl, Nora Ventu Srl, Tibula Energia Srl, Kailia Energia Srl, (all 50%).

During 2021, no specific internal and external events occurred at the Group level such as to alter or compromise the value of the equity investments, and therefore no impairment activity was carried out.

Details of the balance sheets and income statements of significant non-controlling interests (in accordance with IFRS 12), are disclosed in chapter "9. Supplementary information to the Falck Renewables Spa" separate financial statements.

5 Financial receivables

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	8,271	5,924	2,347	8,648	7,057	1,591	(377)	(1,133)	756
Amounts due to associates and joint ventures	4,064		4,064	1,439		1,439	2,625		2,625
Derivative financial instruments	13,227	12,119	1,108	3,822	840	2,982	9,405	11,279	(1,874)
Total	**25,562**	**18,043**	**7,519**	**13,909**	**7,897**	**6,012**	**11,653**	**10,146**	**1,507**

The provisions for doubtful financial accounts was released entirely on 31 December 2021.

The increase in derivatives compared to 31 December 2020 is mainly due to increase in the fair value of the derivatives against a commodity risk hedge due to the effect of the drop in electricity prices in Sweden.

Third party derivative contracts were taken out to hedge the foreign exchange risk associated with the foreign currency current accounts of the parent company and other subsidiaries and on certain exchange transactions, with a fair value of € 548 thousand at 31 December 2021 (31 December 2020 € 2,442 thousand).

In order to hedge against commodity risk, hedging derivative instruments were activated, with a fair value at 31 December 2021 of € 11,362 thousand (€ 1,380 thousand at 31 December 2020).

In order to hedge the interest rate risk on loans in project financing a hedging interest rate swap was activated, with positive fair value at 31 December 2021 for € 1,317 thousand.

Please note that the fair value of non-current derivatives at 31 December 2021 has been adjusted for counterparty risk (CVA - Credit Valuation Adjustment) in line with IFRS 13.

The following table shows the details of the adjustments made on non-current derivatives, by rating and by sector:

(€ thousands)

	Fair value risk free	Fair value - Credit Valuation adjusted	Delta
Rating			
S&P AA-	390	384	(6)
S&P A-	531	504	(27)
S&P BBB	387	384	(3)
Reuters BB	11,352	10,436	(916)
S&P BBB-	411	411	
Total	**13,071**	**12,119**	**(952)**
Sector			
Banks	1,719	1,683	(36)
Other	11,352	10,436	(916)
Total	**13,071**	**12,119**	**(952)**

6 Trade receivables

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by clients	175,842		175,842	82,993		82,993	92,849		92,849
Amounts due to associates and joint ventures	428		428	175		175	253		253
Amounts due to parent companies	790		790	806		806	(16)		(16)
Amounts due to other Falck Group companies	9		9	1		1	8		8
Total	**177,069**		**177,069**	**83,975**		**83,975**	**93,094**		**93,094**

The increase in trade receivables compared to 31 December 2020 is mainly due to the increase in revenues especially during the final months of the year compared to the same period in 2020 due to the exceptional growth in electricity prices in the fourth quarter of 2021.

The analysis of trade receivables by geographical location is as follows:

(€ thousands)

	31.12.2021
Italy	97,693
UK	41,433
Germany	18,063
United States	4,221
Spain	4,980
France	3,777
Japan	470
Mexico	397
Other	4,808
Total	**175,842**

The receivables in question are shown net of the provision for doubtful accounts, which at 31 December 2021 amounted to € 1,491 thousand, recognised to adjust them to their estimated realizable value.

Total third-party trade receivables of € 175,842 thousand at 31 December 2021, comprised € 100,712 thousand not yet due and € 68,711 thousand not more than one month overdue and € 6,419 thousand more than one month overdue.

7 Other receivables

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	2,465	411	2,054	2,290	656	1,634	175	(245)	420
Amounts due to associates and joint ventures	686		686	2,646		2,646	(1,960)		(1,960)
Amounts due to parent companies	6,735		6,735	4,838		4,838	1,897		1,897
Advances	1,305		1,305	74		74	1,231		1,231
Tax credits	30,372		30,372	27,486		27,486	2,886		2,886
Guarantee deposits	4,585	831	3,754	1,131	993	138	3,454	(162)	3,616
Accrued income and prepayments	8,762	756	8,006	9,594	1,736	7,858	(832)	(980)	148
Total	**54,910**	**1,998**	**52,912**	**48,059**	**3,385**	**44,674**	**6,851**	**(1,387)**	**8,238**

Other receivables are shown net of the provision for doubtful accounts recognised to adjust them to their estimated realizable value which, at 31 December 2021, amounted to € 9,404 thousand, mainly relating to tax receivables.
Other receivables increased mainly due to the increase in security deposits and tax receivables.

Tax receivables mainly refer to VAT receivables accrued by Group companies in the various jurisdictions in which they operate, as well as receivables recognised in the context of tax consolidation.

The increase in current tax receivables mainly refers to VAT receivables.

Amounts owed by parent companies principally relate to amounts owed by Falck SpA in respect of VAT credits transferred as part of the Group VAT settlement.

The item related to associated companies and joint ventures refers to the previous dividends resolved by the shareholders of Frullo Energia Ambiente Srl, but not yet paid, for € 686 thousand.

Accrued income and prepayments largely relate to plant maintenance prepayments, deferred charges on the expenses incurred to raise borrowings and insurance premiums.

8 Deferred tax assets and liabilities

Deferred tax asset and liabilities may be analysed as follows:

(€ thousands)

	31.12.2021	31.12.2020
Intangible assets	(13,190)	(7,814)
Property, plant and equipment	(44,180)	(37,500)
Risk and expenses provisions	9,812	4,979
Taxable bad debt reserve	255	132
Tax losses	46,722	13,745
Other allocations	7,564	502
Derivative financial instruments	25,760	10,141
Amortised cost	(114)	(773)
Other	204	115
Total	**32,833**	**(16,473)**

The amount shown in the table above, which totalled € 32,833 thousand, represents the value of deferred tax assets (€ 91,689 thousand) net of deferred tax liabilities (€ 58,856 thousand).

Deferred tax assets and liabilities generated by temporary differences are offset when there is the possibility of compensation and when they are subjected to the same tax jurisdiction.

Deferred tax assets on tax losses were posted where deemed recoverable.

The decrease in net deferred tax assets is primarily due to deferred tax assets on tax losses on costs for services and costs for the extraordinary bonus connected with the Change of Control transaction which will reverse in 2022 and increase the negative fair value of the derivatives.

Movements in Deferred tax assets may be summarised as follows:

(€ thousands)

31 December 2020	**27,212**
Movements through the income statement	38,617
Movements recorded within equity	21,435
Change in the consolidation scope	153
Reclassifications	(4,260)
Other movements and foreign exchange effects	8,532
31 December 2021	**91,689**

Movements in Deferred tax liabilities were as follows:

	(€ thousands)
31 December 2020	**(43,685)**
Movements through the income statement	(9,954)
Movements recorded within equity	(4,624)
Change in the consolidation scope	
Reclassifications	4,260
Other movements and foreign exchange effects	(4,853)
31 December 2021	**(58,856)**

B Current assets

9 Inventories

Inventories at 31 December 2021 consisted of the following:

(€ thousands)

	31.12.2021	31.12.2020	Change
Raw materials and consumables	4,948	4,011	937
Semi-finished goods			
Work in progress			
Finished goods	19,202	24,350	(5,148)
Advances			
Total	**24,150**	**28,361**	**(4,211)**

Raw, ancillary and consumable materials are related to the stocks of biomass of Ecosesto SpA and raw materials of Ambiente 2000 Srl, Energy Team SpA, SAET SpA and Elettromeccanica Euganea Srl. Finished products, on the other hand, include the spare parts of Ecosesto SpA, the tools of Energy Team SpA and the photovoltaic panels of Novis Renewables Holdings, LLC, whose use is defined as part of the strategic agreements with ENI. The decrease in the "Finished products and goods" item is mainly due to the allocation of a portion of the solar panels for the plant being built Westmoreland Country Solar Project and 5 solar plants in the state of New York in the United States.

10 Net contractual assets

Net contractual assets totalling € 2,827 thousand refer to measurement of the long-term orders of the SAET SpA group consolidated from 1 August 2021, reported based on contractual payments, defined with reasonable certainty with the customers, in relation to the amount of progress on the job.

11 Cash and cash equivalents

(€ thousands)

	31.12.2021	31.12.2020	Change
Current bank and post office deposits	301,992	239,220	62,772
Cash in hand	8	10	(2)
Total	**302,000**	**239,230**	**62,770**

The increase in cash and cash equivalents is mainly due to the Group's cash flow, financial resources collected through the use for € 135 million of the Corporate Loan net of investments made in 2021.

Current account balances of the companies funded using project financing schemes are restricted by the obligations under the project financing contracts. The balances involved amount to € 105,650 thousand, including € 89,663 thousand relating to the wind sector, and € 15,987 thousand for the WtE, biomass and photovoltaic sectors.

The cash balances linked to project financing contracts analysed by company at 31 December 2021 were as follows:

	(€ thousands)
Actelios Solar SpA	4,755
Desafio Sola SL	5,030
Innovative solar 42 LLC	1,505
Annapolis Solar Park LLC (Annapolis Solar plant)	1,852
Odyssey Solar 2 LLC (Geneva Solar plant)	192
Odyssey Solar 3 LLC (H&M Solar plant)	778
Odyssey Solar 1 LLC (Snyder Rd Solar plant)	111
Westmoreland Country Solar Project, LLC	1,764
Total WtE, biomass and solar sectors	**15,987**
FRUK Holdings No1 Ltd	5,939
Cambrian Wind Energy Ltd	5,441
Boyndie Wind Energy Ltd	498
Earlsburn Mezzanine Ltd	1,511
Earlsburn Wind Energy Ltd	2,993
Ben Aketil Wind Energy Ltd	1,891
Millennium Wind Energy Ltd	4,759
Kilbraur Wind Energy Ltd	4,157
Nutberry Wind Energy Ltd	2,760
West Browncastle Wind Energy Ltd	2,735
Spaldington Airfield Wind Energy Ltd	849
Kingsburn Wind Energy Ltd	1,971
Assel Valley Wind Energy Ltd	1,973
Auchrobert Wind Energy Ltd	2,636
Eolica Sud Srl	12,724
Eolo 3W Minervino Murge Srl	6,425
Geopower Sardegna Srl	17,494
Eolica Petralia Srl	4,551
Se Ty Ru SAS	944
Parc Eolien du Fouy SAS	959
Parque Eolien des Cretes SAS	1,074
Esquennois Energie SAS	1,200
CEP Tramontane 1, Sas	1,500
Ferme Eolienne de Noyales SAS	1,707
Parc eolien de Bois Ballay Sas	39
Parc eolien des Coudrays Sas	56
Parc eolien de Mazeray et de Bignay Sas	30
Building Energy Wind Iowa LLC (Iowa Wind plant)	847
Total Wind sector	**89,663**
Total cash balances linked to project financing	**105,650**

Lastly, we note that the cash held by the parent Falck Renewables SpA amounted to € 145,359 thousand.

Please see the consolidated cash flow statement for further information on the change in cash and cash equivalents.

Liabilities

D Equity

12 Share capital

Share capital consists of 291,413,891 issued and fully paid ordinary shares, with a face value of € 1 each.
At 31 December 2021, the parent company Falck Renewables SpA had 2,210,000 own shares for a face value of € 2,210,000, representing 0.7584% of total share capital.
The carrying amount of own shares held is € 2,924,259 corresponding to an average share price of € 1.3232.
The number of outstanding shares remained unchanged during 2021.

Movements in equity during 2021 and 2020 were as follows:

(€ thousands)

		Reserves									
	Share capital	Share premium reserve	Reserve from splitting under common control	Reserves from conversion	Cash flow hedge reserve	Actuarial gains/losses reserve	Other reserves	Profit/(loss) for the period	Net Group equity	Net third-party equity	Total
At 31.12.2019	**291,414**	**470,335**	**(371,598)**	**11,380**	**(31,864)**	**(826)**	**132,305**	**48,436**	**549,582**	**58,081**	**607,663**
Allocation of the Holding's 2019 result to reserves							48,436	(48,436)			
Dividends paid							(19,377)		**(19,377)**	(11,296)	**(30,673)**
Other comprehensive income items included in net equity*				(20,249)	(11,345)	(255)			**(31,849)**	(8,709)	**(40,558)**
Convertible bond reserve							19,170		**19,170**		**19,170**
Stock grant plan fair value							(2,811)		**(2,811)**		**(2,811)**
US minority divestment effect							11,569		**11,569**	47,694	**59,263**
Other movements							(3,113)		**(3,113)**	39,428	**36,315**
Profit/(loss) for the period**								45,606	**45,606**	14,219	**59,825**
At 31.12.2020	**291,414**	**470,335**	**(371,598)**	**(8,869)**	**(43,209)**	**(1,081)**	**186,179**	**45,606**	**568,777**	**139,417**	**708,194**

* The figures at 31 December 2018 have been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations - related to the acquisition of Energy Team SpA and Energia Eolica de Castilla Sl.
** These items are included in the Statement of other comprehensive income

(€ thousands)

		Reserves									
	Share capital	Share premium reserve	Reserve from splitting under common control	Reserve from conversion	Cash flow hedge reserve	Actuarial gains/losses reserve	Other reserves	Profit/(loss) for the period	Net Group equity	Net third-party equity	Total
At 31.12.2020	**291,414**	**470,335**	**(371,598)**	**(8,869)**	**(43,209)**	**(1,081)**	**186,179**	**45,606**	**568,777**	**139,417**	**708,194**
Allocation of the Holding's 2020 result to reserves							45,606	(45,606)			
Dividends paid							(19,377)		**(19,377)**	(12,688)	**(32,065)**
Other comprehensive income items included in net equity*				21,648	(123,267)	516	(1,536)		**(102,639)**	11,937	**(90,702)**
Stock grant plan fair value							4,584		**4,584**		**4,584**
Other movements							(315)		**(315)**	1,933	**1,618**
Profit/(loss) for the period**								(18,367)	**(18,367)**	22,757	**4,390**
At 31.12.2021	**291,414**	**470,335**	**(371,598)**	**12,779**	**(166,476)**	**(565)**	**215,141**	**(18,367)**	**432,663**	**163,356**	**596,019**

** These items are included in the Statement of other comprehensive income

The reserve for cash flow hedging is mainly composed of the effective component related to the derivatives for hedging electricity price risk whose value increased to € 148,560 thousand at 31 December 2021. The increase of the reserve compared to the previous year is linked to the negative change of the fair value of the aforesaid derivatives, following the exceptional growth, mainly found during the second half of 2021, of the forward curves of electricity prices related to future periods for which hedge transactions have been set up.
As described in paragraph "6.6.10 Change of control" the item "Stock grant plan fair value" includes the costs for € 3,147 thousand related to the acceleration of the Long-Term Incentive Plan Share of the Chief Executive Officer of Falck Renewables SpA and Group managers connected with the transaction described in the aforesaid note.

Earnings per share

In compliance with IAS 33, the figures used to calculate the diluted and financial earnings per share are provided below.
Basic earnings per share are calculated by dividing the net income for the period attributable to parent company shareholders by the average weighted number of ordinary shares in circulation during the period of reference, excluding treasury shares and including any shares and financial instruments with a possible diluting effect.
At 31 December 2021, the weighted average number of outstanding shares was increased to take into account the dilutive effects of the existing stock grant plan and the Green Bond.

The data used to calculate basic earnings per share were as follows.

	31.12.2021	31.12.2020
Weighted average number of ordinary shares in issue (number)	289,203,891	289,203,891
Profit/(loss) attributable to ordinary equity holders of the parent (€ thousands)	(18,367)	45,606
Profit/(loss) per base share (€ per share)	**-0.064**	**0.158**

	31.12.2021	31.12.2020
Weighted average number of ordinary shares in issue (number)	289,203,891	289,203,891
Weighted average number of potential shares following the stock grant plan (number of shares)		1,017,000
Weighted average number of potential shares that would have been issued at Fair Value		(568,282)
Weighted average number of ordinary shares in issue (number) following diluted profit/(loss)	289,652,609	289,652,609
Profit/(loss) attributable to ordinary equity holders of the parent (€ thousands)	(18,367)	45,606
Diluted profit/(loss) per share (€ per share)	**-0.064**	**0.157**

The potential shares held against the Green Bond convertible bonds and stock grant plan had no dilution effect.

13 Provisions for risks and charges

(€ thousands)

	At 31.12.2020	Change in scope of consolidation	Provisions	Allocation by type	Uses/Releases	Other movements	Foreign exchange diff	At 31.12.2021
Non-current provisions for risks and charges								
- litigation provision								
- investments provision	367			(137)			26	256
- environmental provision	83,588	2,394	803		(276)	6,021	2,549	95,079
- restructuring and liquidation provision								
- other risks provision	22,349	47	824	9,754	(3,467)	(342)	518	29,683
Total current provisions for other risks and charges	**106,304**	**2,441**	**1,627**	**9,617**	**(3,743)**	**5,679**	**3,093**	**125,018**
Current provisions for risks and charges								
- other risks provision			407	8,760				9,167
Total current provisions for other risks and charges			**407**	**8,760**				**9,167**
Total provisions for risks and charges	**106,304**	**2,441**	**2,034**	**18,377**	**(3,743)**	**5,679**	**3,093**	**134,185**

Group provisions have been classified as non-current and current liabilities.

The *environmental provision* comprises future obligations in relation to the decommissioning of power plants at the end of their useful life that are calculated based on independent expert valuations.
This provision also includes amounts provided to meet future commitments in relation to the redevelopment of landfills in accordance with the obligations undertaken on receipt of authorisations from the relevant authorities. These are also based on estimates prepared by specialist enterprises.

The amount of € 2,394 thousand relates to the first-time consolidation of the Spanish company Desafio Solar S.L., which joined the Group as of 20 April 2021.

The amount of € 2,034 thousand is mainly attributable to provisions for potential litigation risks and tax risks, as well as for the environmental provision.

The amount of € 3,743 thousand is mainly attributable to the use and release of provisions relating to price adjustments with off takers and provisions for tax risks.

The amount of € 6,021 thousand mainly related to provisions for future charges to be incurred for environmental restoration related to plants entering into operation during 2021 and to adjustments of existing ones for changes in interest and inflation rates.

The amount of € 9,754 thousand primarily refers to the allocations by type for tax risks.

The amount of € 8,760 thousand mainly refers to allocations by type for costs for services connected to the Change of Control transaction.

The amount of € 256 thousand refers to a provision set aside for the company accounted for under the equity method Naturalis Energy Developments Ltd.

14 Staff leaving indemnity (TFR)

(€ thousands)

	At 31.12.2020	Provisions	Interest cost	Change in scope of consolid.	Other movements	Actuarial (gains)/losses	Uses and payments	At 31.12.2021
Managers	809	385	3	205	1	(45)	(421)	937
White and blue-collar staff	4,903	1,240	21	1,666	11	(482)	(629)	6,730
Total	**5,712**	**1,625**	**24**	**1,871**	**12**	**(527)**	**(1,050)**	**7,667**

The *Trattamento di Fine Rapporto*, "TFR" (staff leaving indemnity provision), was subjected to an actuarial valuation by an independent expert in accordance with IAS 19R.
The actuarial financial assumptions utilised to calculate the estimated cost in 2021, compared to 2020, are as follows:

The amount of € 1,871 thousand relates to the first-time consolidation of the SAET SpA group, which joined the Group in July 2021.

(%)	31.12.2021	31.12.2020	Change
Annual discount rate	0.98%	0.34%	1.00%
Annual inflation rate	1.71%	1.39%	0.00%
Annual total pay increase rate*	0.77%	2.46%	-2.00%
Annual TFR increase rate	2.78%	2.54%	0.00%

* The average annual rate of salary increase used for 2022 is 0.2%, for 2023 it is 0.65%, for 2024 it is 1.80%, for 2025 it is 0.85% and 2.39% for the following years

The discount rate was based on the iBoxx Eurozone Corporates AA 10+ index at the time of calculation.

A sensitivity analysis was carried out on the actuarial assumptions used in the model in accordance with IAS 19R.
The base case used the rates in the table above and increases and decreases of a half, a quarter and two percentage points respectively were applied to the most significant assumptions namely, the average discount rate, average inflation rate and turnover rate.

The results of the sensitivity analyses are summarised as follows:

Sensitivity analysis - Annual discount rate

(€ thousands)	**+0.50%**	**-0.50%**
Managers	913	958
White and blue-collar staff	6,407	7,099

Sensitivity analysis - Annual inflation rate

(€ thousands)	**+0.25%**	**-0.25%**
Managers	940	929
White and blue-collar staff	6,808	6,671

Sensitivity analysis - Annual turnover rate

(€ thousands)	**+2.00%**	**-2.00%**
Managers	929	941
White and blue-collar staff	6,551	6,975

An estimate of expected future contributions in accordance with IAS 19R is provided below:

Future cash flows

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	5 - 10 years	> 10 years
Managers	112	101	429	1241	799
White and blue-collar staff	510	435	1,579	3,272	13,813
Total	**622**	**536**	**2,008**	**4,513**	**14,612**

15 Financial liabilities

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	187,063	173,248	13,815	35,034	30,577	4,457	152,029	142,671	9,358
Amounts due to associates	671		671				671		671
“Non-recourse” project financing	582,258	494,841	87,417	606,532	511,226	95,306	(24,274)	(16,385)	(7,889)
Convertible bonds	181,167	181,167		176,429	176,429		4,738	4,738	
Financial payable for leases	108,362	102,605	5,757	90,701	85,571	5,130	17,661	17,034	627
Derivative financial instruments	256,806	39,159	217,647	49,972	39,837	10,135	206,834	(678)	207,512
Total	**1,316,327**	**991,020**	**325,307**	**958,668**	**843,640**	**115,028**	**357,659**	**147,380**	**210,279**

Amounts due to third parties represent borrowings secured by other Group companies and are detailed further, together with project financing loans and derivative financial instruments, in the additional disclosures on financial instruments.
Financial payables due to third parties increased mainly due to the use of the Corporate Loan for € 135 million.

On 12 June 2015, a Corporate Loan contract was signed by Falck Renewables SpA and a pool of primary credit institutions, later modified as follows:

- revolving credit line increased from € 150 million to € 325 million;
- the expiry was extended from 30 June 2020 to 31 December 2023.

The loan is aimed at supporting the Group’s financial requirements and business development activities.

The parent company has placed a pledge on the shares held in Falck Renewables Wind Ltd in respect of this loan corresponding to a nominal value of GBP 37,755 thousand.

The loan is subject to, inter alia, financial covenants based on the ratio of net financial position/EBITDA and net financial position/total equity calculated using the amounts disclosed in the consolidated financial statements: these parameters were met as at 31 December 2021 based on these financial reports.
It should be noted that on 8 February 2022, the lending banks of the Corporate Loan authorised (earlier compared to the transfer of the control of Falck Renewables SpA by Falck SpA to Green Bidco SpA indirectly controlled by IIF, which took place on 24 February 2022) the change of control from Falck SpA to the new majority shareholder. On the same date the banks also authorised the change in the definition of the Net financial position and Equity which will no longer include effective as of 31 December 2021, the negative and positive mark to market (and the relative equity reserve) of electricity hedging derivative transactions. Thus the financial ratios at 31 December 2021 are calculated according to this modified definition.

It should be noted that, in order to protect themselves from the risk of interest rate fluctuations and to convert the interest rate from variable to fixed, the companies financed under project financing over time had entered into Interest Rate Swap (IRS) contracts related to the project financing, at conditions substantially in line with the market, whose fair value at 31 December 2021 was negative for € 17,932 thousand (negative for € 38,411 at 31 December 2020).

In order to hedge the exchange rate risk on current accounts and certain foreign currency transactions of the Parent Company and other subsidiaries, hedging derivatives were implemented towards third parties, whose fair value at 31 December 2021 was negative for € 319 thousand (negative for € 5 thousand at 31 December 2020).

In order to hedge against commodity risk, hedging derivatives were activated towards third parties, whose fair value at 31 December 2021 was negative by € 238,555 thousand (negative by € 11,556 thousand at 31 December 2020).

The derivatives increased due to the change of negative fair value of the derivatives the Group uses to hedge commodities risk due to the exceptional growth in electricity prices in 2021.

Details of Falck Renewables Group's outstanding interest rate and Forex hedging agreements at 31 December 2021 are disclosed in the note "Additional disclosures on financial instruments in accordance with IFRS 7".

On 16 September 2020 Falck Renewables SpA successfully placed its offer of a senior unsecured equity-linked green bond for € 200 million, maturing on 23 September 2025.
On 17 November 2020 the extraordinary shareholders' meeting of Falck Renewables SpA authorised the convertibility of the bond issue (the "Green Convertible Bond") into shares and the related share capital increase. The share capital increase, which is divisible and for cash, with the exclusion of pre-emption rights pursuant to paragraph 5 of art. 2441 of the Italian Civil Code, is solely for the conversion of the Green Bond for a maximum amount of € 200 million, including any share premium, through the issue of ordinary shares of Falck Renewables SpA with the same characteristics as the ordinary shares in issue.
Due to the Change of Control the conversion price was adjusted in line with the bond loan from, € 7.22 to € 5.7735 per share. Moreover, on 25 February 2022, Green Bidco SpA (company indirectly controlled by IIF and buyer of 60% of the Falck Renewables SpA shares from Falck Spa) announced that it intends to promote a voluntary takeover bid in cash on Green Convertible Bond, at economic conditions equivalent to those of the TOB on the shares, reserved solely for investors qualified in accordance with art. 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999. It is reasonable to expect that at the end of this process the Green Convertible Bond will be converted into no. 34,641,032 shares of Falck Renewables Spa, increasing the group's equity and reducing net financial debt.

Liabilities backed by collateral include all project financing contracts, which are secured by pledges on the shares of the financed companies.

The lending banks have imposed covenants on the above borrowings that the companies are obliged to meet for the entire contract period and are verified by the banks every six months.

The Group carefully monitors the project financing situation of its plants.

The project financings "without recourse" granted to Group companies were backed by guarantees and limitations including, among others, the obligation to meet certain financial parameters, such as:

- to maintain a "reserve account" equal to one repayment, to guarantee that the debt is regularly serviced;
- to issue mortgages on properties or pledges on shares to the financial institutions that are party to the projects;
- the possibility of distributing dividends only on meeting specific financial parameters and after settling outstanding payments on the financial contracts;
- to meet certain financial parameters over the minimum default levels, calculated on a biannual basis, for the entire duration of the contracts.

As of 31 December 2021, all the Group companies that had signed "non-recourse" project financing loans showed financial parameters above the minimum default levels.

16 Trade payables

Trade payables at 31 December 2021 compared to the previous year are as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	123,763	2,798	120,965	62,476	3,220	59,256	61,287	(422)	61,709
Amounts due to associates and joint ventures	505		505	575		575	(70)		(70)
Amounts due to parent companies	367		367	491		491	(124)		(124)
Total	**124,635**	**2,798**	**121,837**	**63,542**	**3,220**	**60,322**	**61,093**	**(422)**	**61,515**

Trade payables due to parent companies relate to amounts due to Falck Spa, the parent company of Falck Renewables Spa, until 24 February 2022 for the use of the Falck trademark.

Non-current trade payables relate to allocations for maintenance costs and rent due after more than one year.

Trade payables due to third parties increased mainly due to payables due to suppliers for construction of plants, purchases of energy and for the first consolidation of the SAET SpA group which joined the Group in July 2021.

As indicated in the paragraph "6.6.10 Change of Control" the item "Trade payables - due to third parties" includes € 775 thousand in relation to consultation connected with the transaction described in the aforesaid note.

17 Other payables

Other payables at 31 December 2021 compared to 31 December 2020 are as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	45,185	4,879	40,306	31,588	4,449	27,139	13,597	430	13,167
Amounts due to subsidiaries									
Amounts due to associates and joint ventures	582		582				582		582
Amounts due to parent companies	1,446		1,446	2,442		2,442	(996)		(996)
Amounts due to other Falck Group companies				4		4	(4)		(4)
Advances	339		339	13		13	326		326
Accrued expenses and deferred income	64,417	58,944	5,473	50,207	47,586	2,621	14,210	11,358	2,852
Total	**111,969**	**63,823**	**48,146**	**84,254**	**52,035**	**32,219**	**27,715**	**11,788**	**15,927**

Amounts due to third parties may be detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020
Tax payables	17,938	9,770
Other amounts due to employees and holiday pay	13,840	7,863
Debts to partners and shareholders in the consolidated tax regime	7,437	6,999
Social security payables	2,743	2,156
Company acquisition debt	1,106	3,185
Dividends payable	4	2
Other smaller payables	2,117	1,613
Total	**45,185**	**31,588**

The liability for the acquisition of companies at 31 December 2021 refers to the amount due to the previous shareholders of Building Energy Holdings US, LLC, and Falck Renewables Vind AS.
This payable decreased mainly due to payments made during 2021 to the previous shareholders of Brattmyrliden Vind AB, Åliden Vind AB and Windfor Srl including any interest matured.

Other payables due to personnel and for holiday pay increased mainly due to the increase in staff, higher Long Term Incentive Plan costs for € 0.6 million due to acceleration of the plan assuming there is a Change of Control in the first quarter of 2022 (Special Item) and higher multi-year bonus costs for employees dedicated to development activities for € 1.6 million.

The item "due to parent companies" relates to Group VAT settlement payables with the former parent company Falck SpA.

The item "accrued expenses and deferred income", amounting to € 64,417 thousand, is mainly composed of capital grants recognised using the indirect method, i.e., grants pursuant to Law 488 and ITC (Investment Tax Credit) grants. The details of the other income from current operations item are as follows:

(€ thousands)

	31.12.2021	31.12.2020
ITC contributions (Investment Tax Credit)	44,288	42,118
Income due to lease-back	11,725	
Law 488 contributions	6,708	7,187
Deferred income on Royalty Instruments	1,099	436
Advance payments	439	226
Other	158	240
Total	**64,417**	**50,207**

The income related to the lease-back totalling € 11.7 million refers to the profit against transferred tax benefits from the sale to the Tax equity partner of the Westmoreland County Solar Project plant, in the United States. The total benefit, equal to approximately € 12.1 million, will be reclassified in the income statement during the contract duration. The effect on the income statement for 2021, reported in the Other income item, totalled € 0.3 million.

18 Net contractual liabilities

Net contractual liabilities totalling € 2,933 thousand refer to measurement of the long-term orders of the SAET SpA group consolidated from 1 August 2021, reported based on contractual payments, defined with reasonable certainty with the customers, in relation to the amount of progress on the job.

19 IAS 19 liabilities for extraordinary bonus

IAS 19 liabilities for the extraordinary bonus totals € 29,354 million ("Non-recurring event") and also includes social security contributions where applicable and the foreign exchange difference (€ 41 thousand). The Falck Renewables SpA Shareholders' Assembly on 14 December 2021 approved the allocation, at certain conditions, of an extraordinary bonus to managers and employees of Falck Renewables SpA and Group companies. The Extraordinary Bonus was approved in the context of a possible finalisation of an extraordinary transaction that includes the entry of Falck Renewables SpA in the share capital, a new strategic investor and controlling shareholder, and consequent promotion, by the new strategic partner and controlling shareholder, of takeover bid on all of Falck Renewables SpA share capital with consequent creation of value for all shareholders. The Extraordinary Bonus is aimed at rewarding the work that managers and employees on the job at 30 June 2021, performed, with different roles and contributions (i) in structuring the transaction and search and selection for the best strategic partner for the Company; (ii) in assistance for negotiation of the terms and conditions of the agreement stipulated between Falck SpA and the Partner; and (iii) over time, to the benefit of the Group and in particular the company, that made it possible to attract the interest of a leading international investor in the long term. The Extraordinary Bonus is also aimed at incentivising and retaining managers and employees, thus contributing to reinforcing their commitment to pursue the growth and success of the Group. The cost is allocated, as accrual based on the activities that the managers and employees have performed until 31 December 2021 compared to the entire maturity period up to the launch of the takeover bid. For more information see paragraph 5.3.11 "Stock option and stock grant plans and Extraordinary Incentive Plan".

Non-current assets and liabilities held for sale

There were no non-current assets and liabilities held for sale during the year.

Commitments and contingencies

Guarantees issued as of 31 December 2021 amounted to € 518,005 thousand. Guarantees relating to subsidiary undertakings principally consist of performance bonds to guarantee completion of work in progress, participate in tenders for contracts and site decommissioning and clearance for a total of € 120,320 thousand and guarantees issued to the tax authorities in relation to requests for repayment of VAT receivables for € 2,404 thousand. Also included are € 231,259 thousand in bank guarantees and other guarantees amounting to € 164,022 thousand. In addition, the Company has subscribed to 3,000 shares in the Fondo Italiano per l'Efficienza Energetica SGR SpA for a total commitment of Euro 3,000 thousand, at 31 December 2021, of which Euro 268 thousand still due to be paid on the basis of any additional investments made by the Fund.

Related party transactions

In compliance with the Consob communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, no uncharacteristic or uncommon transactions take place with related parties that are beyond the normal business operations or are detrimental to the Group's results of operations, state of affairs and financial position.
Related party transactions represent the day to day business activities that are carried out at arm's length. These comprise the recharge of costs between Group companies and intercompany current accounts that give rise to financial income and costs.
In accordance with IAS 24 Related Party Disclosures and the disclosures pursuant to Consob circular 6064293 of 28 July 2006, all related party transactions and the corresponding incidence of related party transactions on Falck Renewables SpA's income statement are provided below.

(€ thousands)

	Trade receivables			Trade payables		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
Investments in subsidiaries						
Falck SpA	790	806	(16)	367	491	(124)
Total parent company	**790**	**806**	**(16)**	**367**	**491**	**(124)**
Associates and joint ventures						
Frullo Energia Ambiente Srl	149	83	66			
Novis Renewables LLC	60	70	(10)	481	575	(94)
Naturalis Energy Developments limited	93	22	71			
Minervia Vento Srl	18		18			
Nora Ventu Srl						
Odra Energia Srl	28		28			
Tibula Energia Srl						
Kailia Energia Srl	80		80	24		24
Total associates and joint ventures	**428**	**175**	**253**	**505**	**575**	**(70)**
Other Group companies						
Falck Energy SpA	5		5			
Sesto Siderservizi Srl	4	1	3			
Total other Group companies	**9**	**1**	**8**			
Other related parties						
CII HoldCo Ltd		22	(22)		103	(103)
Bodium Limited	24		24	82		82
Svelgen Kraft Holding and associates	374	209	165	78	324	(246)
Total other related parties	**398**	**231**	**167**	**160**	**427**	**(266)**
Total	**1,625**	**1,213**	**412**	**1,032**	**1,493**	**(460)**
% incidence on income statement headings	**0.9%**	**1.4%**		**0.8%**	**2.3%**	

(€ thousands)

	Financial receivables			Financial payables		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
Associates and joint ventures						
Parque Eolico La Carracha SL	223		223			
Parque Eolico Plana de Jarreta SL	455		455			
Minervia Vento Srl				177		177
Nora Ventu Srl				165		165
Odra Energia Srl				94		94
Tibula Energia Srl				167		167
Kailia Energia Srl				68		68
Naturalis Energy Developments limited	3,386	1,439	1,947			
Total associates and joint ventures	**4,064**	**1,439**	**2,625**	**671**		**671**
Other related parties						
CII HoldCo Ltd		8,103	(8,103)			
Bodium Limited	7,511		7,511			
REG Damery Developers Ltd	527	533	(6)			
Firstar Development, LLC					517	(517)
Energy Team SpA shareholders				16,416	16,953	(537)
Saet SpA shareholders				4,413		4,413
ENI Group				11,017		11,017
Nationwide Group				392		392
Total other related parties	**8,038**	**8,636**	**(598)**	**32,238**	**17,470**	**14,768**
Total	**12,102**	**10,075**	**2,027**	**32,909**	**17,470**	**15,439**
% incidence on income statement headings	**47.3%**	**72.4%**		**2.5%**	**1.8%**	

(€ thousands)

	Other receivables			Other payables		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
Investments in subsidiaries						
Falck SpA	6,735	4,838	1,897	1,446	2,442	(996)
Total parent company	**6,735**	**4,838**	**1,897**	**1,446**	**2,442**	**(996)**
Falck Group companies						
Falck Energy SpA					4	(4)
Total Falck Group companies					**4**	**(4)**
Associates and joint ventures						
Frullo Energia Ambiente Srl	686	2,646	(1,960)			
Parque Eolico La Carracha SL						
Parque Eolico Plana de Jarreta SL						
Naturalis Energy Developments limited				582		582
Total associates and joint ventures	**686**	**2,646**	**(1,960)**	**582**		**582**
Other related parties						
CII HoldCo Ltd					2,308	(2,308)
Bodium Limited				3,293		3,293
Svelgen Kraft Holding and associates				130	306	(176)
Firstar Development, LLC				1,053	1,861	(808)
Nationwide Group				73	156	(83)
Capital One, N.A.				3,018	2,674	344
Total other related parties				**7,567**	**7,305**	**262**
Total	**7,421**	**7,484**	**(63)**	**9,595**	**9,751**	**(156)**
% incidence on income statement headings	**13.5%**	**15.6%**		**8.6%**	**11.6%**	

Net Financial Debt (ESMA)

The Net Financial Debt referred to in the ESMA guideline of 4 March 2021 is shown below, together with the relative reconciliation statement with respect to the Net Financial Position commented on in the Management Report.

(€ thousands)

	31.12.2021	31.12.2020	Change
Cash and cash equivalents	302,000	239,230	62,770
Other current financial assets	7,364	4,966	2,398
Liquidity	**309,364**	**244,196**	**65,168**
Current third-party financial liabilities	(229,965)	(14,245)	(215,720)
Current portion of non-current financial payables	(89,585)	(95,698)	6,113
Current financial liabilities for operating leases	(5,757)	(5,085)	(672)
Current financial debt	**(325,307)**	**(115,028)**	**(210,279)**
Net current financial debt	**(15,943)**	**129,168**	**(145,111)**
Non-current third-party financial liabilities	(707,248)	(581,640)	(125,608)
Non-current financial liabilities for operating leases	(102,605)	(85,571)	(17,034)
Convertible bonds (Green Bond)	(181,167)	(176,429)	(4,738)
Other non-current liabilities	(3,252)	(4,216)	964
Non-current financial debt	**(994,272)**	**(847,856)**	**(146,416)**
Total net financial debt (ESMA)	**(1,010,215)**	**(718,688)**	**(291,527)**
Non-current third-party financial receivables	5,924	7,057	(1,133)
Non-current financial receivables from associates and joint ventures			
Derivative financial instrument assets not included in the financial debt	12,274	1,886	10,388
Adjustment of other non-current payables	3,252	4,216	(964)
Net financial position	**(988,765)**	**(705,529)**	**(283,236)**
- of which “non-recourse” project financing	(582,258)	(606,532)	24,274
- of which fair value of derivatives	(243,579)	(46,150)	(197,429)
- of which financial liabilities for operating leases	(108,362)	(90,656)	(17,706)
Net financial debt net of fair value of derivatives	**(745,186)**	**(659,379)**	**(85,807)**
Net financial debt excluding operating leases	**(880,403)**	**(614,873)**	**(265,530)**
Net financial debt excluding operating leases and derivatives	**(636,824)**	**(568,723)**	**(68,101)**

The net financial position is shown below.

			(€ thousands)
	31.12.2021	31.12.2020	Change
Current financial liabilities	(319,550)	(109,943)	(209,607)
Current financial liabilities for operating leases	(5,757)	(5,085)	(672)
Current financial receivables	7,519	6,012	1,507
Cash and cash equivalents	302,000	239,230	62,770
Current net financial position	**(15,788)**	**130,214**	**(146,002)**
Non-current financial liabilities	(707,248)	(581,640)	(125,608)
Non-current financial liabilities for operating leases	(102,605)	(85,571)	(17,034)
Convertible bonds (Green Bond)	(181,167)	(176,429)	(4,738)
Non-current financial receivables	18,043	7,897	10,146
Non-current net financial position	**(972,977)**	**(835,743)**	**(137,234)**
Net financial position	**(988,765)**	**(705,529)**	**(283,236)**

Disclosures relating to electric power plants

The disclosures presented in accordance with the Consob Recommendation of 28 February 2013 in relation to information to be provided in financial reports and press releases of listed issuers in the renewable energy sector are summarised below:

1. *Disclosures relating to power plants in service at 31 December 2021*

DISCLOSURES RELATING TO POWER PLANTS IN SERVICE						
Plant	Owner	Percentage ownership	Date of entry into operation	Installed capacity (MW)	Energy produced by the plant (GWh)	Net book value (€ thousands)
WTE plant Trezzo (MI) **	Prima Srl	85%	Sept 2003	20.0	106.1	9,366
Biomass plant Rende (CS) ***	Ecosesto SpA	100%	revamping Jan 2011	15.0	104.5	7,624
Photovoltaic Rende (CS)	Ecosesto SpA	100%	Jul 2007	1.0	1.3	2,156
Photovoltaic plants Sicily*	Actelios Solar SpA	100%	Apr 2011	13.1	19.4	22,795
Photovoltaic plant Mesagne (BR) *	Solar Mesagne Srl	100%	Jul 2009 May 2010	2.0	2.7	4,390
Bologna solar plant (BO)	Falck Next Srl (Donema)	100%	Jul 2011	0.9	1.1	2,470
Solar plant North Carolina (US)	Innovative Solar 42 LLC	51% class B	Sept 2017	92.0	140.4	117,100
Middleton solar plant, Massachusetts (USA) *	HG Solar Development LLC	51% class B	June 2018	6.0	7.5	13,061
Dartmouth solar plant, Massachusetts (USA) *	Fisher Road Solar I LLC	51%	May 2014 (A)	6.0	7.8	14,648
Palmer solar plant in Palmer, Massachusetts (USA) *	Syncarpha Palmer LLC	51.00%	Dec 2015 (A)	6.0	7.5	15,432
Leominster solar plant, Massachusetts (USA) *	Syncarpha Massachusetts LLC	51.00%	May 2015 (A)	2.5	3.1	6,074
Solar plant New York (US)	Calypso Solar 1 LLC (Snyder Rd Solar)	48.45%	Dec 2014 (C)	2.1	1.7	635
Solar plant New York (US)	Calypso Solar 3 LLC (Harford&Musgrave)	48.45%	Dec 2016 (C)	8.6	8.6	8,804
Solar plant New York (US)	Odyssey Solar 2 LLC (Geneva)	48.45%	May 2016 (C)	2.8	3.0	1,956
Maryland solar plant (USA)	Annapolis Solar Park LLC	51%	Jul 2018 (C)	18.1	23.0	28,104
Solar plant of Westmoreland County (USA)	Westmoreland Country Solar Project, LLC	51%	Oct. 2021	29.6	11.2	35,810
Solar power plant in Escatrón, Aragon (Spain)	Desafio Sola SL	100%	June 2020 (D)	50.0	65.8	50,411

(continued)

DISCLOSURES RELATING TO POWER PLANTS IN SERVICE

Plant	Owner	Percentage ownership	Date of entry into operation	Installed capacity (MW)	Energy produced by the plant (GWh)	Net book value (€ thousands)
Iowa wind farm (USA)	Building Energy Wind Iowa LLC	51%	Mar 2017 (C)	30.0	104.8	44,982
Wind farm Cefn Croes (Wales)*	Cambrian Wind Energy Ltd	51%	Apr 2005	58.5	139.4	17,941
Wind farm Boyndie (Scotland)*	Boyndie Wind Energy Ltd	51%	June 2006 June 2010	16.7	34.9	8,284
Wind farm Earlsburn (Scotland)*	Earlsburn Wind Energy Ltd	51%	Dec. 2007	37.5	89.1	18,215
Wind farm Ben Aketil (Scotland)*	Ben Aketil Wind Energy Ltd	51%	Jan 2008 Jan 2011	27.6	73.8	14,295
Wind farm Millennium (Scotland)*	Millennium Wind Energy Ltd	51%	Mar 2009 Feb 2011	65.0	132.8	54,186
Wind farm Kilbraur (Scotland)*	Kilbraur Wind Energy Ltd	51%	Feb 2009 Sept 2011	67.5	136.0	50,001
Wind farm Nutberry (Scotland)*	Nutberry Wind Energy Ltd	100%	Oct. 2013	15.0	43.9	23,264
Wind farm West Browncastle (Scotland)*	West Browncastle Wind Energy Ltd	100%	June 2014	30.0	58.8	44,300
Wind farm Spaldington (England)*	Spaldington Airfield Wind Energy Ltd	100%	May 2016	11.8	22.3	20,491
Wind farm Kingsburn (Scotland)*	Kingsburn Wind Energy Ltd	100%	May 2016	22.5	64.8	34,633
Wind farm Assel Valley (Scotland)*	Assel Valley Wind Energy Ltd	100%	Oct. 2016	25.0	59.4	40,627
Wind farm Auchrobert (Scotland)*	Auchrobert Wind Energy Ltd	100%	Apr 2017	36.0	67.6	53,895
Wind farm San Sostene (CZ)*	Eolica Sud Srl	100%	Oct. 2009 Oct. 2010	79.5	159.8	68,229
Wind farm Minervino Murge (BT) *	Eolo 3W Minervino Murge Srl	100%	Dec. 2008	52.0	82.4	52,121
Wind farm Buddusò - Alà dei Sardi (OT)	Geopower Sardegna Srl	100%	Jul 2011 Dec. 2011	138.0	304.6	125,269
Wind farm Petralia Sottana (PA) *	Eolica Petralia Srl	100%	Apr 2012	22.1	36.7	27,086
Wind farm Finistère (France)*	SE Ty Ru SAS	100%	Jul 2012	10.0	19.5	10,109
Wind farm Maine et Loire (France)*	Parc Eolien du Fouy SAS	100%	Apr 2009	10.0	18.3	6,934
Wind farm Maine et Loire (France)*	Parc Eolien des Crêtes SAS	100%	Apr 2009	10.0	18.5	7,524
Wind farm Oise (France)*	Esquennois Energie SAS	100%	Jul 2009	12.0	21.0	9,659
Wind farm Marne (France)*	Eol Team SAS	100%	Aug 2006 (B)	12.0	21.2	9,265
Wind farm Aisnes (France)*	Ferme Eolienne de Noyales SAS	100%	Aug 2009 (B)	10.0	20.3	8,183
Wind farm Cher (France)*	Parc eolien de Bois Ballay Sas	100%	Sept 2011 (B)	12.0	22.3	14,246
Wind farm Charente-Maritime (France)*	Parc eolien de Mazeray et de Bignay Sas	100%	Mar 2013 (B)	12.0	21.7	16,193
Parc Eolien Cher wind farm (France) *	Parc eolien des Coudrays Sas	100%	June 2011 (B)	10.0	16.5	11,671
Aliden wind farm (Sweden)	Aliden Vind AB	100%	Dec. 2019	46.8	153.0	58,396
Wind farm in Brattmyrliden (Sweden)	Brattmyrliden Vind AB	100%	June 2021	74.1	136.1	103,349
Hennoy wind farm (Norway)	Falck Renewables Vind AS	89.87%	Dec. 2019	50.0	140.0	58,056
Okla wind farm (Norway)	Falck Renewables Vind AS	89.87%	Dec. 2021	21.0	4.7	37,319
Wind farm Zaragoza (Spain)*	Eolica Cabezo San Roque Sau	100%	Jan 2004	23.3	44.5	5,079
Carrecastro wind farm (Spain) *	Energia Eolica de Castilla SL	100%	Feb 2020	10.0	29.8	14,013
Total				**1,333.5**	**2,813.2**	**1,408,651**

* The net book value includes, in addition to the value of the plant, the value of the land owned by the project company or the value of the rights to use the land on which the plant is located (in accordance with IFRS 16).
** The net book value includes, in addition to the plant value, the value of the building owned by the project company
*** The net book value includes, in addition to the plant value, the value of the land and building owned by the project company
**** The installed capacity is 158.7 MW but with a production limitation to 138 MW
(A) The company was included in the consolidation scope of Falck Renewables Group from June 2018 following an acquisition
(B) The company was included in the consolidation scope of Falck Renewables Group from March 2019 following an acquisition
(C) The company was included in the consolidation scope of Falck Renewables Group from December 2020 following an acquisition
(D) The company was included within the consolidation scope of Falck Renewables Group from April 2021 following an acquisition

INFORMATION ON FINANCIAL DEBT

Plant	Owner	Associated financial exposure				
		Book value financial liabilities (€ thousands)	Technical form	Maturity	Commitments, guarantees given to lenders (footnote)	Significant contractual clauses (footnote)
WTE plant Trezzo (MI)	Prima Srl		N.A.	N.A.	N.A.	N.A.
Biomass plant Rende (CS)	Ecosesto SpA		N.A.	N.A.	N.A.	N.A.
Photovoltaic Rende (CS)	Ecosesto SpA		N.A.	N.A.	N.A.	N.A.
Photovoltaic plants Sicily	Actelios Solar SpA	(25,154)	Project financing	31.12.2029	A	C
Photovoltaic plant Mesagne (BR)	Solar Mesagne Srl	D	Current account with the parent company	N.A.	N.A.	N.A.
Bologna solar plant (BO)	Falck Next Srl (Donema)	E	Current account with the parent company	N.A.	N.A.	N.A.
Photovoltaic plant North Carolina (USA)	Innovative Solar 42 LLC	(26,593)	Loan note*	31.03.2033	A	C
Middleton solar plant, Massachusetts (USA)	HG Solar Development LLC		N.A.	N.A.	N.A.	N.A.
Dartmouth solar plant, Massachusetts (USA)	Fisher Road Solar I LLC		N.A.	N.A.	N.A.	N.A.
Palmer solar plant, Massachusetts (USA)	Syncarpha Palmer LLC		N.A.	N.A.	N.A.	N.A.
Leominster solar plant, Massachusetts (USA)	Syncarpha Massachusetts LLC		N.A.	N.A.	N.A.	N.A.
Solar plant New York (US)	Calypso Solar 1 LLC (Snyder Rd Solar)	(693)	Project financing *	31.01.2032	A	C
Solar plant New York (US)	Calypso Solar 3 LLC (Harford&Musgrave)	(6,267)	Project financing *	31.01.2032	A	C
Solar plant New York (US)	Odyssey Solar 2 LLC (Geneva)	(1,325)	Project financing *	30.07.2023	A	C
Maryland solar plant (USA)	Annapolis Solar Park LLC	(15,566)	Project financing *	01.10.2033	A	C
Solar plant of Westmoreland County (USA)	Westmoreland Country Solar Project, LLC	(14,408)	Project financing *	02.11.2044	A	C
Solar power plant in Escatrón, Aragon (Spain)	Desafio Sola SL	(20,284)	Project financing *	30.06.2036	A - C	A - C
Iowa wind farm (USA)	Building Energy Wind Iowa LLC	(6,532)	Project financing *	31.03.2027	A	C
Wind farm Cefn Croes (Wales) Wind farm Boyndie (Scotland)	FRUK Holdings (No.1) Ltd	(20,106)	Project financing	31.12.2025	A	C
Wind farm Cefn Croes (Wales)	Cambrian Wind Energy Ltd		N.A.	N.A.	A	C
Wind farm Boyndie (Scotland)	Boyndie Wind Energy Ltd		N.A.	N.A.	A	C
Wind farm Earlsburn (Scotland)	Earlsburn Mezzanine Ltd	(19,884)	Project financing ***	31.03.2026	A	C
Wind farm Earlsburn (Scotland)	Earlsburn Wind Energy Ltd	(2,060)	Project financing ***	15.04.2022	A	C
Wind farm Ben Aketil (Scotland)	Ben Aketil Wind Energy Ltd	(7,421)	Project financing	31.12.2024	A	C
Wind farm Millennium (Scotland)	Millennium Wind Energy Ltd	(19,205)	Project financing	15.04.2027	A	C
Wind farm Kilbraur (Scotland)	Kilbraur Wind Energy Ltd	(27,537)	Project financing	15.10.2027	A	C
Wind farm Nutberry (Scotland)	Nutberry Wind Energy Ltd	(16,468)	Project financing	31.03.2032	A	C
Wind farm West Browncastle (Scotland)	West Browncastle Wind Energy Ltd	(34,891)	Project financing	31.12.2033	A	C
Wind farm Spaldington (England)	Spaldington Airfield Wind Energy Ltd	(12,341)	Project financing	30.06.2034	A	C
Wind farm Kingsburn (Scotland)	Kingsburn Wind Energy Ltd	(28,681)	Project financing	30.06.2034	A	C
Wind farm Assel Valley (Scotland)	Assel Valley Wind Energy Ltd	(39,529)	Project financing	31.12.2034	A	C
Wind farm Auchrobert (Scotland)	Auchrobert Wind Energy Ltd	(50,602)	Project financing	20.12.2035	A	C
Wind farm San Sostene (CZ)	Eolica Sud Srl	(34,066)	Project financing	31.12.2024	A	C
Wind farm Minervino Murge (BT)	Eolo 3W Minervino Murge Srl	(13,286)	Project financing	31.12.2023	A	C
Wind farm Buddusò - Alà dei Sardi (OT)	Geopower Sardegna Srl	(102,682)	Project financing	30.06.2027	A	C
Wind farm Petralia Sottana (PA)	Eolica Petralia Srl	(10,169)	Project financing	30.06.2027	A	C
Wind farm Finistère (France)	SE Ty Ru SAS	(4,296)	Project financing	30.06.2028	A	C
Wind farm Maine et Loire (France)	Parc Eolien du Fouy SAS	(3,008)	Project financing	15.07.2026	A	C
Wind farm Maine et Loire (France)	Parc Eolien des Crêtes SAS	(3,026)	Project financing	15.07.2026	A	C
Wind farm Oise (France)	Esquennois Energie SAS	(4,062)	Project financing	15.07.2026	A	C
Wind farm Marne (France)	Eol Team SAS		N.A.	N.A.	N.A.	N.A.
Wind farm Aisnes (France)	Ferme Eolienne de Noyales SAS	(640)	Project financing	31.08.2022	A	C
2 wind farms Cher (France) Wind farm Charente-Maritime (France)	CEP Tramontane 1, Sas	(11,476)	Project financing	30.06.2027	A	C
Wind farm Cher (France)	Parc eolien de Bois Ballay Sas		N.A.	N.A.	N.A.	N.A.
Wind farm Charente-Maritime (France)	Parc eolien de Mazeray et de Bignay Sas		N.A.	N.A.	N.A.	N.A.
Parc Eolien Cher wind farm (France)	Parc eolien des Coudrays Sas		N.A.	N.A.	N.A.	N.A.
Aliden wind farm (Sweden)	Åliden Vind AB		N.A.	N.A.	N.A.	N.A.
Brattmyrliden wind farm (Sweden)	Brattmyrliden Vind AB		N.A.	N.A.	N.A.	N.A.
Hennoy wind farm (Norway)	Falck Renewables Vind AS		N.A.	N.A.	N.A.	N.A.
Okla wind farm (Norway)	Falck Renewables Vind AS		N.A.	N.A.	N.A.	N.A.
Wind farm Zaragoza (Spain)	Eolica Cabezo San Roque Sau		N.A.	N.A.	N.A.	N.A.
Carrecastro wind farm (Spain) *	Energia Eolica de Castilla SL		N.A.	N.A.	N.A.	N.A.
Total Project Financing		**(582,258)**				

* A form of financing similar to project financing
** Parc Eolien du Bois Ballay SAS, Parc Eolien du Coudrays SAS, Parc Eolien de Mazeray et de Bignay SAS and CEP Tramontane 1 SAS are part of the same financing with credit lines granted to CEP Tramonate 1 SAS and joint guarantees.
*** The loans granted to Earlsburn Mezzanine Ltd and Earlsburn Wind Energy Ltd are part of the same credit line and have common guarantees

(A) Standard security package for project finance operations
(B) Letters of patronage
(C) Financial covenants that block default distributions and events
(D) Amount not included in consolidation and equal to € 1,914 thousand as at 31 December 2021
(E) Amount not included in consolidation and equal to € 3,032 thousand as at 31 December 2021

The standard security package envisaged by Falck Renewables Group’s project financing contracts comprises: mortgage, special privileges, the disposal of receivables under guarantee, pledges on shares, pledges on current accounts and in certain cases the sale of shareholder loans.

All amounts secured under project financing transactions have been received and the equity portion (share capital and shareholders’ loans) has been paid in full.

2. Disclosures relating to power plants not yet in service at 31 December 2021

(€ thousands)

INFORMATION ON ENERGY PRODUCTION PLANTS NOT YET IN OPERATION

Plant	Owner	Progress	Installed capacity (MW)	Presumed date of entry into operation	NBV at 31.12.2021
Wind farm Illois (France)	Parc Eolien d'Illois Sarl	Under construction	Up to 12	End of fourth quarter of 2022	10,743
Landolina solar plant (Italy)	Falck Renewables Sicilia Sri	Under construction	9.7	End of third quarter 2022	7,218
Green Lakes solar plant (United States)	EF NY CDG 001, LLC	Under construction	7.5	End of first quarter 2022	-
North Eagle Village solar plant (United States)	EF NY CDG 002, LLC	Under construction	7.5	End of first quarter 2022	-
Judd Roadsolar plant (United States)	EF NY CDG 007 LLC	Under construction	73	End of first quarter 2022	-
Unica Spring 963 solar plant (United States)	EF NY CDG 003 LLC	Under construction	7.5	End of first quarter 2022	-
Union Spring 40 solar plant (United States)	EF NY CDG 011 LLC	Under construction	7.5	End of first quarter 2022	
Mustalamminaki wind farm (Finland)	Greenwatt Mustalamminaki Oy Ab	Under construction	37.5	End of fourth quarter of 2023	6,560
Koiramàkì wind farm (Finland)	Greenwatt Koiramaki Oy Ab	Under construction	37.5	End of fourth quarter of 2023	5 083

(*) The net carrying amount includes, in addition to the value of the plant, the value of concessions and rights to use the land on which the plant will be built (in accordance with IFRS 16)

6.6.12 Income statement content and changes

20 Revenues

Revenues consisted of the following:

(€ thousands)

	31.12.2021	31.12.2020	Change
Sale of goods	487,321	331,378	155,943
Sale of services	68,119	52,981	15,138
Revenues in contract work in progress	12,977		12,977
Total	**568,417**	**384,359**	**184,058**

Revenue arising from the sale of goods, compared to the previous year, may be attributed to the following business segments:

(€ thousands)

	31.12.2021	31.12.2020	Change
Sale of electricity and incentives	483,959	329,124	154,835
Sale of other goods	3,362	2,254	1,108
Total	**487,321**	**331,378**	**155,943**

Revenue arising on the provision of services, compared to the previous year, is attributable to the following business segments:

(€ thousands)

	31.12.2021	31.12.2020	Change
Waste treatment and disposal	20,634	19,777	857
Renewable energy plant services and management	16,537	14,195	2,342
Plant maintenance	29,564	16,952	12,612
Other operating income	1,384	2,057	(673)
Total	**68,119**	**52,981**	**15,138**

Revenues from Services and renewable energy plants were mainly generated by the Vector Cuatro Group and Energy Team.

Revenue related to contract work in progress, compared to the previous year, is attributable to the following business segments:

(€ thousands)

	31.12.2021	31.12.2020	Change
Revenues for definitive payments	14,178		14,178
Change in contract work in progress	(1,201)		(1,201)
Total	**12,977**		**12,977**

The revenues are related to contract work in progress of the SAET SpA group consolidated 1 August 2021.

The increase in revenues reflects multiple opposing dynamics, which can be summarised as follows: (i) approximately € 20.3 million for the change in scope of consolidation due to the acquisition of the Building Energy Holding US plants (November 2020), the Desafio Solar SL plant (April 2021), and the Donema plant (July 2020), and for the entry into operation of the Brattmyrliden wind farm (June 2021), Westmoreland solar plant (October 2021) and Okla wind farm (2021); (ii) approximately € 120.7 million for the greater volume of energy sold by Falck Next Energy Srl, and approximately € 11 million for the increased revenues of the consortia tasked with managing the interruptibility service on the Italian energy market; (iii) approximately € 23.5 million for the increase in electricity sales prices, in Italy, Spain, UK, France and Norway, including the differential attributable to the ROC Recycle component; (iv) approximately € 18.2 million due to the lower wind production in the UK, France and the Nordic countries (Sweden and Norway), which was partially offset by the greater production in Spain and Italy; (v) approximately € 2.9 million for the increased energy production of the biomass plant, which underwent scheduled biannual maintenance in 2020, and the WtE plant in Trezzo; (vi) € 13.3 million due to increased revenues following the acquisition of SAET group (as of 1 August); (vii) € 4.7 million due to increased revenues from the Services segment; (viii) € 0.6 million for the greater energy production from the solar plants; and (ix) € 1 million due to the greater amount of waste processed by the WtE plant in Trezzo.
Furthermore, with reference to revenues in the UK, in 2021 the pound Sterling's average revaluation against the Euro was 3.5% compared to the same period of the previous year. On the other hand, with regard to revenues in the United States of America, in 2021 the average devaluation of the Dollar against the Euro was 3.4% compared to the same period of the previous year. The increase in revenues due to exchange rate effects amounted to € 3.9 million.

Revenues by country of origin per customer are broken down as follows as at 31 December 2021 and 31 December 2020:

31.12.2021 (€ thousands)

Revenues by Geographic Area	Sales revenues from electricity	Revenues from incentives/ green certificates	Sales revenues from sale of products	**Total sale of electricity and other assets**	Revenues from plant management	Revenues from waste treatment and disposal	Other revenues	Revenues in contract work in progress	**TOTAL**
Italy	210,770	82,597	3,188	**296,555**	32,583	20,634	278	12,617	**362,667**
UK	2,028	44,396	8	**46,432**	367		645	3	**47,447**
Germany	29,377	14,680	12	**44,069**	93		206		**44,368**
France	17,822		15	**17,837**	59		190	22	**18,108**
United States	15,455	4,289	5	**19,749**	279		2		**20,030**
Sweden	7,699	62		**7,761**					**7,761**
Norway	4,828	67		**4,895**			31		**4,926**
Spain	12,111	7		**12,118**	4,411		32	50	**16,611**
Japan			1	**1**	5,217				**5,218**
Mexico					1,588				**1,588**
Other	37,676	95	133	**37,904**	1,504			285	**39,693**
TOTAL REVENUES	**337,766**	**146,193**	**3,362**	**487,321**	**46,101**	**20,634**	**1,384**	**12,977**	**568,417**

31.12.2020 (€ thousands)

Revenues by Geographic Area	Sales revenues from electricity	Revenues from incentives/ green certificates	Sales revenues from sale of products	**Total sale of electricity and other assets**	Revenues from plant management	Revenues from waste treatment and disposal	Other revenues	Revenues in contract work in progress	**TOTAL**
Italy	84,810	74,759	2,078	**161,647**	21,138	19,777	120		**202,682**
UK	45,403	48,002	2	**93,407**	322		1,420		**95,149**
Germany	15,266	17,016	38	**32,320**	63		78		**32,461**
France	19,764		44	**19,808**	67				**19,875**
United States	8,886	2,922	1	**11,809**	312				**12,121**
Sweden	5,096			**5,096**			14		**5,110**
Norway	4,572	21		**4,593**			425		**5,018**
Spain	2,550		3	**2,553**	3,345				**5,898**
Japan					4,414				**4,414**
Mexico			4	**4**	1,273				**1,277**
Other		57	84	**141**	213				**354**
TOTAL REVENUES	**186,347**	**142,777**	**2,254**	**331,378**	**31,147**	**19,777**	**2,057**		**384,359**

6.6 Notes to the consolidated financial statements

The following table shows a breakdown of revenues by sector at 31 December 2021 and 31 December 2020:

31.12.2021 (€ thousands)

Revenues by type of service	**WtE, biomass, solar**	**Wind**	**Services**	**Energy Management**	**Other businesses**	**Elimination**	**Consolidated**
Sales revenues from electricity	38,880	183,789	433	245,158		(130,494)	337,766
Revenues from incentives/green certificates	21,810	124,244	7	16,562		(16,430)	146,193
Sales revenues from sale of products	(1)		3,686			(323)	3,362
Total sale of electricity and other assets	**60,689**	**308,033**	**4,126**	**261,720**		**(147,247)**	**487,321**
Revenues from plant management	**276**	**598**	**51,729**	**1,252**	**1,345**	**(9,099)**	**46,101**
Revenues from waste treatment and disposal	**20,634**						**20,634**
Other revenues	**36**	**1,115**	**69**	**24**	**519**	**(379)**	**1,384**
Revenues in contract work in progress			**12,991**			**(14)**	**12,977**
TOTAL	**81,635**	**309,746**	**68,915**	**262,996**	**1,864**	**(156,739)**	**568,417**

31.12.2020 (€ thousands)

Revenues by type of service	**WtE, biomass, solar**	**Wind**	**Services**	**Energy Management**	**Other businesses**	**Elimination**	**Consolidated**
Sales revenues from electricity	27,022	119,554	107	77,364		(37,700)	186,347
Revenues from incentives/green certificates	17,647	125,167		3,659		(3,696)	142,777
Sales revenues from sale of products			2,547			(293)	2,254
Total sale of electricity and other assets	**44,669**	**244,721**	**2,654**	**81,023**		**(41,689)**	**331,378**
Revenues from plant management	**399**	**14**	**40,247**	**333**		**(9,846)**	**31,147**
Revenues from waste treatment and disposal	**19,777**						**19,777**
Other revenues	**39**	**1,967**			**81**	**(30)**	**2,057**
Revenues in contract work in progress							
TOTAL	**64,884**	**246,702**	**42,901**	**81,356**	**81**	**(51,565)**	**384,359**

The following table shows revenues divided by their recognition date:

(€ thousands)

	31.12.2021	31.12.2020	Change
Goods/services transferred on a specific date	513,244	354,427	158,817
Services provided over time	55,173	29,932	25,241
Total	**568,417**	**384,359**	**184,058**

21 Personnel costs

Personnel costs may be analysed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Salaries and wages	42,304	35,405	6,899
Social security costs	10,632	7,959	2,673
Staff leaving indemnity (TFR)	1,625	1,400	225
Other costs	4,971	1,359	3,612
Total	**59,532**	**46,123**	**13,409**

The average number of employees was as follows:

(number)

	31.12.2021	31.12.2020
Managers	62	57
White-collar staff	511	446
Blue-collar staff	40	32
Total average number of employees	**613**	**535**

Personnel costs, which totalled € 59,532 thousand, increased by € 13,409 thousand, mainly due to the average increase in the workforce (+78 employees) and salary increases compared to the same period of 2020. The increase in the number of employees compared to 31 December 2020 is mainly due to the Services segment, the acquisition in July 2021 of the Saet SpA (74 employees) and internal growth as the main functions, in continuity with what occurred in 2020, are being structured to cope with the development of the new initiatives envisaged in the Business Plan.

Personnel costs were also affected compared to 2020 by higher Long-Term Incentive Plan costs for € 1.8 million due to acceleration of the plan assuming there is a Change of Control in the first quarter of 2022 (Special Item) and higher multi-year bonus costs for employees dedicated to development activities for € 1.6 million.

22 Direct costs

Direct costs may be analysed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Consumables	172,206	51,908	120,298
Services	77,097	55,839	21,258
Other costs	28,242	26,736	1,506
Change in inventories	6,111	(650)	6,761
Typical allocation to/(use) of operating provisions	527	(110)	637
Amortisation of intangible assets	3,659	3,720	(61)
Net impairment and recovery of property, plant and equipment		35	(35)
Depreciation of property, plant and equipment	78,949	70,793	8,156
Amortisation of rights to use	5,660	4,667	993
Net impairment and recovery of property, plant and equipment	5,549	(1,462)	7,011
Total	**378,000**	**211,476**	**166,524**

Direct costs increased by € 166,524 thousand, mainly due to: (i) the purchase of energy from the market by Falck Next Energy Srl and the higher costs of the consortia tasked with managing the interruptibility service on the Italian energy market, for € 130.8 million; (ii) the higher costs and depreciation due to the higher installed capacity and new companies acquired; (iii) the allocation to the environmental restoration fund, and the increased management costs partially offset by lower maintenance costs of the Rende plant, which underwent its bi-annual shutdown for maintenance during 2020; (iv) for impairment of the Rende plant for € 6.9 million, net reversals of value of the WTE plant of Trezzo for € 1.1 million, Ty Ru wind farm for € 0.1 million and the Eolica Petralia wind farm for € 0.1 million (Special Item) and (v) the reclassification of several cost items from Administrative expenses.

23 Other income

Other income may be analysed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Current operating income	9,672	5,509	4,163
Non-current operating income	12,338	11,964	374
Total	**22,010**	**17,473**	**4,537**

Other income increased by € 4,537 thousand, primarily due to: (i) for compensation of € 7.7 million **("Non-recurring event")** against the concession to transfer non-controlling governance rights in six SPV in the UK, (ii) increase in operating and capital grants for € 1.8 million compared to the previous period, resulting from the Iowa wind farm in the United States, (iii) income due to the lease-back from the Tax equity partner of the Westmoreland County Solar Project in the United States for € 0.3 million and (iv) higher revenues for services for € 1.9 million.
It should be noted that this item in 2020 included: (i) capital gain of € 3.9 million realised following the Group's transfer of 50% of its holding in Novis Renewables LLC and (ii) extraordinary income for trade payables due to a supplier related to a company in liquidation for € 3.3 million **("Non-recurring event")**.

Other income from operating activities may be further detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Service revenues	5,045	3,185	1,860
Rental income	11	13	(2)
Capital and operating grants	4,008	2,226	1,782
Other income	608	85	523
Total	**9,672**	**5,509**	**4,163**

In addition, with regard to capital and operating grants, these are mainly grants pursuant to Law no. 488 and ITC (Investment Tax Credit) grants recognised using the indirect method. The details of the other income from current operations item are as follows:

(€ thousands)

	31.12.2021	31.12.2020
FPTC contributions (Federal Production Tax Credit)	2,196	188
ITC contributions (Investment Tax Credit)	1,271	1,434
Law 488 contributions	479	480
Operating contributions	62	124
Total	**4,008**	**2,226**

Other income from non-operating activities may be further detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Extraordinary income	2,867	5,545	(2,678)
Gains on disposal of property, plant and equipment	8	4,089	(4,081)
Insurance compensation payments	1,717	1,962	(245)
Contractual penalties	29	313	(284)
Other	7,717	55	7,662
Total	**12,338**	**11,964**	**374**

The item Other includes a compensation of € 7.7 million **(Non-recurring event)** against the concession to transfer non-controlling governance rights to six SPV in the UK;

Extraordinary income of 2020 included the effects of payables to a supplier related to a company in liquidation for € 3,300 thousand (“**Non-recurring event**”).
The item capital gains on sale of assets of 2020 includes the capital gain of € 3,865 thousand realised following the sale by the Group of 50% of the shares in Novis Renewables LLC (and thus joint control) to Eni New Energy US Inc., with the consequent deconsolidation of these shares and the first recognition at fair value of the remaining 50% shareholding.

Contractual penalties largely relate to the cancellation of services contracts.

24 Administrative expenses

Administrative expenses may be further detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Consumables	476	953	(477)
Services	40,594	19,772	20,822
Other costs	11,171	7,206	3,965
Non-current operating expenses	2,137	2,978	(841)
Amortisation of intangible assets	1,178	407	771
Impairment of intangible assets	4	129	(125)
Depreciation of rights to use intangible assets	197	172	25
Depreciation of property, plant and equipment	626	329	297
Depreciation of rights to use property, plant and equipment	1,990	1,746	244
Impairment of rights to use property, plant and equipment	33		33
Allocations to/(use of) risk provisions	(2,196)	(708)	(1,488)
Total	**56,210**	**32,984**	**23,226**

Administrative expenses totalling € 56,210 thousand, increased by € 23,226 thousand with respect to the same period in 2020, mainly due to: (i) services connected to an extraordinary transaction linked to the search for a strategic partner for € 10 million **(“Non-recurring event”)**; (ii) greater services due to the growth in business, acquisition of new companies included in the scope of consolidation and ancillary costs; (ii) higher rental costs and higher local taxes; (iv) a penalty paid to an off taker by the Brattmyrliden company for the delay putting into operation the plant for which compensation will be requested from the plant builder and (v) higher amortisation and depreciation on intangible assets and property, plant and equipment related to investments made in previous years and started operation in 2021, partly offset by higher releases of allocations to risk provisions and provision for doubtful accounts.

Compared to 2020 the higher costs for the Falck Renewables SpA Chief Executive Officer's Long-Term Incentive Plan for € 2 million had an impact. This is due to acceleration of the plan assuming there is a Change of Control[7] in the first quarter of 2022 (special item).

25 Net margin from trading activities

The **Net margin from trading activities** decreased by € 6,398 thousand compared to the same period of 2020, mainly as a result of the partial over-hedging of the energy price hedges, due to the overestimation of production in the UK and Spain, for an amount of € 5.5 million.

26 Allocation of cost for extraordinary bonus

Allocation for the extraordinary bonus cost totalled € 29,313 thousand **("Non-recurring event")**.
The Falck Renewables SpA Shareholders' Meeting on 14 December 2021 approved the allocation, at certain conditions, of an extraordinary bonus to managers and employees of Falck Renewables SpA and Group companies. The Extraordinary Bonus was approved in the context of a possible finalisation of an extraordinary transaction that includes the entry of Falck Renewables SpA in the share capital, a new strategic investor and controlling shareholder, and consequent promotion, by the new strategic partner and controlling shareholder, of takeover bid on all of Falck Renewables SpA share capital with consequent creation of value for all shareholders. The Extraordinary Bonus is aimed at rewarding the work that managers and employees on the job at 30 June 2021, performed, with different roles and contributions: (i) in structuring the transaction and search and selection for the best strategic partner for the Company; (ii) in assistance for negotiation of the terms and conditions of the agreement stipulated between Falck SpA and the Partner; and (iii) over time, to the benefit of the Group and in particular the company, that made it possible to attract the interest of a leading international investor in the long term. The Extraordinary Bonus is also aimed at incentivising and retaining managers and employees, thus contributing to reinforcing their commitment to pursue the growth and success of the Group. The amount of € 29,313 thousand includes social security costs and represents the amount accruing during the year.
The cost is allocated, as accrual based on the activities that the managers and employees have performed until 31 December 2021 compared to the entire maturity period up to the launch of the takeover bid.
For more information see paragraph 5.3.11 "Stock option and stock grant plans and Extraordinary Incentive Plan".

27 Financial income and expenses

Financial income and expenses comprised:

(€ thousands)

	31.12.2021	31.12.2020	Change
Financial expenses	(40,826)	(37,996)	(2,830)
Financial expenses for leasing debts under IFRS 16	(3,804)	(3,220)	(584)
Foreign exchange losses	(15,691)	(19,899)	4,208
Financial income	4,151	8,358	(4,207)
Foreign exchange gains	14,882	19,430	(4,548)
Financial expenses capitalised on assets under construction	137	130	7
Total	**(41,151)**	**(33,197)**	**(7,954)**

Net financial expenses increased by € 7,954 thousand compared to 2020. This increase is due to the notional charges on the convertible bond loan, valued on the financial statements according to the amortised cost criterion, equal to € 4.7 thousand (Special item), effect of the greater differences in net foreign exchange expense totalling € 0.3 thousand and the increased change in Royalty Instruments, measured at fair value, equal to € 2.8 million, partially offset by the

[7]Change of control for the extraordinary transaction to find a strategic partner means transfer of a controlling investment by Falck Spa to Green Bidco Spa, indirectly controlled by IIF.

measures taken by management in recent years that made it possible to lower interest expense totalling € 3.7 million, releases and decreased allocations to provisions for doubtful accounts, for a total of € 1.4 million, and the positive change in the Fair Value of the Energy Team's Put option, for € 0.5 million (Special item). It should be noted that in 2020 net financial expenses benefited from the positive change in the Fair Value of the conversion option of the senior unsecured equity-linked green bond, issued on 23 September 2020, for a value, net of contractual costs and the effect of amortised cost as required by IFRS 9, of € 3.5 million **("Non-recurring event")** and the positive change in the Fair Value of the put option of Energy Team for € 1.9 million (special item).

Finance expenses for 2021 and 2020 may be further analysed as follows:

31.12.2021

(€ thousands)

	From bonds	From banks	From others	Total
Payable to others	4,738	43,939	11,644	60,321
Total	**4,738**	**43,939**	**11,644**	**60,321**

31.12.2020

(€ thousands)

	From bonds	From banks	From others	Total
Payable to others	1,264	51,888	7,963	61,115
Total	**1,264**	**51,888**	**7,963**	**61,115**

Finance income for 2021 and 2020 may be further analysed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Interest income and commission from banks	1,186	202	984
Foreign exchange gains	14,882	19,430	(4,548)
Interest income and commission from others	2,965	8,156	(5,191)
Total	**19,033**	**27,788**	**(8,755)**

The variation from 2020 of net financial income was mainly due to a decrease in exchange rate gains (€ 4,548 thousand). It should be noted that in 2020 the item interest and commissions from others ad various income benefit from the positive change in the Fair Value of the derivative embedded in the senior unsecured equity-linked green bond for a value, net of contractual costs and the effect of amortised cost as required by IFRS 9, of € 3,452 thousand ("**Non-recurring event**") and for the positive change in the Fair Value of Energy Team's put option for € 1,897 thousand (special item).

28 Investment income/(expenses)

Investment income may be analysed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Dividends			
Capital gains on sale			
Capital gains on derecognition of investments			
Revaluations	51	10	41
Impairment			
Loss on derecognition of investments			
Total	51	10	41

29 Share of profit from investments accounted for using the equity method

This includes the valuation of investments in associated entities accounted for using the equity method:

			(€ thousands)
	31.12.2021	31.12.2020	Change
Frullo Energia Ambiente Srl	3,631	2,415	1,216
Parque Eolico La Carracha Sl	1,169		1,169
Parque Eolico Plana de Jarreta SL	755		755
Minervia Vento S.r.l.	(69)		(69)
Odra Energia S.r.l.	(138)		(138)
Nora Ventu S.r.l.	(69)		(69)
Tibula Energia S.r.l.	(54)		(54)
Kailia Energia S.r.l.	(140)		(140)
Naturalis Energy Developments Limited Group	(947)	(1,305)	358
Novis Renewables Group, LLC	(3,146)	(3,616)	470
Total	**992**	**(2,506)**	**3,498**

Investment income/(expenses) measured at equity increased compared to 2020 for € 3,498 thousand, following the positive results of Frullo Energia Ambiente Srl, Parque Eolico La Carracha Sl e di Parque Eolico Plana de Jarreta Sl, and better results compared to 2020 of the Novis Renewables group and Naturalis Energy Developments Limited group.

30 Income tax expense

			(€ thousands)
	31.12.2021	31.12.2020	Change
Current tax	45,171	17,515	27,656
Deferred income tax	(28,664)	(1,753)	(26,911)
Total	**16,507**	**15,762**	**745**

Current taxes are based on the estimated taxable income for the period calculated in accordance with current tax legislation.

Income tax as of 31 December 2021 amounted to € 16,507 thousand (€ 15,762 thousand in the previous year). This figure was negatively affected by: (i) one-off adjustment of deferred tax liabilities in the UK for a total negative impact of around € 8.5 million, effect of the income tax rate of the companies approved at 25% starting on 1 April 2023 (Special item); and (ii) taxation, in Italy, of 5% of dividends distributed by the subsidiaries to Falck Renewables Spa, for a difference of around € 1.8 million compared to 2020. It should be noted that the taxes at 31 December 2020 were impacted: (i) positively from recognition of deferred tax assets net of substitute taxes for € 3.4 million following revaluation of the Buddusò Ala de Sardi plant owned by Geopower Sardegna Srl, determined according to art. 110 of Legislative Decree 104/2020 ("**Non-recurring event**"); and (ii) negatively by effects linked to the one-off adjustment of deferred tax liabilities in the UK for a total of € 2.7 million, following failure to reduce the income tax rate from 19% to 17% previously approved and later repealed (Special item).

Under IFRIC 23 there are no significant uncertainties on treatments for the purposes of income tax.

The reconciliation between theoretical income tax and the actual expense is detailed below.

(€ thousands)

	31.12.2021	31.12.2020
Profit before taxation	**20,897**	**75,587**
Taxes calculated applying tax rate to profit	(3,232)	(20,236)
Profits not subject to tax	5,608	7,734
Expenses not deductible for tax purposes	(9,614)	(5,104)
Deferred tax assets due to change in tax rate	(8,850)	(2,964)
Recapture notional bond interest	(878)	(234)
Consolidation revenues	577	458
Use of retained losses from previous years	(65)	(169)
Revaluation benefits ex. DL 104/2020		3,382
IRAP income for waiver of payments		797
Tax benefit from Patent Box		247
Other differences	(53)	327
Total income tax	**(16,507)**	**(15,762)**

31 Additional disclosures in accordance with IFRS 16

The Group has land lease contracts in place for some of its production facilities, as well as lease contracts for its headquarters and subsidiaries' offices, software and other minor leases classified as tangible and intangible assets. The analysis carried out on the terms and conditions of the contracts led to the conclusion that, for all contracts in place at 31 December 2021, all significant risks and benefits typical of ownership of the assets were not transferred to the Group but remained with the lessor. These contracts were accounted for as operating leases in accordance with IFRS 16.

6.6 Notes to the consolidated financial statements

The following table shows the net book value of the rights of use at 31 December 2021, broken down by type of asset leased and changes during the year:

	At 31.12.2020	Increase	Change in scope of consolid.	Reclassification	Foreign exchange diff	Other movements	(Devaluations) Revaluations	Amortisations	At 31.12.2021
Gross values									
Rights of use - Land	83,497	5,097	7,581		4,082	4,639	(1,719)		103,177
Rights of use - Buildings	11,191	233	3,029		257	(872)			13,838
Rights of use - Other assets	2,222	388	63		11	(218)	(91)		2,375
Total gross values of property, plant and equipment	96,910	5,718	10,673		4,350	3,549	(1,810)		119,390
Right of use - Software	516	156				(11)			661
Total gross values of intangible fixed assets	516	156				(11)			661
Total gross value	**97,426**	**5,874**	**10,673**		**4,350**	**3,538**	**(1,810)**		**120,051**
Accumulated depreciation									
Rights of use - Land	(8,106)				(496)	(9)	353	(5,204)	(13,462)
Rights of use - Buildings	(2,153)				(39)	452		(1,763)	(3,503)
Rights of use - Other assets	(1,019)				(5)	319	63	(683)	(1,325)
Total provision for depreciation of property, plant and equipment	(11,278)				(540)	762	416	(7,650)	(18,290)
Right of use - Software	(244)							(197)	(441)
Total provision for amortisation of intangible fixed assets	(244)							(197)	(441)
Total depreciation	**(11,522)**				**(540)**	**762**	**416**	**(7,847)**	**(18,731)**
Net book amounts									
Rights of use - Land	75,391	5,097	7,581		3,586	4,630	(1,366)	(5,204)	89,715
Rights of use - Buildings	9,038	233	3,029		218	(420)		(1,763)	10,335
Rights of use - Other assets	1,203	388	63		6	101	(28)	(683)	1,050
Total net values of property, plant and equipment	85,632	5,718	10,673		3,810	4,311	(1,394)	(7,650)	101,100
Right of use - Software	272	156				(11)		(197)	220
Total net values of intangible fixed assets	272	156				(11)		(197)	220
Total net rights of use	**85,904**	**5,874**	**10,673**		**3,810**	**4,300**	**(1,394)**	**(7,847)**	**101,320**

Below are details of the financial liability for leasing at 31 December 2021:

	(€ thousands)
31 December 2020	90,701
Increases	5,916
Change in the scope of consolidation	10,692
Increase for interest	3,804
Payments	(9,887)
Foreign exchange diff	4,338
Other movements	2,798
31 December 2021	**108,362**
Current	5,757
Non-current	102,605

Details of the costs charged to the income statement at 31 December 2021 are shown below:

(€ thousands)

Amortisation of rights of use for land	5,204
Amortisation of rights of use for buildings	1,763
Amortisation of rights of use for other assets	683
Amortisation of rights of use for software	197
Total amortisation	**7,847**
Total financial expenses for financial liabilities	**3,804**
Short term, low value leasing costs	**1,961**
Variable leasing costs	**5,116**
Total costs recorded on the Income statement	**18,728**

The Group has leasing contracts in place that provide for variable payments. Information on variable payments compared with fixed lease payments is provided below.

(€ thousands)

	Fixed payments	Variable payments	Total
Fixed lease payment	7,300		7,300
Variable lease payment with minimum payment	2,587	2,964	5,551
Variable lease payment		1,502	1,502
Total	**9,887**	**4,466**	**14,353**

Contracts with variable lease payments relate to the lease of land on which the plant is located. The variability of payments depends on the production of the plant: an increase in production leads to a substantial increase in the variable share to be paid to the lessor.

32 Share-based Payments

In order to set up an incentive and loyalty scheme for managers and employees in key roles within the Group, on 07 May 2020 the parent company's Shareholders' Assembly approved a 2020-2022 incentive plan, under which the CEO and certain key managers and employees within the company and its subsidiaries will receive shares in Falck Renewables SpA for free.

The purpose of the three-year incentive plan is to assign free of charge to the beneficiaries a maximum of 1,800,000 ordinary shares of Falck Renewables Spa, equal to a maximum of approximately 0.6177% of the share capital. The stock grant Plan is subject to:

(i) the sustainability of the Group's balance sheet (expressed by the ratio of Net Financial Position to EBITDA);
(ii) achieving a three-year cumulative EBITDA target;
(iii) the continuation of the existing relationship between the beneficiary and the Company or its subsidiaries.

Once these three conditions are met, the number of shares to be allotted to the pool of beneficiaries may vary, to a maximum of 1,800,000 shares, depending on the price of the ordinary share as it approaches the end of the Share Plan. In the event of extraordinary events such as a Change of Control the assigned number will be equal to the maximum for each beneficiary. Moreover, the maximum number of shares for each beneficiary must be adjusted in order to neutralise any dilution effects resulting from conversion of the bonds.

For example, assuming a Change of Control on 31 March 2022 considering the estimate made on 31 December 2021 for the purposes of these financial statements, the number of shares will be equal to € 1,599,518[8] of which n.936.304 to the Chief Executive Officer and 663,214 to the rest of management. These numbers of shares assigned take into account both the Change of Control and anti-dilutive effects.

The "2020-2022 stock grant Plan" is in line with what was announced during the Capital Markets Day on 12 March 2020 and is designed to provide incentives for beneficiaries to pursue medium-long term value creation objectives and to align the interests of the latter with those of the Group and its shareholders. The Plan will be implemented using company treasury shares already in the portfolio or purchased under art. 2357 of the Italian Civil Code.

The fair value of the services received by the owners of the incentive plan as consideration for the shares assigned has been indirectly calculated with reference to the fair value of the shares, and the amount to be assigned on an accrual basis has been calculated *pro-rata temporis* over the entire vesting period. The fair value valuation was performed according to current accounting standards, in particular IFRS 2, using the Black Scholes through Monte-Carlo method.

CEO

The incentive plan for the CEO of Falck Renewables SpA was put into effect with 600,000 shares in May 2020. In consideration of the forecast Change of Control on 31 March 2022 and anti-dilutive adjustment mechanisms the number of total share rights assigned to the Chief Executive Officer equals 936,304.
The fair value per share assigned, calculated as the weighted average share price on the date of assignment net of forecast dividends during the vesting period, was of € 3.9508.

As the shares were assigned free of charge, the exercise price was zero. The fair value of the stock grants in 2021, worth € 2,642 thousand, was posted under administrative expenses, balancing the Other reserves heading under net equity.

Group managers

In May 2020, some Company managers were also granted a total of 417,000 shares. 73,000 share rights assigned to managers were cancelled in 2021.
In June 2021, a further 81,000 share rights were assigned to several Group managers.
In consideration of the forecast Change of Control on 31 March 2022[9] and anti-dilutive adjustment mechanisms the number of total share rights assigned to the managers equals 663,214.

The fair value per share assigned, calculated as the weighted average share price on the date of assignment net of forecast dividends during the vesting period, was of € 4.3216.

As the shares were assigned free of charge, the exercise price was zero. The fair value of the stock grants in 2021, worth EUR 1,942 thousand, was posted under personnel costs, balancing the Other reserves heading under net equity.

At 31 December 2021, the following rights were held:

[8] If the Change of Control occurs in 2022 at a date earlier than the estimated one of 31 March 2022 the number of rights would increase by a total of around 840 units for every 30 days ahead of time.

[9] If the Change of Control occurs in 2022 at a date earlier than the estimated one of 31 March 2022 the number of rights would increase by a total of around 840 units for every 30 days ahead of time.

	Number of shares	Average exercise price
Rights existing at 01.01.2021	**1,017,000**	**N/A**
New rights assigned during the period	81,000	
(Rights cancelled during the period)	(73,000)	
(New Change of control rights)	574,518	
(Rights expired during the period)		
Rights existing at 31.12.2021	**1,599,518**	**N/A**

33 Significant non-recurring events and transactions

In accordance with Consob communication DEM/6064293 of 28 July 2006, please note that no significant non-recurring transactions took place in the Falck Renewables Group SpA in the course of 2021;

- costs for services related to the extraordinary transaction to search for a strategic partner for € 10 million and for the allocation of the extraordinary bonus cost for € 29.3 million connected with the change of control transaction for the part accrued in 2021 (for more information see the paragraph 5.3.11 "Stock option and stock grant plans and Extraordinary Incentive Plan";
- compensation of € 7.7 million against the concession to transfer non-controlling governance rights to six SPV in the UK;

Below is information on the impact of the event on the Group's financial position, results of operations and cash flows.
The amounts reported in the table related to the extraordinary bonus and costs for services related to the extraordinary operation to search for a strategic partner are reported net of the tax effect equal to € 9.4 million. The amount related to the transfer of non-controlling governance rights is also reported net of fiscal effects equal to € 1.4 million.

	Net equity		**Profit/(loss) for the year**		**Net result for the period**		**Net financial debt**		**Financial flows ***	
(€ thousands)	Book ass.	% indic.	Book ass.	% indic.	Book ass.	% % indic.	Book ass.	% indic.	Book ass.	% indic.
Balance sheet values	**596,019**		**4,390**		**-18,367**		**988,765**		**62,770**	
Extraordinary bonus and costs for services related to the extraordinary transaction to search for a strategic partner	29,900	5%	29,900	681%	29,900	-163%	(450)	0%	450	0%
Transfer of non-controlling governance rights	(6,247)	-1%	(6,247)	-142%	(6,247)	34%	6,247	1%	(6,247)	-10%
Notional balance sheet value	**619,672**		**28,043**		**5,286**		**994,562**		**56,973**	

The percentage of incidence is calculated on the balance sheet value
Values are shown net of tax
(*) Cash flows refer to the increase (or decrease) in cash and cash equivalents during the year.

34 Related party transactions

In compliance with the Consob communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, no uncharacteristic or uncommon transactions take place with related parties that are beyond the normal business operations or are detrimental to the Group's results of operations, state of affairs and financial position.

Related party transactions represent the day to day business activities that are carried out at arm's length. These comprise the recharge of costs between Group companies and intercompany current accounts that give rise to financial income and expenses.
In accordance with IAS 24 Related Party Disclosures and the disclosures pursuant to Consob circular 6064293 of 28 July 2006, all related party transactions and the corresponding incidence of related party transactions on Falck Renewables SpA's income statement are provided below.

(€ thousands)

	Revenues from sales of goods	Revenues from sales of services	Other income	Direct costs	Administrative expenses	Financial expenses	Financial income	Income from equity investments
Investments in subsidiaries								
Falck SpA		23	133		(1,117)			
Total parent company		**23**	**133**		**(1,117)**			
Associates and joint ventures								
Frullo Energia Ambiente Srl			128					3,631
Parque Eolico La Carracha SL								1,169
Parque Eolico Plana de Jarreta SL								755
Naturalis Energy Development Ltd		12	58				156	(947)
Minervia Vento Srl		47	17					(69)
Nora Ventu Srl		40	5					(69)
Odra Energia Srl		51	24					(138)
Tibula Energia Srl		36	6					(54)
Kailia Energia Srl		50	53					(140)
Novis Renewables LLC		3	3,393		(127)			(3,146)
Total associates and joint ventures		**239**	**3,684**		**(127)**		**156**	**992**
Group companies								
Sesto Siderservizi Srl			9			(49)		
Falck Energy SpA		2	13					
Total Group companies		**2**	**22**			**(49)**		
Other related parties								
Firstar Development, LLC						(100)	230	
Nationwide Group						(54)		
Capital One, N.A.						(116)		
ENI Group				(29)		(109)		
Energy Team SpA shareholders								
Svelgen Kraft Holding and associates	374			(510)				
REG Damery Developers Group			62				26	
CII HoldCo Ltd		14	7,919	(2)		(63)	238	
Bluefloat Group			722					
Total other related parties	**374**	**14**	**8,703**	**(541)**		**(442)**	**494**	
Total	**374**	**278**	**12,542**	**(541)**	**(1,244)**	**(491)**	**650**	**992**
% incidence on income statement headings	**0.1%**	**0.4%**	**57.0%**	**0.1%**	**2.2%**	**0.8%**	**3.4%**	**95.1%**

35 Auditors' remuneration

(€ thousands)	Audit of financial statements	Other businesses
Other businesses	387	60
WtE, biomass and photovoltaic segment	457	12
Wind segment	670	20
Energy management segment	25	1
Services segment	76	4
Total	**1,615**	**97**

The Parent Company's fees amount to € 447 thousand, of which € 60 thousand for other activities.

Please note that most of the companies consolidated on a line-by-line basis were audited by PricewaterhouseCoopers SpA.

Other activities mainly relate to covenant certification activities, non-financial statement certification activities and accounting unbundling activities.

36 Public grants - information pursuant to Law 124 of 4 August 2017 - art. 1, paragraphs 125-129

"Law 124 of 4 August 2017 - art. 1, paragraphs 125-129. Transparency and publicity obligations" introduced a series of publicity and transparency obligations for entities having economic relations with the Public Administration, starting with the 2018 financial statements.

This provision has raised questions of interpretation and application that are still unresolved. The Group has therefore carried out the necessary in-depth studies and, also in the light of the most recent guidelines, considers that the following do not fall within the scope of the publication obligation:

- the general measures that can be used by all companies that fall within the general structure of the reference system defined by the State (for example, ACE or super-ACE);
- non-selective (general) economic advantages, received under an aid scheme, which are available to all undertakings meeting certain conditions, on the basis of predetermined general criteria (e.g., grants and credits for research and development projects and tax benefits);
- public resources from public bodies in other countries (European or non-European) and from European institutions;
- training contributions received from inter-professional funds (e.g., Fondimpresa and Fondirigenti); as funds having the associative form and legal nature of private-law bodies, which are financed by contributions paid by the same companies;
- Recognition of green certificates for wind farms and incentive tariffs for solar farms.

In light of these considerations, the Group has not benefited from any public funding in Italy.

37 Remuneration of the supervisory bodies, general managers and other key management

Name and Surname	Office	Period in office	Expiry of the term of office	Fixed payments	Committee participation payments	Non-equity variable payments		Fringe benefits	Other payments	Total	Equity payment fair value	Director and employee severance indemnity
						Bonuses and other incentives	Profit sharing					
Enrico Falck	Chairman	01.01.2021 - 31.12.2021	2022 financial statement approval	340,000				14,504		354,504		
Guido Corbetta	Deputy Chairman	01.01.2021 - 31.12.2021	2022 financial statement approval	50,000						50,000		
Toni Volpe	Chief Executive Officer and General Manager	01.01.2021 - 31.12.2021	2022 financial statement approval	500,000 (1)		659,441 (2)		26,645		1,186,086	2,642,317 (3)	
Federico Falck	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000				19,612	110,000 (4)	174,612		
Filippo Marchi	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000					70,000 (4)	115,000		
Elisabetta Caldera	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000	65,000 (5)					110,000		
Georgina Grenon	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000	45,000 (6)					90,000		
Paolo Pietrogrande	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000	65,000 (7)					110,000		
Marta Dassù	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000	45,000 (6)					90,000		
Andrew Lee Ott	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000	45,000 (8)					90,000		
Nicoletta Giadrossi	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000	65,000 (9)					110,000		
Silvia Stefini	Director	01.01.2021 - 31.12.2021	2022 financial statement approval	45,000	20,000 (10)					65,000		
Giovanni Maria Garegnani	Supervision body Chairman	01.01.2021 - 31.12.2021	2022 financial statement approval	35,000						35,000		
Luca Troyer	Supervision body	01.01.2021 - 31.12.2021	2022 financial statement approval	25,000						25,000		
Dario Righetti	Chairman of the Board of Statutory Auditors	01.01.2021 - 31.12.2021	2022 financial statement approval	75,000						75,000		
Patrizia Paleologo Oriundi	Statutory Auditor	01.01.2021 - 31.12.2021	2022 financial statement approval	50,000						50,000		
Giovanna Conca	Statutory Auditor	01.01.2021 - 31.12.2021	2022 financial statement approval	50,000						50,000		
Managers with Strategic Positions (11)		01.01.2021 - 31.12.2021		996,133		1,101,097 (12)		119,549	5,965	2,222,743	1,206,658 (3)	
Total				**2,526,133**	**350,000**	**1,760,538**		**180,310**	**185,965**	**5,002,946**	**3,848,974**	

(1) Fee as Director, fee as Chief Executive Officer and as General Manager.
2) amounts relating to the 2021 MBO Program with disbursement in 2022 and cash component of the LTI programme (2020-2022).
(3) Calculated as per IFRS 2 with reference to the 2021 period.
(4) Fee referred to "special assignments" as per Falck Renewables SpA Board of Directors' resolution dated 07 May 2020
(5) Fee as Chairman of the Human Resources Committee and member of the Control and Risk Committee
(6) Fee as the Sustainable Strategy Committee
(7) Fee as member of the Human Resources Committee and as Chairman of the Control and Risk Committee
(8) Fee as the Sustainable Strategy Committee
(9) Fee as member of the Human Resources Committee and the Sustainable Strategy Committee
(10) Fee as a member of the Audit and Risk Committee.
(11) Managers with strategic positions for the period in question are:

- Paolo Rundeddu
- Marco Cittadini
- Scott Gilbert, employed by Falck Renewables Wind Ltd. The amounts referred to him have been converted at the average Euro-Pound exchange rate in 2021 (€/£ 0.8596)
- Carmelo Scalone, employee of Vector Cuatro S.L.U. until 26.12.2021, employee of Falck Renewables SpA starting 27.12.2021

12) amounts relating to the 2020 MBO Program with disbursement in 2022 and cash component of the LTI programme (2020-2022).

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

This note sets out the additional disclosures relating to financial assets and liabilities in accordance with IFRS 7. This disclosure respects the order of the IFRS. Where the information requested was not considered material the related paragraph was omitted.

The note is presented in two sections. The first sets out detailed information regarding financial assets and liabilities, in particular regarding their classification in compliance with IFRS 9, the impact on the income statement for the year and their fair value. The second section presents information regarding the risks attributable to the financial assets and liabilities, in particular credit risk, liquidity risk and market risk. This includes both qualitative and quantitative information that is analysed into points (e.g., 1.) and sub-points (e.g., 1.2). The detailed quantitative information is provided for 31 December 2021 and where significant at 31 December 2020.

Prior to presenting the detailed disclosures, a summary of the principal disclosures is provided as follows.

The Falck Renewables Group has borrowings from third parties, principally comprising project finance or similar financial structures and the Green Convertible Bond, which give rise to a net negative financial position. Both financial assets and liabilities are almost exclusively valued in the financial statements at cost or amortised cost, with the exception of royalty instruments, payables for the purchase of minority options and derivative financial instruments, which are valued at fair value. These are recorded in accordance with hedge accounting with all changes in fair value recorded in equity, with the exception of a number of these transactions as although undertaken to hedge exposure do not meet the requirements to be measured in accordance with hedge accounting.

The main impact of derivative financial instruments on the income statement is therefore not due to changes in the value of financial assets and liabilities recorded in the balance sheet, but rather to interest income and expense (in the case of interest rate derivatives), to positive and negative exchange rate differences (in the case of exchange rate derivatives) and to adjustments to revenues in the case of instruments hedging the price of energy sold.

Credit risk is not considered to be significant: the high concentration of trade receivables due from a few counterparties is strongly mitigated by their corresponding credit rating and the risk profile. Liquidity risk is moderate as trade payables due within one year are offset by significant cash reserves, while the most significant borrowings relate to long-term project financing contracts.

Moreover, the Group possesses committed lines of credit resulting from the loan agreement renegotiated on 30 July 2018 and subject to compliance with covenants for an amount of € 325 million, and used for € 135 million at 31 December 2021. The committed credit lines expire on 31 December 2023.

In addition, in September 2020 Falck Renewables SpA issued an equity-linked Green Bond for a nominal amount of € 200 million, repayable at par on 23 September 2025. As it was issued at 101.25% with a zero coupon, it generates a yield for the investor of -0.25%. The Green Bond equity-linked bond became a Green Convertible Bond as a result of the approval, on 17 November 2020, of the convertibility by the Extraordinary Shareholders' Assembly of the Company. The conversion price has been set at € 7.22 per share and is subject to adjustment as per the regulations, in accordance with the current market practices for this type of financial instrument.

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

Due to the Change of Control the conversion price was adjusted in line with the bond loan from, € 7.22 to € 5.7735 per share. Moreover, on 25 February 2022, Green Bidco SpA (company indirectly controlled by IIF and buyer of 60% of the Falck Renewables SpA shares from Falck Spa) announced that it intends to make a voluntary takeover bid in cash on Green Convertible Bond, at financial conditions equivalent to those of the OPA on the shares, reserved solely for investors qualified in accordance with art. 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999. It is reasonable to expect that at the end of this process the Green Convertible Bond will be converted into no. 34,641,032 shares of Falck Renewables Spa, increasing the group's equity and reducing net financial debt.

Among market risks the risk on interest rates may assume a certain significance, since it is the main part of the Group's debt - with the exclusion of the loans of the American project companies, at fixed rate - calculated at variable rate, but currently that risk is currently mitigated by derivative contracts, mainly interest rate swap.

The price risk on energy sales exposed to market trends is also significant, including considering the recent volatility of energy markets, but this risk is carefully managed through hedging instruments, primarily commodity swaps.

The Falck Renewables Group adopts well-established techniques in the management of credit, liquidity and market risks on financial assets and liabilities, which are documented in the Group's policies and procedures.

Section I: Additional disclosures on assets/liabilities

1. ***Balance sheet***

1.1 *Categories of financial assets and liabilities*

The tables below illustrate the carrying values at 31 December 2021 and 31 December 2020 of the financial assets and liabilities reclassified in accordance with IFRS 9. In order to reconcile with the balance sheet totals the penultimate column sets out the values of the assets and liabilities that are not included in the scope of IFRS 7.

As of 31 December 2021, the total financial assets of Falck Renewables Group amounted to € 514,226 thousand and the financial liabilities totalled € 1,448,549 thousand, compared to a total balance sheet value of € 2,381,945 thousand. The financial assets and liabilities are almost entirely measured at cost and amortised cost. The principal financial assets comprise trade receivables and cash and cash equivalents, while the main financial liabilities relate to borrowings and trade payables. The financial impact of financial assets and liabilities measured at fair value through profit or loss or through equity is significant: the latter mainly consists of derivative financial instruments.

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

(€ thousands)

31.12.2021	Amortised cost	Fair value and change through profit and loss	Fair value and change in OCI	Total FA/FL within scope of IFRS7	A/L not within scope of IFRS7	Balance sheet total
Assets						
Property, plant and equipment and intangibles					1,664,186	1,664,186
Investments and securities		3,019		3,019	36,533	39,552
Financial receivables	12,335	953	12,274	25,562		25,562
Inventories					24,150	24,150
Contractual assets					2,827	2,827
Trade receivables	177,069			177,069		177,069
Deferred tax assets					91,689	91,689
Other receivables	6,576			6,576	48,334	54,910
Cash and cash equivalents	302,000			302,000		302,000
Assets held for sale						
Total	**497,980**	**3,972**	**12,274**	**514,226**	**1,867,719**	**2,381,945**
Liabilities						
Net equity					596,019	596,019
Financial payables	1,022,809	66,891	226,627	1,316,327		1,316,327
Trade payables	124,635			124,635		124,635
Contractual liabilities					2,933	2,933
Other liabilities	7,587			7,587	104,382	111,969
Deferred tax liabilities					58,856	58,856
Provisions for risks and charges					134,185	134,185
TFR (Staff leaving indemnity)					7,667	7,667
IAS 19 liabilities for extraordinary bonus					29,354	29,354
Liabilities held for sale						
Total	**1,155,031**	**66,891**	**226,627**	**1,448,549**	**933,396**	**2,381,945**

(€ thousands)

31.12.2020	Amortised cost	Fair value and change through profit and loss	Fair value and change in OCI	Total FA/FL within scope of IFRS7	A/L not within scope of IFRS7	Balance sheet total
Assets						
Property, plant and equipment and intangibles					1,498,444	1,498,444
Investments and securities		3,431		3,431	27,738	31,169
Financial receivables	10,087	1,936	1,886	13,909		13,909
Inventories					28,361	28,361
Trade receivables	83,975			83,975		83,975
Deferred tax assets					27,212	27,212
Other receivables	3,851			3,851	44,208	48,059
Cash and cash equivalents	239,230			239,230		239,230
Assets held for sale						
Total	**337,143**	**5,367**	**1,886**	**344,396**	**1,625,963**	**1,970,359**
Liabilities						
Net equity					708,194	708,194
Financial payables	877,727	34,684	46,257	958,668		958,668
Trade payables	63,542			63,542		63,542
Other liabilities	8,858			8,858	75,396	84,254
Deferred tax liabilities					43,685	43,685
Provisions for risks and charges					106,304	106,304
TFR (Staff leaving indemnity)					5,712	5,712
Liabilities held for sale						
Total	**950,127**	**34,684**	**46,257**	**1,031,068**	**939,291**	**1,970,359**

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

1.2 Collateral – Financial assets pledged as security

Financial assets pledged as security for liabilities comprise the shares of the companies listed in the table below. The pledge values correspond to the face value of the shares in question.

	Currency	**Value of pledge**
Actelios Solar SpA	EUR	120,000
Ben Aketil Wind Energy Ltd	GBP	51
Boyndie Wind Energy Ltd	GBP	100
Cambrian Wind Energy Ltd	GBP	100
Earlsburn Mezzanine Ltd	GBP	510
Earlsburn Wind Energy Ltd	GBP	51
Nutberry Wind Energy Ltd	GBP	100
West Browncastle Wind Energy Ltd	GBP	100
Kingsburn Wind Energy Ltd	GBP	100
Spaldington Airfield Wind Energy Ltd	GBP	100
Assel Valley Wind Energy Ltd	GBP	100
Auchrobert Wind Energy Ltd	GBP	100
Eolica Petralia Srl	EUR	2,000,000
Eolica Sud Srl	EUR	5,000,000
Eolo 3w Minervino Murge Srl	EUR	10,000
Esquennois Energie SAS	EUR	37,000
FRUK Holdings (no. 1) Ltd Loan	GBP	0.51
Falck Renewables Wind Ltd	GBP	37,754,814
Geopower Sardegna Srl	EUR	2,000,000
Kilbraur Wind Energy Ltd	GBP	51
Millennium Wind Energy Ltd	GBP	51
Parc Eolien des Crêtes SAS	EUR	37,000
Parc Eolien du Fouy SAS	EUR	37,000
Parque Eolico Plana de Jarreta SL	EUR	26,000
Parque Eolico La Carracha Sl	EUR	26,000
Ferme éolienne de Noyales S.A.S	EUR	37,000
Parc éolien du Bois Ballay S.A.S.	EUR	1,235,000
Parc éolien des Coudrays S.A.S.	EUR	868,000
Parc eolien de Mazeray et de Bignay Sas	EUR	1,321,750
SE Ty Ru SAS	EUR	1,009,003
Desafio Sola SL	EUR	3,000

In addition, the following have been received as security for the obligations of the sellers:

- cash deposit by Svelgen Kraft Holding AS (minority shareholder of Falck Renewables Vind AS) for an amount of € 717 thousand, reduced to € 615 thousand as of 1 January 2022;
- a deposit of € 3,794 thousand was made to an escrow account in favour of Falck Renewables SpA by the shareholders of Energy Team SpA;
- a deposit of € 1,814 thousand was made to an escrow account in favour of Falck Renewables SpA by the shareholders of SAET SpA.

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

2. *Income statement and total equity*

2.1 *Impact of financial assets and liabilities on the income statement and net equity*

The table below shows the net profits/losses generated in 2021 and 2020 by the financial assets/liabilities reclassified, for both periods under analysis, according to IFRS 9 categories.
The main heading relates to the gains and losses arising on the increase in the value of derivative financial instruments.

(€ thousands)

31.12.2021	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	(741)		9,893	**9,152**
Financial assets at amortised cost				
Financial liabilities at fair value	(32,888)		(174,668)	**(207,556)**
Financial liabilities at amortised cost				
Total	**(33,629)**		**(164,775)**	**(198,404)**

(€ thousands)

31.12.2020	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	15		(2,199)	**(2,184)**
Financial assets at amortised cost				
Financial liabilities at fair value	8,388		(13,695)	**(5,307)**
Financial liabilities at amortised cost				
Total	**8,403**		**(15,894)**	**(7,491)**

The income (losses) shown directly under net equity refer to the change in fair value of derivative financial instruments measured applying hedge accounting. The net negative change of € 164,775 thousand included a negative change of € 196,271 thousand related to commodity hedging contracts, a negative change of € 441 thousand related to foreign exchange derivative contracts, offset by a positive change related to a derivative contract on interest rates for € 21,603 thousand, a positive change for € 9,321 thousand related to derivatives on commodities and, finally, a positive change from derivative contracts on interest rates for € 1,013 thousand.

The losses reported in the income statement mainly include a negative change related to derivative contracts on commodities for € 30,728 thousand, and a negative change related to derivatives on foreign exchange for € 1,767 thousand. The change in fair value on royalty instruments negatively impacted the income statement for € 3,128 thousand. These losses are partly offset by a positive change in fair value related to options to acquire minorities for € 717 thousand, the positive effect resulting from adjustment of the value of financial assets measured at fair value with an offsetting entry in the income statement, totalling € 51 thousand, as well as the minor positive changes related to financial instruments for € 1,226 thousand.

The table below illustrates total interest income/expense (calculated using the effective interest rate method) and the fee income/expense generated by financial assets/liabilities not measured at fair value through profit or loss and the fee income/expense arising from trust and other fiduciary activities in 2021 and 2020.

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

(€ thousands)

31.12.2021	Interest income / (expenses)	Fee income/ (expense)	Total
FA not at fair value through profit or loss	3,239	31	3,270
FL not at fair value through profit or loss	(36,924)	(2,787)	(39,711)
Trust and other fiduciary activities			
Other (not within scope of IFRS 7)	28,919		28,919
Total	**(4,766)**	**(2,756)**	**(7,522)**

(€ thousands)

31.12.2020	Interest income / (expenses)	Fee income/ (expense)	Total
FA not at fair value through profit or loss	554	41	595
FL not at fair value through profit or loss	(36,479)	(2,365)	(38,844)
Trust and other fiduciary activities			
Other (not within scope of IFRS 7)	(3,351)		(3,351)
Total	**(39,276)**	**(2,324)**	**(41,600)**

The reconciliations of the above amounts with financial expenses recorded in the 2021 and 2020 income statements are as follows.

(€ thousands)

31.12.2021	
Gains/(losses) through profit or loss	(33,629)
Total interest income/(expenses)	(4,766)
Fee income/(expense)	(2,756)
Total	**(41,151)**
Financial income/(expenses) per income statement	**(41,151)**

(€ thousands)

31.12.2020	
Gains/(losses) through profit or loss	8,403
Total interest income/(expenses)	(39,276)
Fee income/(expense)	(2,324)
Total	**(33,197)**
Financial income/(expenses) per income statement	**(33,197)**

2.2 *Provision for doubtful accounts*

During 2021, a net allocation was made to the provision for doubtful accounts for doubtful trade receivables of € 8 thousand was made as follows:

- € 109 thousand in respect of trade receivables of the Vector Renewables Group;
- € 19 thousand in respect of trade receivables of Energy Team SpA;
- € 59 thousand from the Saet group;
- € 100 thousand used by Vector Renewables Group and € 79 thousand by Energy Team SpA.

An allocation for € 41 thousand was made to the provision for doubtful accounts related to the company Falck Renewables Sviluppo Srl.

Lastly, during 2021 a release was made of the doubtful financial accounts for € 765 thousand, related to partial collection of the receivable due to the company Falck Renewables Wind Ltd and already completely written down, as well as a release for a total of € 678 thousand related to receivables due, to Falck Renewables Wind Ltd again, from the Spanish associates Carraha and Jarreta as the same are recoverable.

The net amount was recorded in the profit and loss account under general and administrative expenses for trade and other receivables, while the release of the provision for doubtful financial receivables provision was recorded under financial income and expenses

3. ***Further additional disclosures***

3.1 *Accounting policies*

The accounting policies adopted for the recognition and measurement of financial assets and liabilities are presented in the notes to the consolidated financial statements in paragraph 6.6.4 Accounting policies.

3.2 *Fair value*

The tables below disclose the fair value of the financial assets/liabilities and the related carrying amount at 31 December 2021 and 31 December 2020. The carrying amount of assets/liabilities measured at cost and amortised cost (see point 1.1) is a reasonable approximation of fair value, as these are short-term or variable rate financial assets and liabilities, with the exception of project finance contracts and the convertible bond for which an estimate of fair value at the balance sheet date is provided.

The fair value of project finance payables was estimated by discounting future cash flows for principal and interest, using a risk-free discount rate, while the fair value of the convertible bond was determined with reference to market data updated at the balance sheet date.

A brief description of the techniques used to measure assets and liabilities measured at fair value in the balance sheet follows.

The fair value of the derivative financial instruments on interest rates, calculated at the end of the period, corresponds to the discounting of future cash flows determined as a function of the forward rate curve at 31 December 2021.

The fair value of forward exchange contracts is measured using the year-end spot rates (31 December 2021), and forward rates and yield curves on foreign currencies.

The fair value of commodity futures contracts is calculated on a monthly basis. In terms of swap products, the fair value corresponds to the discounting of future cash flows determined according to the Futures products quoted on the last useful market day of the previous month. In particular, the reference prices of the calculation are the daily settlement prices recorded at market close on the last useful market day, and published by EEX and ICE Endex in the "end-of-day" data. In terms of optional products, normally present in long-term Power Purchase Agreements (PPA), the fair value is calculated in line with market practices, using the Black-Scholes method and its variants.

The fair value of other financial assets and liabilities in the income statement was calculated using as reference the data of the investment entities.

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

The fair value of the royalty instruments included in the financial liabilities measured at fair value through profit or loss was calculated on the basis of internal valuation techniques, based on payment forecasts to local communities, which in turn depend on the performance of the financed wind farms.

(€ thousands)

31.12.2021	Carrying amount	Fair value
Financial assets		
Investments and securities	3,019	3,019
Financial receivables	25,562	25,562
Trade receivables	177,069	177,069
Other receivables	6,576	6,576
Cash and cash equivalents	302,000	302,000
Total	**514,226**	**514,226**
Financial liabilities		
Financial payables	1,316,327	1,385,145
Trade payables	124,635	124,635
Other liabilities	7,587	7,587
Total	**1,448,549**	**1,517,367**

(€ thousands)

31.12.2020	Carrying amount	Fair value
Financial assets		
Investments and securities	3,431	3,431
Financial receivables	13,909	13,909
Trade receivables	83,975	83,975
Other receivables	3,851	3,851
Cash and cash equivalents	239,230	239,230
Total	**344,396**	**344,396**
Financial liabilities		
Financial payables	958,668	1,045,233
Trade payables	63,542	63,542
Other liabilities	8,858	8,858
Total	**1,031,068**	**1,117,633**

Analysis of financial liabilities at 31 December 2021 and 31 December 2020 by instrument and conditions.

31.12.2021 (€ thousands)

	Interest rate %	Fair Value	Carrying amount	Current portion	Non-current portion
Bank payables for interest matured and not paid		517	517	517	0
Shareholders' loan - Solar sector		11,017	11,017	11,017	0
Short term loans to associates		671	671	671	0
Royalty instruments payables		15,491	15,491	0	15,491
Other bank loans		3,638	3,638	1,889	1,749
Landolina project crowdfunding		179	179	0	179
IFRS 16 Leases (operating)		108,362	108,362	5,757	102,605
Corporate loans Falck Renewables Spa		135,000	135,000	0	135,000
Minority purchase options		21,221	21,221	392	20,829
Total borrowings		**296,096**	**296,096**	**20,243**	**275,853**
Project financing Actelios Solar SpA	6-month Euribor + spread	27,863	25,154	2,968	22,186
Project financing Desafio Solar SL	6-month Euribor + spread	24,260	20,284	1,490	18,794
Loan notes Innovative Solar 42 (*)	Fixed	30,516	26,593	2,440	24,153

Calypso Solar 1 LLC (Snyder Rd Solar)	Fixed	784	693	66	627
Odyssey Solar 2 LLC (Geneva)	Fixed	1,342	1,325	174	1,151
Calypso Solar 3 LLC (Harford&Musgrave)	Fixed	7,166	6,267	530	5,737
Annapolis Solar Park LLC	Fixed	18,392	15,566	1,436	14,130
Building Energy Wind Iowa LLC	Fixed	7,087	6,532	1,373	5,159
Westmoreland County Solar project	Fixed	15,409	14,408	813	13,595
Cambrian Project financing	6-month Libor + spread	0	0	0	0
FRUK Project financing	6-month Libor + spread	21,465	20,106	6,102	14,004
Earlsburn Mezzanine project financing	6-month Libor + spread	21,732	19,884	2,223	17,661
Earlsburn Project financing	6-month Libor + spread	2,090	2,060	2,060	0
Ben Aketil Project financing	6-month Libor + spread	7,741	7,421	2,577	4,844
Millennium Project financing	6-month Libor + spread	20,452	19,205	5,281	13,924
Kilbraur Project financing	6-month Libor + spread	29,747	27,537	5,278	22,259
Nutberry Project financing	6-month Libor + spread	17,830	16,468	949	15,519
West Browncastle Project financing	6-month Libor + spread	40,605	34,891	1,668	33,223
Kingsburn Project financing	6-month Libor + spread	33,741	28,681	1,548	27,133
Spaldington Project financing	6-month Libor + spread	14,517	12,341	679	11,662
Assel Valley Project financing	6-month Libor + spread	47,240	39,529	1,424	38,105
Auchrobert project financing	6-month Libor + spread	59,490	50,602	2,100	48,502
Eolica Sud Project financing	6-month Euribor + spread	36,231	34,066	10,722	23,344
Eolo 3W Project financing	6-month Euribor + spread	13,694	13,286	6,320	6,966
Geopower Project financing	6-month Euribor + spread	112,440	102,682	19,041	83,641
Eolica Petralia Project financing	6-month Euribor + spread	12,058	10,169	1,561	8,608
Ty Ru Project financing	Fixed / Euribor 3/6 m + spread	4,874	4,296	683	3,613
Fouy Project financing	6-month Euribor + spread	3,189	3,008	844	2,164
Crêtes Project financing	6-month Euribor + spread	3,208	3,026	851	2,175
Esquennois Project financing	6-month Euribor + spread	4,319	4,062	1,079	2,983
CEP Tramontane project financing	6-month Euribor + spread	12,233	11,476	2,497	8,979
Noyales project financing	3-month Euribor + spread	648	640	640	0
Total borrowings under project financing		**652,363**	**582,258**	**87,417**	**494,841**
Embedded derivative – Desafio Solar		131	131	0	131
IRS - FRUK		93	93	0	93
IRS - Earlsburn Mezzanine		51	51	0	51
IRS - Earlsburn		8	8	0	8
IRS - Ben Aketil		456	456	0	456
IRS - Millennium		33	33	0	33
IRS - Nutberry		1,297	1,297	0	1,297
IRS - West Browncastle		390	390	0	390
IRS - Assel Valley		1,207	1,207	0	1,207
IRS - Auchrobert		985	985	0	985
IRS - Eolica Sud		2,230	2,230	0	2,230
IRS - Eolo 3W		703	703	0	703
IRS - Geopower		7,703	7,703	0	7,703
IRS - Eolica Petralia		546	546	0	546
IRS - Ty Ru		478	478	0	478
IRS - Fouy		258	258	0	258
IRS - Crêtes		268	268	0	*268*
IRS - Esquennois		329	329	0	329
IRS - CEP Tramontane		763	763	0	763
IRS - Noyales		3	3	0	3
Total interest rate derivative financial instruments		**17,932**	**17,932**	**0**	**17,932**
Foreign exchange - Falck Next Energy		319	319	319	0
Total foreign exchange derivatives		**319**	**319**	**319**	**0**
Commodities - Falck Renewables Energy		226,079	226,079	209,285	16,794

Commodities - Falck Renewables Sicilia		2,092	2,092	135	1,957
Commodities - Aliden		2,866	2,866	*2,866*	0
Commodity - Brattmyrliden		499	499	499	0
Commodity - Eolica Energia de Castilla		7,019	7,019	4,543	2,476
Total commodities derivative financial instruments		**238,555**	**238,555**	**217,328**	**21,227**
Falck Renewables SpA convertible bond loan (Green Bond)	coupon 0%	179,880	181,167	0	181,167
Total bonds		**179,880**	**181,167**	**0**	**181,167**
Total financial liabilities		**1,385,145**	**1,316,327**	**325,307**	**991,020**

31.12.2020 (€ thousands)

	Interest rate %	Fair Value	Carrying amount	Current	Non-current
Bank payables for interest matured and not paid		582	582	582	0
Shareholders' loan - Wind sector		250	250	250	0
Royalty instruments payables		12,746	12,746	0	12,746
Other bank loans		3,233	3,233	3,233	0
Participatory loan		0	0	0	0
IFRS 16 Leases (operating)		90,656	90,656	5,085	85,571
Ex IAS 17 (financial) leases		45	45	45	0
Minority purchase options		18,223	18,223	392	17,831
Total borrowings		**125,735**	**125,735**	**9,587**	**116,148**
Project financing Actelios Solar SpA	6-month Euribor + spread	31,194	27,876	2,769	25,107
Loan notes Innovative Solar 42 (*)	Fixed	32,185	26,752	2,113	24,639
Calypso Solar 1 LLC (Snyder Rd Solar)	Fixed	810	680	63	617
Odyssey Solar 2 LLC (Geneva)	Fixed	1,388	1,303	145	1,158
Calypso Solar 3 LLC (Harford&Musgrave)	Fixed	7,250	5,980	403	5,577
Annapolis Solar Park LLC	Fixed	18,998	15,498	1,643	13,855
Building Energy Wind Iowa LLC	Fixed	7,884	7,137	1,519	5,618
Cambrian Project financing	6-month Libor + spread	0	0	0	0
FRUK Project financing	6-month Libor + spread	26,192	24,398	5,607	18,791
Earlsburn Mezzanine project financing	6-month Libor + spread	21,743	19,550	966	18,584
Earlsburn Project financing	6-month Libor + spread	4,912	4,737	2,811	1,926
Ben Aketil Project financing	6-month Libor + spread	9,677	9,227	2,292	6,935
Millennium Project financing	6-month Libor + spread	25,364	23,697	5,747	17,950
Kilbraur Project financing	6-month Libor + spread	33,346	30,606	4,479	26,127
Nutberry Project financing	6-month Libor + spread	20,245	16,932	1,128	15,804
West Browncastle Project financing	6-month Libor + spread	39,964	33,906	1,295	32,611
Kingsburn Project financing	6-month Libor + spread	33,556	28,148	1,341	26,807
Spaldington Project financing	6-month Libor + spread	14,481	12,158	624	11,534
Assel Valley Project financing	6-month Libor + spread	46,749	38,563	1,619	36,944
Auchrobert project financing	6-month Libor + spread	58,629	49,183	1,889	47,294
Eolica Sud Project financing	6-month Euribor + spread	49,089	43,979	9,913	34,066
Eolo 3W Project financing	6-month Euribor + spread	22,064	21,157	21,157	0
Geopower Project financing	6-month Euribor + spread	133,563	120,271	17,662	102,609
Eolica Petralia Project financing	6-month Euribor + spread	14,129	11,600	1,432	10,168
Ty Ru Project financing	Fixed / Euribor 3/6 m + spread	6,054	5,034	738	4,296
Fouy Project financing	6-month Euribor + spread	4,041	3,751	743	3,008
Crêtes Project financing	6-month Euribor + spread	4,063	3,773	747	3,026
Esquennois Project financing	6-month Euribor + spread	5,440	5,033	973	4,060
CEP Tramontane project financing	6-month Euribor + spread	15,001	13,961	2,485	11,476
Noyales project financing	3-month Euribor + spread	1,675	1,642	1,003	639

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

Total borrowings under project financing		**689,686**	**606,532**	**95,306**	**511,226**
IRS - Actelios Solar SpA		449	449	0	449
IRS - FRUK		699	699	0	699
IRS - Earlsburn Mezzanine		720	720	0	720
IRS - Earlsburn		44	44	0	44
IRS - Ben Aketil		953	953	0	953
IRS - Millennium		534	534	0	534
IRS - Kilbraur		283	283	0	283
IRS - Nutberry		2,242	2,242	0	2,242
IRS - West Browncastle		2,250	2,250	0	2,250
IRS - Spaldington		473	473	0	473
IRS - Kingsburn		1,032	1,032	0	1,032
IRS - Assel Valley		3,461	3,461	0	3,461
IRS - Auchrobert		3,754	3,754	0	3,754
IRS - Eolica Sud		4,010	4,010	0	4,010
IRS - Eolo 3W		1,522	1,522	0	1,522
IRS - Geopower		11,884	11,884	0	11,884
IRS - Eolica Petralia		882	882	0	882
IRS - Ty Ru		531	531	0	531
IRS - Fouy		414	414	0	414
IRS - Crêtes		430	430	0	*430*
IRS - Esquennois		528	528	0	*528*
IRS - Eolica Cabezo		0	0	0	0
IRS - CEP Tramontane		1,276	1,276	0	1,276
IRS - Noyales		40	40	0	40
Total interest rate derivative financial instruments		**38,411**	**38,411**	**0**	**38,411**
Exchange rates - Falck Renewables Vind		5	5	5	0
Total foreign exchange derivatives		**5**	**5**	**5**	**0**
Commodities - Falck Renewables Energy		10,072	10,072	10,072	0
Commodities - Aliden		9	9	9	0
Commodity - Brattmyrliden		1,426	1,426	0	1,426
Commodities - Falck Renewables Vind		0	0	0	0
Commodity - Eolica Energia de Castilla		49	49	49	0
Total commodities derivative financial instruments		**11,556**	**11,556**	**10,130**	**1,426**
Falck Renewables SpA convertible bond loan (Green Bond)	Coupon 0%	179,840	176,429	0	176,429
Total bonds		**179,840**	**176,429**	**0**	**176,429**
Total financial liabilities		**1,045,233**	**958,668**	**115,028**	**843,640**

(*) Similar to project financing

The following table shows the reconciliation of financing liabilities for 2021:

Value at 31.12.2020	**958,668**
New borrowings	161,080
Repayments	(106,341)

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

Foreign exchange difference	32,049
Fair value variation	208,273
Change in the consolidation scope	36,766
Other	25,832
Value at 31.12.2021	**1,316,327**

The table below provides an analysis of derivatives and financing contracts to which they relate:

- Instruments with a positive fair value at 31 December 2021:

(€ thousands)

Company	Type of derivative	Maturity	Original currency	Notional value	Fair value
Kingsburn Wind Energy Ltd	Interest rate swap	30.06.2034	GBP	22,113	340
Spaldington Airfield Wind Energy Ltd	Interest rate swap	30.06.2034	GBP	10,318	159
Kilbraur Wind Energy Ltd	Interest rate swap	15.10.2027	GBP	22,588	389
Desafio Sola SL	Interest rate cap	30.06.2032	EUR	15,792	411
Saet Spa	Interest rate cap	26.10.2025	EUR	400	2
Actelios Solar SpA	Interest rate swap	30.06.2026	EUR	19,492	16
Total derivative financial instruments					**1,317**

- Instruments with a negative fair value at 31 December 2021:

(€ thousands)

Company	Type of derivative	Maturity	Original currency	Notional value	Fair value
FRUK Holdings No. 1 Ltd	Interest rate swap	31.12.2025	GBP	19,640	(93)
Earlsburn Mezzanine Ltd	Interest rate swap	31.03.2026	GBP	17,612	(51)
Earlsburn Wind Energy Ltd	Interest rate swap	15.04.2022	GBP	2,693	(8)
Ben Aketil Wind Energy Ltd	Interest rate swap	31.12.2024	GBP	7,743	(456)
Millennium Wind Energy Ltd	Interest rate swap	15.04.2027	GBP	2,974	(11)
Millennium Wind Energy Ltd	Interest rate swap	15.10.2024	GBP	14,402	(22)
Nutberry Wind Energy Ltd	Interest rate swap	29.03.2029	GBP	15,760	(1,297)
West Browncastle Wind Energy Ltd	Interest rate swap	31.12.2033	GBP	28,643	(390)
Assel Valley Wind Energy Ltd	Interest rate swap	31.12.2034	GBP	31,058	(1,207)
Auchrobert Wind Energy Ltd	Interest rate swap	31.12.2035	GBP	38,471	(985)
Eolica Sud Srl	Interest rate swap	31.12.2024	EUR	37,284	(2,230)
Eolo 3W Minervino Murge Srl	Interest rate swap	31.12.2023	EUR	16,023	(703)
Geopower Sardegna Srl	Interest rate swap	30.06.2027	EUR	65,709	(7,574)
Geopower Sardegna Srl	Interest rate swap	30.06.2024	EUR	24,371	(129)
Eolica Petralia Srl	Interest rate swap	30.06.2027	EUR	9,079	(546)
Se Ty Ru SAS	Interest rate swap	30.06.2028	EUR	3,582	(478)
Parc Eolien du Fouy SAS	Interest rate swap	15.07.2024	EUR	2,790	(258)
Parque Eolien des Cretes SAS	Interest rate swap	15.07.2024	EUR	2,898	(268)
Esquennois Energie SAS	Interest rate swap	15.07.2024	EUR	3,599	(329)
Ferme éolienne de Noyales S.A.S	Interest rate swap	28.02.2022	EUR	410	(3)
CEP Tramontane 1 S.A.S.	Interest rate swap	30.06.2025	EUR	7,010	(358)
CEP Tramontane 1 S.A.S.	Interest rate swap	31.12.2026	EUR	5,527	(405)
Total derivative financial instruments					**(17,801)**

- Embedded derivatives with a negative fair value at 31 December 2021:

(€ thousands)

Company	Type of derivative	Maturity	Original currency	Notional value	Fair value
Desafio Sola SL	Embedded derivative	30.06.2036	EUR	15,792	(131)

Total derivative financial instruments	**(131)**

Changes in the fair value of interest rate, exchange rate and commodity hedging contracts that Falck Renewables Group held at 31 December 2021 are shown in the tables below:

Derivative assets:

(€ thousands)

	31.12.2020	Change in scope of consolidation	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	31.12.2021
Kingsburn Wind Energy Ltd			340				340
Spaldington Airfield Wind Energy Ltd			159				159
Kilbraur Wind Energy Ltd			389				389
Actelios Solar SpA			16				16
Saet Spa		1	1				2
Desafio Sola SL		303	108				411
Total IRS		**304**	**1,013**				**1,317**
Derivatives on Falck Renewables SpA exchange rates	1,296			(1,287)			9
Derivatives on Åliden Vind AB exchange rates	328		(178)	47			197
Derivatives on Brattmyrliden Vind AB exchange rates	426		(243)	54			237
Derivatives on Falck Renewables Vind AS exchange rates	31		(20)	(11)			
Derivatives on Falck Renewables Wind exchange rates	361			(256)			105
Total derivatives on exchange rates	**2,442**		**(441)**	**(1,453)**			**548**
Derivatives on Falck Next Energy commodities	279			560			839
Derivatives on Falck Renewables Sicilia commodities		-	-	-		-	-
Derivatives on Åliden Vind AB commodities	291	-	(212)	8		-	87
Derivatives on Brattmyrliden Vind AB commodities	415	-	9,738	283		-	10,436
Derivatives on commodities Eolica Energia de Castilla	228	-	(205)	(23)		-	
Derivatives on Falck Renewables Vind commodities	167			(167)			
Total derivatives on commodities	**1,380**		**9,321**	**661**			**11,362**
Total	**3,822**	**304**	**9,893**	**(792)**			**13,227**

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

Derivative liabilities:

(€ thousands)

	31.12.2020	Change in the consolidation scope	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	31.12.2021
FRUK Holdings No. 1 Ltd	(699)		655			(49)	(93)
Earlsburn Mezzanine Ltd	(720)		710	9		(50)	(51)
Earlsburn Wind Energy Ltd	(44)		33	6		(3)	(8)
Ben Aketil Wind Energy Ltd	(953)		563			(66)	(456)
Millennium Wind Energy Ltd	(534)		522	16		(37)	(33)
Kilbraur Wind Energy Ltd	(283)		287	14		(18)	
Nutberry Wind Energy Ltd	(2,242)		1,087	13		(155)	(1,297)
West Browncastle Wind Energy Ltd	(2,250)		2,017			(157)	(390)
Kingsburn Wind Energy Ltd	(1,032)		1,104			(72)	
Spaldington Airfield Wind Energy Ltd	(473)		506			(33)	
Assel Valley Wind Energy Ltd	(3,461)		2,497	(1)		(242)	(1,207)
Auchrobert Wind Energy Ltd	(3,754)		3,031	1		(263)	(985)
Eolica Sud Srl	(4,010)		1,781	(1)			(2,230)
Eolo 3W Minervino Murge Srl	(1,522)		818	1			(703)
Geopower Sardegna Srl	(11,884)		4,132	49			(7,703)
Eolica Petralia Srl	(882)		336				(546)
Se Ty Ru SAS	(531)		52	1			(478)
Parc Eolien du Fouy SAS	(414)		143	13			(258)
Parque Eolien des Cretes SAS	(430)		149	13			(268)
Esquennois Energie SAS	(528)		183	16			(329)
Ferme éolienne de Noyales S.A.S	(40)		34	3			(3)
CEP Tramontane 1 S.A.S.	(1,276)		514	(1)			(763)
Actelios Solar SpA	(449)		449				
Total IRS	**(38,411)**		**21,603**	**152**		**(1,145)**	**(17,801)**
Derivatives on foreign exchange Falck Next Energy Srl				(319)			(319)
Derivatives on Falck Renewables Vind AS exchange rates	(5)			5			
Total derivatives on exchange rates	**(5)**			**(314)**			**(319)**
Derivatives on Falck Next Energy commodities	(10,072)		(186,543)	(29,464)			(226,079)
Derivatives on Falck Renewables Sicilia commodities			(2,215)	123			(2,092)
Derivatives on Åliden Vind commodities	(9)		(2,263)	(594)			(2,866)
Derivatives on Brattmyrliden Vind AB commodities	(1,426)		1,296	(369)			(499)
Derivatives on commodities Eolica Energia de Castilla	(49)		(6,546)	(424)			(7,019)
Total derivatives on commodities	**(11,556)**		**(196,271)**	**(30,728)**			**(238,555)**
Total	**(49,972)**		**(174,668)**	**(30,890)**		**(1,145)**	**(256,675)**

Embedded derivatives:

(€ thousands)

	31.12.2020	Change in the consolidation scope	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	31.12.2021
Desafio Sola SL		(544)		413			(131)
Total embedded derivatives		**(544)**		**413**			**(131)**

A detailed analysis of the composition of financial receivables at 31 December 2021 and 31 December 2020 is shown below:

(€ thousands)

31.12.2021	Fair value	Carrying amount	Current portion	Non-current portion
Receivables from banks for interest accrued and not yet collected	14	14	14	
Receivables from third parties	8,257	8,257	2,333	5,924
Receivables from associates	4,064	4,064	4,064	
Derivative on plant interest rates UK and Spain	1,317	1,317	2	1,315
Foreign exchange derivatives Nordix plants	539	539	171	368
Falck Renewables SpA foreign exchange derivative for currency balance	9	9	9	
Derivatives on commodities	11,362	11,362	926	10,436
TOTAL	**25,562**	**25,562**	**7,519**	**18,043**

(€ thousands)

31.12.2020	Fair value	Carrying amount	Current portion	Non-current portion
Receivables from banks for interest accrued and not yet collected	12	12	12	
Receivables from third parties	8,636	8,636	1579	7,057
Receivables from associates	1,439	1,439	1439	
Foreign exchange derivatives Nordix plants	785	785	150	635
Falck Renewables SpA foreign exchange derivative for currency balance	1,657	1,657	1,657	
Derivatives on commodities	1,380	1,380	1,175	205
TOTAL	**13,909**	**13,909**	**6,012**	**7,897**

The item “Receivables from third parties” includes loans to minority shareholders of companies in the UK.

3.3 *Fair value – hierarchy*

All financial instruments measured at fair value have been classified in the three categories below, based on the lowest level of significant input in determining overall fair value:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: valuation techniques where the lowest level of significant input for the purpose of measuring fair value is observable either directly or indirectly;
- level 3: valuation techniques where the lowest level of significant input for the purpose of measuring fair value is unobservable.

The following tables show the financial instruments held by the Group at 31 December 2021 and 31 December 2020 at fair value:

(€ thousands)

31.12.2021	Level 1	Level 2	Level 3	Total
Financial assets measured at FV				
Forward transactions on foreign currency		548		548
Derivative contracts on interest rates		1,317		1,317
Derivative contracts on commodities		926	10,436	11,362
Financial assets at fair value on the income statement		2,919	100	3,019
Total assets		**5,710**	**10,536**	**16,246**

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at FV				
Forward transactions on foreign currency		319		319
Derivative contracts on interest rates		17,932		17,932
Derivative contracts on commodities		228,945	9,610	238,555
Financial liabilities at fair value on the income statement			36,712	36,712
Total liabilities		**247,196**	**46,322**	**293,518**

(€ thousands)

31.12.2020				
	Level 1	Level 2	Level 3	Total
Financial assets measured at FV				
Forward transactions on foreign currency		2,442		2,442
Derivative contracts on interest rates				
Derivative contracts on commodities		737	643	1,380
Financial assets at fair value on the income statement		3,331	100	3,431
Total assets		**6,510**	**743**	**7,253**
Financial liabilities measured at FV				
Forward transactions on foreign currency		5		5
Derivative contracts on interest rates		38,411		38,411
Derivative contracts on commodities	119	9,962	1,475	11,556
Financial liabilities at fair value on the income statement			30,969	30,969
Total liabilities	**119**	**48,378**	**32,444**	**80,941**

Section II: Risks arising from financial instruments

1. *Credit risk*

1.1 *Qualitative disclosures*

Credit risk represents both potential losses from non-settlement of receivables and the counterparty risk linked with the negotiation of other financial assets. The credit risk exposure of the Falck Renewables Group is very limited in respect of both commercial customers and financial counterparties. In relation to commercial customers, their nature that determines a low level of risk should be highlighted: 86.87% of the exposure to third parties (not related parties) is, in fact, with high-standing national energy suppliers or utilities/off-takers. The degree of concentration of customers is high, however they have a strong credit rating.

The credit risk attributable to the counterparties with which the derivative financial instruments are traded is also limited, as these contracts are signed with leading banks or with corporate counterparties with a high standing. A summary quantitative indication of the maximum exposure to credit risk is the carrying amount of the financial assets, expressed gross of derivatives with a positive fair value and net of any guarantees.
The Group does not enter into instruments or guarantees to mitigate credit risk; consequently, the disclosures below are not affected by such instruments.

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

1.2 *Quantitative disclosures*

The maximum credit risk exposure at 31 December 2021 amounted to € 518,465 thousand. It can be broken down as follows:

(€ thousands)

31.12.2021	Gross	Impairment	Net
Investments and securities	3,019		3,019
Financial receivables	25,562		25,562
Trade receivables	178,558	(1,489)	177,069
Other receivables	8,055	(1,479)	6,576
Cash and cash equivalents	302,000		302,000
Total	**517,194**	**(2,968)**	**514,226**

The maximum credit risk exposure at 31 December 2020 amounted to € 344,396 thousand. It can be broken down as follows:

(€ thousands)

31.12.2020	Gross	Impairment	Net
Investments and securities	3,431		3,431
Financial receivables	15,317	(1,408)	13,909
Trade receivables	85,012	(1,037)	83,975
Other receivables	5,195	(1,344)	3,851
Cash and cash equivalents	239,230		239,230
Total	**348,185**	**(3,789)**	**344,396**

An analysis of trade receivables at 31 December 2021 and 31 December 2020 by class of customer with the corresponding percentage of total receivables is set out below. This provides a summary indication of the concentration of trade credit risk.

(€ thousands)

31.12.2021		
Customer classes	Total exposure	% exposure by customer class
Energy service providers/utilities/off-takers	152,747	86.87%
Public authorities	5,682	3.23%
Other entities	17,413	9.90%
Total trade receivables	**175,842**	**100.0%**

(€ thousands)

31.12.2020		
Customer classes	Total exposure	% exposure by customer class
Energy service providers/utilities/off-takers	76,504	92.18%
Public authorities	76	0.09%
Other entities	6,413	7.73%
Total trade receivables	**82,993**	**100.0%**

The ageing analysis of trade receivables by class of customer, analysed by the overdue periods used internally to monitor receivables, as at 31 December 2021 and 31 December 2020, is set out below. Balances not yet due at 31 December 2021 and 31 December 2020 are also presented.

(€ thousands)

		31.12.2021						
		Overdue						
Customer classes	Total exposure	0-30	31-60	61-90	91-120	> 120	Total overdue	Not yet due
Energy service providers/utilities/off-takers	152,747	66,091	2,617	13	12	22	68,755	83,992
Public authorities	5,682	85				76	161	5,521
Other entities	17,413	2,535	1,049	215	285	2,130	6,214	11,199
Total trade receivables	**175,842**	**68,711**	**3,666**	**228**	**297**	**2,228**	**75,130**	**100,712**

(€ thousands)

		31.12.2020						
		Overdue						
Customer classes	Total exposure	0-30	31-60	61-90	91-120	> 120	Total overdue	Not yet due
Energy service providers/utilities/off-takers	76,504	35,317	2,057	870		7	38,251	38,253
Public authorities	76					76	76	
Related parties (excluding Group companies)								
Other entities	6,413	2,739	592	222	126	466	4,145	2,268
Total trade receivables	**82,993**	**38,056**	**2,649**	**1,092**	**126**	**549**	**42,472**	**40,521**

2. *Liquidity risk*

2.1 Qualitative disclosures

Liquidity risk is summarised in the tables below that illustrate the financial liabilities grouped by maturity date. The Falck Renewables Group has a group treasury department that employs a “domestic” cash pooling system between Falck Renewables SpA and all of the Group’s Italian subsidiaries that do not have project financing (entities with project financing may not participate in the pooling system due to the liquidity management and debt restrictions imposed by the contracts).

The Group also carries out netting of opposing balances through the use of specific intercompany corresponding accounts. The Falck Renewables Group prepares an update of the cash flow statement and the cash budget on a monthly basis, in which the actual data for the period are supported by a summary evaluation and commentary.

2.2 *Quantitative disclosures*

Financial liabilities are analysed by contractual maturity across four time bands. The analysis focused on bank loans as well as financial liabilities recognised under IFRS 16 and the convertible bond. Payables for royalty instruments have also been shown separately, as payments depend on the performance of the financed wind farms. Royalty instruments represent a financial instrument used by wind farms in the UK to acquire the consent of local communities in which the wind farms are located.

(€ thousands)

31.12.2021					
Analysis of financial liabilities (principal amounts: amounts due by contractual maturity)					
	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Bank payables	2,406	135,726	1,023		139,155
Project financing	87,417	93,565	199,935	201,341	582,258
Trade payables	121,837	2,798			124,635
IFRS 16 leasings	5,757	9,560	14,255	78,790	108,362
Convertible bond loan			181,167		181,167

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

Other	392	16,595	4,413		21,400
Total	**217,809**	**258,244**	**400,793**	**280,131**	**1,156,977**

(€ thousands)

31.12.2021 Analysis of financial liabilities (principal amounts: amounts due by estimated contractual maturity)					
	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Shareholder loan and to associates	11,688				11,688
Royalty instruments				15,491	15,491
Other liabilities	4,335	208	27	3,017	7,587
Total	**16,023**	**208**	**27**	**18,508**	**34,766**

(€ thousands)

31.12.2020 Analysis of financial liabilities (principal amounts: amounts due by contractual maturity)					
	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Bank payables	3,815				3,815
Project financing	95,306	76,205	223,001	212,020	606,532
Trade payables	60,322	3,220			63,542
IFRS 16 leasings	5,130	5,720	14,443	65,408	90,701
Convertible bond loan			176,429		176,429
Other	392	878	16,953		18,223
Total	**164,965**	**86,023**	**430,826**	**277,428**	**959,242**

(€ thousands)

31.12.2020 Analysis of financial liabilities (principal amounts: amounts due by estimated contractual maturity)					
	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Shareholder loan and to associates	250				250
Royalty instruments				12,746	12,746
Other liabilities	4,642	1,331	211	2,674	8,858
Total	**4,892**	**1,331**	**211**	**15,420**	**21,854**

In order to provide a better analysis of the overall financial commitments underlying the liabilities illustrated in the tables above, a calculation was made of interest due to be paid for each maturity period shown.

Since contract interest rates on listed loans are mainly floating, quarterly or 6-month, and closely linked to Euribor rates (for Euro area companies) and Libor (for UK companies), the amounts were calculated considering implicit rates in the swap rate curve compared to Euribor and Libor rates as at 31 December 2021. Therefore, the simplified hypothesis that quarterly and 6-month interest payments would have the same start and end dates for various loans was introduced. In contrast, interest rates for US corporate financing are fixed.

The estimated value of the differentials relating to derivative financial instruments held at 31 December 2021 was calculated. The estimated differentials were calculated applying the implicit forward rates in the zero coupon curve at 31 December 2021 without discounting cash flows. In this case a detailed analysis of each derivative instrument held was performed.

(€ thousands)

31.12.2021 Analysis of financial liabilities (estimated flows on contractual basis: interest costs plus IRS differentials)					
	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
IRS differentials	7,241	3,670	4,410	1,609	16,930
Bank payables	993	1,134	25		2,152
Project financing	13,215	13,976	29,905	29,509	86,605
Total	**21,449**	**18,780**	**34,340**	**31,118**	**105,687**

(€ thousands)

31.12.2021					
Analysis of financial liabilities (estimated flows on "estimated" contractual basis: interest costs)					
	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Shareholder loan and to associates	743				743
Total	**743**				**743**

(€ thousands)

31.12.2020					
Analysis of financial liabilities (estimated flows on contractual basis: interest costs plus IRS differentials)					
	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
IRS differentials	10,571	8,181	13,509	5,217	37,478
Bank payables	14				14
Project financing	10,738	9,616	23,155	27,400	70,909
Total	**21,323**	**17,797**	**36,664**	**32,617**	**108,401**

3. ***Market risk***

3.1 *Interest rate risk*

3.1.1 **Qualitative disclosures**

The Falck Renewables Group manages interest rate risk centrally. Although it does not define in advance the maximum variable rate debt exposure, it follows well-established procedures aimed at monitoring risk and that avoid undertaking transactions of a speculative nature. The type and suitability of hedging instruments is evaluated for each specific case in consideration of the amount of exposure and current financial market conditions.

The Falck Renewables Group uses derivative financial instruments to hedge interest rates and in particular enters into interest rate swaps (IRS) with the exclusive aim of hedging. Moreover, the derivatives held at the year-end were acquired in order to allow the debt structure to meet the "covenants" established by the financial institutions in relation to project financing. In particular, borrowings at variable rates for these contracts are matched with opposing IRS that partially convert the borrowings from variable to fixed rates.

The degree of the Falck Renewables Group's interest rate exposure was measured through a sensitivity analysis performed applying the guidelines provided in paragraph 40 of IFRS 7 and the examples illustrated in Implementation Guide (IG) 35. A brief description of the method used to perform the sensitivity analyses and the results are provided below.

Firstly, the effect on profit for the year was determined applying a different yield curve to that used at the reporting date. For the Falck Renewables Group this means recalculating the fair value of the derivative instruments and charging directly to the income statement the difference between the simulated fair value and the value at the year-end. This provides both the portfolio risk on derivatives held at the balance sheet date and the related effect on profit/(loss) for the year.

The analysis takes into consideration investments valued using the equity method as the impact of interest rate fluctuations on financial performance and the financial position of these entities impact consolidated profit/(loss) for the year and total equity.

The actual impact on profit/(loss) for the year of a different scenario for interest rates also depends on the average financial assets and liabilities for the period on which interest accrues. The example provided in IG35 of IFRS 7 refers to the effect on the financial statements originating from a different interest rate arising "during" the year. Once the finance income and costs relating to a new scenario become known it is easy to verify, measuring the difference between these and the actual income/expense, the effect of a new interest rate scenario on the income statement.

The sensitivity analysis assumed two scenarios, a decrease and an increase in interest rates. Changes in interest rates for each scenario have been applied: 1) to the yield curve at the reporting date, assuming a parallel shift in the yield curve; 2) to the average interest rate paid in the course of the year on variable rate borrowings; 3) to the average interest rate earned during the year on variable rate financial assets; 4) to the interest rates used to determine the differentials paid/received during the year on derivative financial instruments.

As already noted the change in fair value of each derivative instrument held at 31 December 2021, together with the related impact on profit/(loss) for the year, was calculated for each scenario. The impact on profit/(loss) arising from changes in finance income and costs was also calculated for each scenario. The tables below illustrate the outcome of these analyses.

Given the current market situation and the potential rise in interest rates, an increase of 50 basis points and a decrease of 15 basis points were applied to net income.
An increase of 50 basis points would have resulted in a positive impact on net income of approximately 3.28%, while a decrease of 15 basis points would have determined a negative impact on profit for the year of approximately 1.24%.

3.1.2 **Quantitative disclosures**

- **Scenario Euribor/Libor +50 bp**

Derivatives impact

Scenario I: Euribor/Libor + 50 bp										
	Accounting treatment	Base value	Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*	Tax effect on change in FV to BS*	% of profit for the year
FRUK Holdings (no. 1) Ltd Loan	Hedge Accounting	(93)	27	120	120		0.00%		(23)	0.00%
Earlsburn Mezzanine Ltd	Hedge Accounting	(51)	146	197	197		0.00%		(37)	0.00%
Earlsburn Wind Energy Ltd	Hedge Accounting	(8)	(8)	0	0		0.00%		0	0.00%
Ben Aketil Wind Energy Ltd	Hedge Accounting	(456)	(417)	39	39		0.00%		(7)	0.00%
Millennium Wind Energy Ltd	Hedge Accounting	(33)	93	126	126		0.00%		(24)	0.00%
Kilbraur Wind Energy Ltd	Hedge Accounting	389	614	225	225		0.00%		(43)	0.00%
Nutberry Wind Energy Ltd	Hedge Accounting	(1,297)	(907)	390	390		0.00%		(74)	0.00%
West Browncastle Wind Energy Ltd	Hedge Accounting	(390)	476	866	866		0.00%		(165)	0.00%
Kingsburn Wind Energy Ltd	Hedge Accounting	340	1,038	698	698		0.00%		(133)	0.00%
Spaldington Airfield Wind Energy Ltd	Hedge Accounting	159	479	320	320		0.00%		(61)	0.00%
Assel Valley Wind Energy Ltd	Hedge Accounting	(1,207)	(119)	1,088	1,088		0.00%		(207)	0.00%
Auchrobert Wind Energy Ltd	Hedge Accounting	(985)	386	1,371	1,371		0.00%		(260)	0.00%
Eolica Sud Srl	Hedge Accounting	(2,230)	(2,020)	210	210		0.00%		(50)	0.00%
Eolo 3W Minervino Murge Srl	Hedge Accounting	(703)	(654)	49	49		0.00%		(12)	0.00%
Geopower Sardegna Srl	Hedge Accounting	(7,703)	(6,701)	1,002	1,002		0.00%		(240)	0.00%
Eolica Petralia Srl	Hedge Accounting	(546)	(436)	110	110		0.00%		(26)	0.00%
SE Ty-Ru SAS	Hedge Accounting	(478)	(422)	56	56		0.00%		(14)	0.00%
Parc Eolien du Fouy SAS	Hedge Accounting	(258)	(233)	25	25		0.00%		(6)	0.00%
Parc Eolien des Crêtes SAS	Hedge Accounting	(268)	(243)	25	25		0.00%		(6)	0.00%
Esquennois Energie SAS	Hedge Accounting	(329)	(298)	31	31		0.00%		(8)	0.00%
Ferme Eolienne de Noyales SAS	Hedge Accounting	(3)	(3)	0	0		0.00%		0	0.00%
CEP Tramontane 1 S.A.S.	Hedge Accounting	(763)	(662)	101	101		0.00%		(25)	0.00%
Actelios Solar SpA	Hedge Accounting	16	401	385	385		0.00%		(92)	0.00%
Saet Spa	Hedge Accounting	2	2	0	0		0.00%		0	0.00%
Desafio Sola SL	Hedge Accounting	411	411	0	0		0.00%		0	0.00%
Desafio Sola SL	Fair value through profit or loss	(131)	0	131		131	0.63%	(33)	0	0.47%
Total companies consolidated line-by-line		**(16,615)**	**(9,051)**	**7,564**	**7,433**	**131**	**0.63%**	**(33)**	**(1,514)**	**0.47%**
TOTAL		**(16,615)**	**(9,051)**	**7,564**	**7,433**	**131**	**0.63%**	**(33)**	**(1,514)**	**0.47%**

Total impact

(€ thousands)

Scenario I: Euribor/Libor + 50 bp	Change BS	Tax effect on BS	Net impact BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*
Impact of change in fair value of derivatives	7,433	(1,514)	5,919	131	0.63%	(33)
Impact on finance costs and IRS differentials (*)				(855)	-4.09%	205
Impact on financial income and IRS differentials (*)				1,409	6.74%	(338)
TOTAL	**7,433**	**(1,514)**	**5,919**	**685**	**3.28%**	**(166)**

(*) The tax effect on derivatives was calculated applying the following rates: 24% for Italian companies, 19% for UK companies and 25% for French companies. A tax rate of 24% was applied to calculate the tax effect on finance income and costs.

- ## Scenario Euribor/Libor -15 bp

Derivatives impact

Scenario II: Euribor/Libor - 15 bp	Accounting treatment	Base value	Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*	Tax effect on change in FV to BS*	% of profit for the year
FRUK Holdings (no. 1) Ltd Loan	Hedge Accounting	(93)	(129)	(36)	(36)		0.00%		7	0.00%
Earlsburn Mezzanine Ltd	Hedge Accounting	(51)	(110)	(59)	(59)		0.00%		11	0.00%
Earlsburn Wind Energy Ltd	Hedge Accounting	(8)	(8)	0	0		0.00%		0	0.00%
Ben Aketil Wind Energy Ltd	Hedge Accounting	(456)	(468)	(12)	(12)		0.00%		2	0.00%
Millennium Wind Energy Ltd	Hedge Accounting	(33)	(71)	(38)	(38)		0.00%		7	0.00%
Kilbraur Wind Energy Ltd	Hedge Accounting	389	321	(68)	(68)		0.00%		13	0.00%
Nutberry Wind Energy Ltd	Hedge Accounting	(1,297)	(1,414)	(117)	(117)		0.00%		22	0.00%
West Browncastle Wind Energy Ltd	Hedge Accounting	(390)	(650)	(260)	(260)		0.00%		49	0.00%
Kingsburn Wind Energy Ltd	Hedge Accounting	340	131	(209)	(209)		0.00%		40	0.00%
Spaldington Airfield Wind Energy Ltd	Hedge Accounting	159	63	(96)	(96)		0.00%		18	0.00%
Assel Valley Wind Energy Ltd	Hedge Accounting	(1,207)	(1,533)	(326)	(326)		0.00%		62	0.00%
Auchrobert Wind Energy Ltd	Hedge Accounting	(985)	(1,396)	(411)	(411)		0.00%		78	0.00%
Eolica Sud Srl	Hedge Accounting	(2,230)	(2,293)	(63)	(63)		0.00%		15	0.00%
Eolo 3W Minervino Murge Srl	Hedge Accounting	(703)	(718)	(15)	(15)		0.00%		4	0.00%
Geopower Sardegna Srl	Hedge Accounting	(7,703)	(8,003)	(300)	(300)		0.00%		72	0.00%
Eolica Petralia Srl	Hedge Accounting	(546)	(579)	(33)	(33)		0.00%		8	0.00%
SE Ty-Ru SAS	Hedge Accounting	(478)	(495)	(17)	(17)		0.00%		4	0.00%
Parc Eolien du Fouy SAS	Hedge Accounting	(258)	(265)	(7)	(7)		0.00%		2	0.00%
Parc Eolien des Crêtes SAS	Hedge Accounting	(268)	(276)	(8)	(8)		0.00%		2	0.00%
Esquennois Energie SAS	Hedge Accounting	(329)	(338)	(9)	(9)		0.00%		2	0.00%
Ferme éolienne de Noyales S.A.S	Hedge Accounting	(3)	(3)	0	0		0.00%		0	0.00%
CEP Tramontane 1 S.A.S.	Hedge Accounting	(763)	(793)	(30)	(30)		0.00%		8	0.00%
Actelios Solar SpA	Hedge Accounting	16	(99)	(115)	(115)		0.00%		28	0.00%
Saet Spa	Hedge Accounting	2	2	0	0		0.00%		0	0.00%
Desafio Sola SL	Hedge Accounting	411	411	0	0		0.00%		0	0.00%
Desafio Sola SL	Fair value through profit or loss	(131)	(223)	(92)		(92)	-0.44%	23	0	-0.33%
Total companies consolidated line-by-line		**(16,615)**	**(18,936)**	**(2,321)**	**(2,229)**	**(92)**	**-0.44%**	**23**	**454**	**-0.33%**
TOTAL		**(16,615)**	**(18,936)**	**(2,321)**	**(2,229)**	**(92)**	**-0.44%**	**23**	**454**	**-0.33%**

Total impact

(€ thousands)

Scenario II: Euribor/Libor - 15 bp						
	Change BS	Tax effect on BS	Net impact BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*
Impact of change in fair value of derivatives	(2,321)	454	(1,867)	(92)	-0.44%	23
Impact on finance costs and IRS differentials (*)				256	1.23%	(62)
Impact on financial income and IRS differentials (*)				(423)	-2.02%	101
TOTAL	**(2,321)**	**454**	**(1,867)**	**(258)**	**-1.24%**	**63**

(*) The tax effect on derivatives was calculated applying the following rates: 24% for Italian companies, 19% for UK companies and 25% for French companies. A tax rate of 24% was applied to calculate the tax effect on finance income and costs.

3.2 *Foreign exchange risk*

3.2.1 **Qualitative disclosures**

The exchange rate risk arises from the Group's activities in areas other than the “Euro Zone”, (UK, USA, Norway, Sweden and, to a lesser extent, Japan and Mexico.
The Group’s foreign exchange risk management policy, in line with the financial instruments accounting management policy, involves monitoring the foreign exchange balance to identify exposure and stipulate currency forward contracts where necessary. Currency forward transactions are entered into as new intercompany balances arise in order to maintain each company’s and the Group’s foreign exchange balance.

The Group mitigates foreign exchange risk on intercompany financial receivables and payables in currencies other than the functional currency through plain vanilla transactions, such as forward currency purchase/sale contracts. In this specific case, Falck Renewables SpA hedges the exchange rate risk on financial payables in GBP to the subsidiary Falck Renewables Wind Ltd, which in turn hedges its financial receivable in EUR from Falck Renewables SpA.

The same hedge transactions mentioned above can also be used for significant contracts to purchase goods and services in currency other than the functional currency. Specifically, at 31 December 2021 there were foreign exchange transaction in place to hedge the risk of fluctuations in the exchange rates on purchases, related to operating plants performed by the companies in Sweden, in Swedish kronor, companies that use the euro as functional currency.

With regard to the major currencies other than the €, the Falck Renewables Group exposure to foreign exchange fluctuations was measured by performing a sensitivity analysis to determine the impact of fluctuations in exchange rates on the balances denominated in foreign currencies of all Group companies at 31 December 2021. A brief description of the method used to perform the sensitivity analyses and the results are provided below.

The analyses were performed assuming two scenarios, a 10% appreciation/depreciation in the spot rate between the exchange rate in which the amount is denominated and the reporting currency.

In the case of the Falck Renewables Group, this involved:

- Recalculating the fair value of cash flow hedges and transferring directly to equity the difference between the simulated fair value and the actual difference at the year-end. This makes it possible to identify at the same time the risk arising on the derivatives portfolio at the year-end and the impact on total equity;
- Recalculate the net foreign exchange difference arising on foreign currency balances not hedged by derivative instruments.

The Parent Company's financial payables to its subsidiaries in sterling have not been included in the analysis, as described above, as the change in exchange rates on these items recorded at year-end under net financial expenses is offset by the change in fair value of the derivative financial instruments specifically entered into to hedge the foreign currency balance of the companies involved; this change is also recorded in the income statement under net financial expenses.

Furthermore, trade payables of the companies in Sweden were not included in the analysis since they are the subject of specific hedging contracts through derivatives on foreign exchange.

The simulations performed show that a 10% appreciation of the item in foreign currency compared to the functional currency would have determined an impact on the balance of the items in foreign currency, and, consequently, the consolidated profit before tax, as a negative foreign exchange difference, totalling € 1,440 thousand. A 10$ depreciation of the item in foreign currency compared to the functional currency would have determined an impact on the balance, and, consequently, the consolidated profit before tax, as a positive foreign exchange difference, totalling € 1,440 thousand.

Moreover, in reference to the fair value recalculated on the cash flow hedge derivative products, a 10% appreciation of the item in foreign currency compared to the functional currency, calculated with reference to the spot exchange rate at 31 December 2021 would have determined a positive effect on equity, before taxes, totalling € 1,627 thousand, while a 10% depreciation would have determined a negative effect on equity totalling € 1,318 thousand, again before taxes.

This analysis relates to the foreign exchange risk exposure in accordance with IFRS 7 and does not therefore take into account the positive or negative impact arising from the translation of overseas subsidiaries prepared in functional currencies other than the EUR where there is an appreciation/depreciation in the relevant foreign currencies.

3.2.2 **Quantitative disclosures**

- **Scenario exchange rates + 10%**

(€ thousands)

Scenario I: + 10% exchange range change												
	Exchange rate (EUR/SEK) base value	Exchange rate (EUR/SEK) scenario value	Accounting treatment	FV Base value	FV Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*	Tax effect on change in FV to BS*	% of profit for the year
Foreign exchange derivatives on operating plants in Sweden *	10.2503	9.22527	Hedge Accounting	434	2,061	1,627	1,627		0.00%		(335)	0.00%
Total				**434**	**2,061**	**1,627**	**1,627**	**0**	**0.00%**	**0**	**(335)**	**0.00%**

(*) For the calculation of the tax effect on derivatives, as the company is incorporated under Swedish law, a tax rate of 20.60% has been used.

Total impact

(€ thousands)

Scenario I: + 10% exchange range change							
	Change BS	Tax effect on BS	Net impact BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*	Net impact IS
Impact of change in fair value of derivatives	1,627	(335)	1,292				
Impact on exchange differences (*)				(1,440)	-32.81%	314	(1,126)
TOTAL	**1,627**	**(335)**	**1,292**	**(1,440)**	**-32.81%**	**314**	**(1,126)**

(*) For the calculation of the tax effect on derivatives, the actual rate of each exposed company was used

- **Scenario exchange rates - 10%**

(€ thousands)

Scenario II: - 10% exchange range change												
	Exchange rate (EUR/SEK) base value	Exchange rate (EUR/SEK) scenario value	Accounting treatment	FV Base value	FV Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*	Tax effect on change in FV to BS*	% of profit for the year
Foreign exchange derivatives on operating plants in Sweden *	10.2503	11.27533	Hedge Accounting	434	(884)	(1,318)	(1,318)		0.00%		272	0.00%
Total				**434**	**(884)**	**(1,318)**	**(1,318)**	**0**	**0.00%**	**0**	**272**	**0.00%**

(*) For the calculation of the tax effect on derivatives, as the company is incorporated under Swedish law, a tax rate of 20.60% has been used.

Total impact

(€ thousands)

Scenario II: - 10% exchange range change							
	Change BS	Tax effect on BS	Net impact BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*	Net impact IS
Impact of change in fair value of derivatives	(1,318)	272	(1,046)				
Impact on exchange differences (*)				1,440	32.81%	(314)	1,126
TOTAL	**(1,318)**	**272**	**(1,046)**	**1,440**	**32.81%**	**(314)**	**1,126**

(*) For the calculation of the tax effect on derivatives, as the company is incorporated under Swedish law, a tax rate of 20.60% has been used.

3.3 *Price risk on energy commodities*

3.3.1 **Qualitative disclosures**

The price risk on energy commodities is understood as the possibility that fluctuations in the market prices of energy materials could produce significant variations in revenues compared with a certain amount established during the economic planning phase.

In accordance with the provisions of the Group's Energy Risk Policy, the Group's price risk management activity consists of stabilizing revenues by executing forward sales contracts (so-called “commodity swaps”) with qualified banks, or by entering into Power Purchase Agreements (PPAs) with high standing corporate counterparties.

These transactions are treated in accordance with hedge accounting rules when there is a correlation between the hedging instruments used and the energy portfolio managed by the Group. The changes of fair value related to hedging instruments that result in over-hedging would be excluded from the hedging transaction and immediately reported in the income statement, as well as the effects resulting from the identification and subsequent measurement of any sources of ineffectiveness as defined by IFRS 9.

A brief description of the method used to perform the sensitivity analyses and the results are provided below. For this purpose, two scenarios were considered that respectively reflect a 10% appreciation and a 10% depreciation of the forward energy price at each date the hedge was put in place.

For the Falck Renewables Group this means recalculating the fair value of the cash flow hedge derivative products and charging directly to equity the difference between the simulated fair value and the value at the year-end, regarding the effective, prevalent component. The remaining ineffective component would be transferred to the income statement. This shows both the risk of the portfolio of derivative products outstanding at the end of the period and their impact on equity.

3.3.2 **Quantitative disclosures**

- **Scenario commodity prices + 10%**

Scenario I: + 10% change in commodity prices

Market	Accounting treatment	Base value	Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*	Tax effect on change in FV to BS*	% of profit for the year
Italy	Hedge Accounting	(79,728)	(94,818)	(15,090)	(14,821)	(269)	-1.29%	64	3,558	-4.67%
UK	Hedge Accounting	(107,556)	(126,760)	(19,204)	(19,204)	0	0.00%	0	3,648	0.00%
Spain	Hedge Accounting	(16,796)	(19,816)	(3,020)	(3,020)	0	0.00%	0	756	0.00%
France	Hedge Accounting	(1,647)	(1,916)	(269)	(269)	0	0.00%	0	68	0.00%
Sweden	Hedge Accounting	7,868	4,168	(3,700)	(3,590)	(110)	-0.53%	23	740	-1.98%
Total		**(197,859)**	**(239,142)**	**(41,283)**	**(40,904)**	**(379)**	**-1.81%**	**87**	**8,770**	**-6.65%**

(*) For the calculation of the tax effect on derivatives, a 24% rate was used for Italy, 20.60% for Sweden, 19% for the UK and 25% for Spain and France.

- **Scenario commodity prices - 10%**

Scenario I: - 10% change in commodity prices

Market	Accounting treatment	Base value	Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS*	Tax effect on change in FV to BS*	% of profit for the year
Italy	Hedge Accounting	(79,728)	(64,584)	15,144	14,829	315	1.51%	(76)	(3,559)	5.44%
UK	Hedge Accounting	(107,556)	(88,352)	19,204	19,204	0	0.00%	0	(3,648)	0.00%
Spain	Hedge Accounting	(16,796)	(13,775)	3,021	3,021	0	0.00%	0	(756)	0.00%
France	Hedge Accounting	(1,647)	(1,377)	270	270	0	0.00%	0	(68)	0.00%
Sweden	Hedge Accounting	7,868	11,568	3,700	3,603	97	0.46%	(20)	(743)	1.75%
Total		**(197,859)**	**(156,520)**	**41,339**	**40,927**	**412**	**1.97%**	**(96)**	**(8,774)**	**7.20%**

(*) For the calculation of the tax effect on derivatives, a 24% rate was used for Italy, 20.60% for Sweden, 19% for the UK and 25% for Spain and France.

7. Supplementary information to the consolidated financial report

7 Supplementary information to the consolidated financial report

7.1 List of investments in subsidiaries and associates

	Headquarters	Currency	Capital	% Direct owner	Indirect ownership %	Indirect ownership Parent company
COMPANIES INCLUDED IN THE CONSOLIDATION WITH THE LINE-BY-LINE METHOD						
Australia						
Vector Cuatro Australia Pty Ltd	Sydney	AUD			100.000	Vector Renewables España SL
Chile						
Vector Cuatro Chile SpA	Santiago	CLP	20,000,000		100.000	Vector Renewables España SL
Finland						
Falck Renewables Finland Oy	Helsinki	EUR		100.000		
Greenwatt Koiramäki Oy Ab	Karstula	EUR	3,000		100.000	Falck Renewables Finland Oy
Greenwatt Mustalamminmäki Oy Ab	Karstula	EUR	3,000		100.000	Falck Renewables Finland Oy
France						
CEP Tramontane 1, Sas	Paris	EUR	3,559,700		100.000	Falck Energies Renouvelables SAS
EOL Team SAS	Paris	EUR	42,220		100.000	Falck Energies Renouvelables SAS
Esquennois Energie SAS	Rennes	EUR	37,000		100.000	Falck Renewables Wind Ltd
Falck Energies Renouvelables SAS	Rennes	EUR	19,212,000		100.000	Falck Renewables Wind Ltd
Ferme Eolienne de Noyales SAS	Paris	EUR	37,000		100.000	Falck Energies Renouvelables SAS
Parc eolien de Mazeray et de Bignay Sas	Paris	EUR	1,321,750		100.000	CEP Tramontane 1, Sas
Parc eolien des Coudrays Sas	Paris	EUR	868,000		100.000	CEP Tramontane 1, Sas
Parc Eolien des Crêtes SAS	Rennes	EUR	37,000		100.000	Falck Renewables Wind Ltd
Parc Eolien d'Illois Sarl	Rennes	EUR	1,210		100.000	Falck Energies Renouvelables SAS
Parc eolien de Bois Ballay Sas	Paris	EUR	1,235,000		100.000	CEP Tramontane 1, Sas
Parc Eolien du Fouy SAS	Rennes	EUR	37,000		100.000	Falck Renewables Wind Ltd
SE Ty Ru SAS	Rennes	EUR	1,009,003		100.000	Falck Energies Renouvelables SAS
Vector Renewables France Sarl	Lyons	EUR	50,000		100.000	Vector Renewables España SL
Italy						
Actelios Solar SpA	Santa Caterina di Villarmosa	EUR	120,000	100.000		
Ambiente 2000 Srl	Milan	EUR	103,000	60.000		
Big Fish Spv Srl	Milan	EUR	1,760,000	100.000		
Energy Aggregator Consortium	Milan	EUR	7,600		52.630	Falck Next Srl
Energy Cloud Consortium	Milan	EUR	10,600		56.600	Falck Next Srl
Consorzio Next Energy Aggregator	Milan	EUR	30,000		50.000 50.000	Falck Next Srl Falck Next Energy Srl
Ecosesto SpA	Rende	EUR	5,120,000	100.000		
Elettroambiente SpA (in liquidation)	Sesto San Giovanni	EUR	245,350	100.000		
Elettromeccanica Euganea Srl	Torreglia	EUR	50,000		80.000	Saet SpA
Energy Team SpA	Milan	EUR	120,000	51.000		
Eolica Petralia Srl	Sesto San Giovanni	EUR	2,000,000	100.000		
Eolica Sud Srl	Sesto San Giovanni	EUR	5,000,000	100.000		
Eolo 3W Minervino Murge Srl	Sesto San Giovanni	EUR	10,000	100.000		
Falck Next Energy Srl	Sesto San Giovanni	EUR	1,010,000	100.000		
Falck Next Srl	Sesto San Giovanni	EUR	1,000,000	100.000		
Falck Renewables Sicilia Sri	Milan	EUR	10,000	100.000		
Falck Renewables SpA	Milan	EUR	291,413,891			
Falck Renewables Sviluppo Srl	Milan	EUR	10,000	100.000		
Geopower Sardegna Srl	Sesto San Giovanni	EUR	2,000,000	100.000		
Iron SPV Srl	Milan	EUR	425,000	100.000		
NUO Srl	Sesto San Giovanni	EUR	61,000	100.000		
Palermo Energia Ambiente ScpA (in liquid.)	Milan	EUR	120,000	73.273		
Platani Energia Ambiente ScpA (in liquidation)	Sesto San Giovanni	EUR	3,364,264		99.18	Elettroambiente SpA
Prima Srl	Sesto San Giovanni	EUR	5,430,000	85.000		
Saet SpA	Padua	EUR	1,500,000	60.000		
Solar Mesagne Srl	Brindisi	EUR	50,000	100.000		
Tifeo Energia Ambiente ScpA (in liquidation)	Sesto San Giovanni	EUR	4,679,829		100.000	Elettroambiente SpA
Vector Renewables Italia Srl	Sesto San Giovanni	EUR	25,000		100.000	Vector Renewables España SL
Japan						
Vector Renewables Japan KK	Tokyo	JPY	1,000,000		100.000	Vector Renewables España SL

				%	Indirect ownership	

7 Supplementary information to the consolidated financial report

	Headquarters	Currency	Capital	Direct owner	%	Parent company
COMPANIES INCLUDED IN THE CONSOLIDATION WITH THE LINE-BY-LINE METHOD						
Mexico						
Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable	Mexico City	MXN	50,000	99.000	1.000	Falck Renewables Power 1 Sl
Vector Renewables Mexico SA de CV	Miguel Hidalgo	MXN	2,066,000		99.952	Vector Renewables España SL
					0.050	Vector Renewables Italia Srl
Netherlands						
Falck Renewables Nederland BV	Amsterdam	EUR	10,000	100.000		
Waalwijk Wind Energy B.V.	Utrecht	EUR	220,000		95.000	Falck Renewables Nederland BV
Winssen Wind Energy B.V.	Utrecht	EUR	296,000		95.000	Falck Renewables Nederland BV
Norway						
Falck Renewables Vind AS	Sandane	EUR	5,843,847	89.870		
Poland						
Elektrownie Wiatrowe Bonwind Łyszkowice Sp.Z.o.o.	Łódz	PLN	5,654,000		82.000	Falck Renewables Wind Ltd
Spain						
Desafio Solar S.L.	Madrid	EUR	3,000	100.000		
Energia Eolica de Castilla SL	Madrid	EUR	3,200	100.000		
Eolica Cabezo San Roque Sau	Madrid	EUR	1,500,000		100.000	Falck Renewables Wind Ltd
Falck Nuo Spain SL	Madrid	EUR	3,600		100.000	NUO Srl
Falck Renewables Power 1 Sl	Madrid	EUR	300,000	100.000		
Falck Renewables Power 2 Sl	Madrid	EUR	300,000	100.000		
Falck Renewables Power 3 Sl	Madrid	EUR	300,000	100.000		
Premier 17	Zaragoza	EUR	3,500		100.000	Falck Renewables Power 1 Sl
PV Diagnosis Fotovoltaica SLU	Madrid	EUR	3,100		100.000	Vector Renewables España SL
Vector Renewables España SL	Madrid	EUR	55,001	100.000		
Sweden						
Åliden Vind AB	Malmö	EUR	10,159	100.000		
Brattmyrliden Vind AB	Malmö	EUR	10,159	100.000		
VC Renewables AB	Malmö	SEK	50,000		100.000	Vector Renewables España SL
UK						
Assel Valley Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Auchrobert Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Ben Aketil Wind Energy Ltd	Inverness	GBP	100		51.000	Falck Renewables Wind Ltd
Boyndie Wind Energy Ltd	Inverness	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Cambrian Wind Energy Ltd	London	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Earlsburn Mezzanine Ltd	London	GBP	1,000		51.000	Falck Renewables Wind Ltd
Earlsburn Wind Energy Ltd	Inverness	GBP	100		100.000	Earlsburn Mezzanine Ltd
Falck Next Energy UK Ltd	London	GBP	100		100.000	Falck Renewables Wind Ltd
Falck Renewables Finance Ltd	London	GBP	100		100.000	Falck Renewables Wind Ltd
Falck Renewables Offshore HoldCo 1 Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Falck Renewables Offshore HoldCo 2 Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Falck Renewables Wind Ltd	London	GBP	37,759,066	99.990		
FRUK Holdings (No.1) Ltd	London	GBP	1		51.000	Falck Renewables Finance Ltd
Kilbraur Wind Energy Ltd	Inverness	GBP	100		51.000	Falck Renewables Wind Ltd
Kingsburn Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Millennium South Wind Energy Ltd	Inverness	GBP	100		52.000	Falck Renewables Wind Ltd
Millennium Wind Energy Ltd	Inverness	GBP	100		51.000	Falck Renewables Wind Ltd
Mochrum Fell Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Nutberry Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Spaldington Airfield Wind Energy Ltd	London	GBP	100		100.000	Falck Renewables Wind Ltd
Vector Renewables UK Ltd	London	GBP	190,000		100.000	Vector Renewables España SL
West Browncastle Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd

				%	**Indirect ownership**	
	Headquarters	**Currency**	**Capital**	**Direct owner**	**%**	**Parent company**
COMPANIES INCLUDED IN THE CONSOLIDATION WITH THE LINE-BY-LINE METHOD						
United States						
Annapolis Solar Park LLC	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Asset Management LLC	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Development US, LLC	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Holding US, LLC	Delaware	USD			100.000	TLS Holdco LLC
Building Energy Wind Iowa LLC	Delaware	USD			100.000	Building Energy Holdco I, LLC
Calypso Solar 1, LLC	Delaware	USD			95.000	Building Energy Holdco I, LLC
Calypso Solar 3, LLC	Delaware	USD			95.000	Building Energy Holdco I, LLC
EF NY CDG 001 LLC	Delaware	USD			100.000	NRH Project Holdco, LLC
EF NY CDG 002 LLC	Delaware	USD			100.000	NRH Project Holdco, LLC
EF NY CDG 003 LLC	Delaware	USD			100.000	NRH Project Holdco, LLC
EF NY CDG 007 LLC	Delaware	USD			100.000	NRH Project Holdco, LLC
EF NY CDG 011 LLC	Delaware	USD			100.000	NRH Project Holdco, LLC
Falck Middleton Generation LLC	Delaware	USD			100,000 class B*	Falck Middleton LLC
Falck Middleton LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Falck Renewables North America Inc	Delaware	USD	5	100.000		
Falck Renewables DLP MA LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Falck Renewables IS 42 LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Falck Renewables North America Development Services & Construction Management LLC	Delaware	USD			100.000	Falck Renewables North America Inc.
Fisher Road Solar I LLC	Delaware	USD			100.000	SPME Dartmouth Holdings LLC
HG Solar Development LLC	New York	USD			100.000	Falck Middleton Generation LLC
Innovative Solar 42 LLC	North Carolina	USD			100.000	NC 42 Energy LLC
NC 42 Energy LLC	Delaware	USD			100,000 class B*	NC 42 Solar LLC
NC 42 LLC	Delaware	USD			100.000	Falck Renewables IS 42 LLC
NC 42 Solar LLC	Delaware	USD			100.000	NC 42 LLC
Novis Renewables Holdings, LLC	Delaware	USD			51.000	Falck Renewables North America LLC
Nov NY53 Holdings, LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Nov NY53 Lessee, LLC	Delaware	USD			100.000	Nov NY53 Holdings, LLC
NOV RF Holdings LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
NOV RF Lessee LLC	Delaware	USD			100.000	NOV RF Holdings LLC
NRH Project Holdco, LLC	Delaware	USD	10		100.000	Novis Renewables Holdings, LLC
Odyssey Solar 2, LLC	Delaware	USD			95.000	Building Energy Holdco I, LLC
SPME Dartmouth Holdings LLC	Delaware	USD			100.000	Falck Renewables DLP MA LLC
SPME Holdings 2015 LLC	New Jersey	USD			100.000	Falck Renewables DLP MA LLC
Syncarpha Massachusetts LLC	Delaware	USD			100.000	SPME Holdings 2015 LLC
Syncarpha Palmer LLC	Delaware	USD			100.000	SPME Holdings 2015 LLC
TLS Holdco LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Vector Cuatro US LLC	Delaware	USD	1,000		100.000	Vector Renewables España SL
Webb PV Holdings, LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Westmoreland Country Solar Project, LLC	Delaware	USD			100.000	NOV RF Lessee LLC
WMC Solar Holdings LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC

* The class B quotas guarantee the control of the company, while class A quotas belonging to Firstar Development LLC attribute protective rights.

				%		Indirect ownership
	Headquarters	**Currency**	**Capital**	**Direct owner**	**%**	**Parent company**
COMPANIES INCLUDED IN THE CONSOLIDATION WITH THE EQUITY METHOD						
Italy						
Frullo Energia Ambiente Srl	Bologna	EUR	17,139,100	49.000		
Kailia Energia Srl	Milan	EUR	10,000	50.000		
Minervia Vento Srl	Milan	EUR	10,000	50.000		
Nora Ventu Srl	Milan	EUR	10,000	50.000		
Odra Energia Srl	Milan	EUR	10,000	50.000		
Tibula Energia Srl	Milan	EUR	10,000	50.000		
Spain						
Ardemer ITG SL	Teruel	EUR			50.000	Falck Renewables Power 3 Sl
Nuevos Parque Eolicos La Muela AIE	Zaragoza	EUR	10,000		50.000	Parque Eolico La Carracha SL
					50.000	Parque Eolico Plana de Jarreta SL
Parque Eolico La Carracha Sl	Zaragoza	EUR	100,000		26.000	Falck Renewables Wind Ltd
Parque Eolico Plana de Jarreta SL	Zaragoza	EUR	100,000		26.000	Falck Renewables Wind Ltd
UK						
Lyra Offshore Wind Farm, Ltd	Edinburgh	GBP	3		33.330	Falck Renewables Offshore HoldCo 1 Ltd
Mynydd Fforch Dwm Wind Energy 2021 Limited	London	GBP	1		100.000	Naturalis Energy Developments limited
Naturalis Energy Developments limited	London	GBP	1,775,555		77.500	Falck Renewables Wind Ltd
Northern Cross Offshore Wind Farm, Ltd	Edinburgh	GBP	3		33.330	Falck Renewables Offshore HoldCo 2Ltd
Strath Tirry Wind Energy 2021 Limited	London	GBP	1		100.000	Naturalis Energy Developments limited
Touch Estate Wind Energy 2021 Limited	London	GBP	1		100.000	Naturalis Energy Developments limited
United States						
Novis Renewables Group	Delaware	USD			50.000	Falck Renewables North America Inc

8. Falck Renewables SpA Financial Statements at 31 December 2021

8.1 Falck Renewables SpA financial statement

8.1 Financial Statement

(€ thousands)

		Notes	31.12.2021	*of which related parties*	31.12.2020	*of which related parties*
Assets						
A	**Non-current assets**					
1	Intangible assets	(1)	16,004		11,940	
2	Property, plant and equipment	(2)	5,126		5,546	
3	Investments and securities	(3)	819,965		752,882	
4	Trade receivables	(5)				
5	Non-current financial receivables	(4)	44,677	44,309	31,122	30,487
6	Deferred tax assets	(7)	40,753		571	
7	Other receivables	(6)	570		1,114	
	Total		**927,095**		**803,175**	
B	**Current assets**					
1	Inventories	(8)				
2	Net contractual assets					
3	Trade receivables	(5)	7,856	7,749	8,061	7,912
4	Other receivables	(6)	21,410	13,503	16,329	4,212
5	Financial receivables	(4)	53,501	53,310	32,911	31,087
6	Securities					
7	Cash and cash equivalents	(9)	145,359		100,865	
	Total		**228,126**		**158,166**	
C	**Non-current assets held for sale**					
Total assets			**1,155,221**		**961,341**	
Liabilities						
D	**Net equity**					
1	Share capital		291,414		291,414	
2	Reserves		173,763		169,435	
3	Retained earnings		70,839		53,014	
4	Profit/(loss) for the period		(25,466)		37,202	
	Total equity	(10)	**510,550**		**551,065**	
E	**Non-current liabilities**					
1	Non-current financial liabilities	(13)	318,797	368	179,880	635
2	Other liabilities	(15)	536		197	
3	Deferred tax liabilities					
4	Provisions for risks and charges	(11)	123,200		3,181	
5	TFR (Staff leaving indemnity)	(12)	1,820		1,799	
	Total		**444,353**		**185,057**	
F	**Current liabilities**					
1	Trade payables	(14)	14,142	5,214	12,187	3,452
2	Net contractual liabilities					
3	Other liabilities	(15)	45,151	38,727	9,993	3,523
4	Current financial liabilities	(13)	106,586	105,598	203,039	201,921
5	Provisions for risks and charges	(11)	12,566			
6	IAS 19 liabilities for extraordinary bonus	(16)	21,873			
	Total		**200,318**		**225,219**	
G	**Liabilities attributable to non-current assets held for sale**					
Total liabilities			**1,155,221**		**961,341**	

For details of "related party transactions", see page 258
For the effects of significant non-recurring transactions see page 272

8.2 Income statement

(€ thousands)

		Notes	2021	*of which related parties*	2020	*of which related parties*
A	Revenues	(17)	2,073	*1,898*	81	
	Direct costs	(19)	(5,226)	*(3,567)*		
	Personnel cost	(18)	(17,476)		(13,332)	
	Other income	(20)	9,048	*8,552*	11,495	*10,832*
	Administrative expenses	(21)	(40,052)	*(6,337)*	(21,544)	*(5,880)*
	Allocation of cost for extraordinary bonus	(22)	(25,679)			
B	**Operating profit/(loss)**		**(77,312)**		**(23,300)**	
	Financial income/(expenses)	(23)	(3,548)	*3,415*	7,040	*4,854*
	Investment income/(expenses)	(24)	39,631	*39,579*	48,782	*48,772*
C	**Profit/(loss) before tax**		**(41,229)**		**32,522**	
	Total income tax	(25)	15,763		4,680	
D	**Profit/(loss) for the period**		**(25,466)**		**37,202**	

For details of “related party transactions”, see page 268
For the effects of significant non-recurring transactions see page 272

8.3 Statement of comprehensive income

(€ thousands)

		2021			2020		
		Gross	Tax	Net	Gross	Tax	Net
A	**Profit/(loss) for the period**	**(41,229)**	**15,763**	**(25,466)**	**32,522**	**4,680**	**37,202**
	Other items of comprehensive income						
	Other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax						
	Foreign exchange differences on translation of overseas financial statements						
	Fair value adjustment of held for sale financial assets						
	Fair value adjustments of derivatives designated as cash flow hedges						
B	**Total other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax**						
	Other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax						
	Balance of actuarial gains/(losses) on personnel defined benefit plans	187		187	(64)		(64)
C	**Total other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax**	**187**		**187**	**(64)**		**(64)**
B+C	**Other comprehensive income/(loss)**	**187**		**187**	**(64)**		**(64)**
A+B+C	**Total comprehensive income/(loss)**	**(41,042)**	**15,763**	**(25,279)**	**32,458**	**4,680**	**37,138**

8.4 Statement of cash flows

(€ thousands)	Notes	2021	2021 Related parties	2020	2020 Related parties
Cash flow from operating activities					
Profit/(loss) for the period		(25,466)		37,202	
Adjusted for:					
Amortisation of intangible assets	(21)	926		544	
Depreciation of property, plant and equipment	(21)	1,256		1,185	
Impairment of property, plant and equipment		22			
Staff leaving indemnity provision	(12)	657		560	
Fair value of investments and other securities	(24)	148,546	148,598	(3,755)	(3,755)
Stock grant plan costs		4,141		1,796	
Financial income	(23)	(17,732)	(4,946)	(30,669)	(6,302)
Financial expenses	(23)	21,280	1,531	23,629	1,448
Dividends	(24)	(188,177)	(188,177)	(45,027)	(45,027)
Other changes		89		(880)	
Allocation of cost for extraordinary bonus		25,679			
Income tax (income statement)	(25)	(15,763)		(4,680)	
Operating income before changes in net working capital and provisions		**(44,542)**		**(20,095)**	
Change in trade receivables	(5)	116		516	
Change in trade payables	(14)	1,955		(228)	
Change in other receivables/payables		1,724		51,018	
Net change in provisions	(11)	12,478		(3,361)	
Change in personnel provisions - staff leaving indemnity paid during year	(12)	(455)		(342)	
Cash flow provided by operating activities		**(28,724)**		**27,508**	
Interest paid		(14,637)	(1,531)	(21,654)	(1,448)
Tax paid/collected		2,288		2,411	
Payments for stock grant plan				(4,728)	
Cash flow provided by operating activities		**(41,073)**		**3,537**	
Cash flow from investing activities					
Dividends received		190,137	190,137	50,781	50,781
Proceeds from sale of property, plant and equipment		3		1	
Proceeds from sale of intangible assets				3,044	
Purchases of intangible assets	(1)	(4,650)		(7,752)	
Purchases of property, plant and equipment	(2)	(592)		(886)	
Purchase and capital contributions to equity investments and business units	(3)	(99,329)	(99,329)	(127,771)	(127,771)
Interest received		17,732	4,946	22,796	6,302
Net cash flow from investing activities		**103,301**		**(59,787)**	
Cash flow from financing activities					
Dividends paid		(19,377)	(11,715)	(19,377)	(12,060)
Net change in financial receivables		(36,044)	(36,044)	34,684	31,421
New borrowings		135,000			
Repayment of borrowings		(97,313)	(95,931)	(60,285)	
Issue of convertible bond				199,050	
Net cash flow from financing activities		**(17,734)**		**154,072**	
Net increase in cash and cash equivalents		**44,494**		**97,822**	
Cash and cash equivalents at 01 January 2021		**100,865**		**3,043**	
Translation (loss)/gain on cash and cash equivalents					
Cash and cash equivalents at 31 December 2021		**145,359**		**100,865**	

8.5 Statement of changes in equity

(€ thousands)

	Share capital	Reserves	Profit/(loss) for the period	Total equity
At 31.12.2019	**291,414**	**197,655**	**27,314**	**516,383**
Appropriation of 2019 Profit/(loss)		27,314	(27,314)	
Dividends paid		(19,377)		(19,377)
Purchase of own shares				
Convertible bond reserve		19,170		19,170
Stock grant plan fair value		(2,249)		(2,249)
Other comprehensive income items included in net equity*		(64)		(64)
Profit/(loss) for the year to 31 December 2020			37,202	37,202
At 31.12.2020	**291,414**	**222,449**	**37,202**	**551,065**
Appropriation of 2020 profit/(loss)		37,202	(37,202)	
Dividends paid		(19,377)		(19,377)
Purchase of own shares				
Convertible bond reserve				
Stock grant plan fair value		4,141		4,141
Other comprehensive income items included in net equity*		187		187
Profit/(loss) for the year to 31 December 2021			(25,466)	(25,466)
At 31.12.2021	**291,414**	**244,602**	**(25,466)**	**510,550**

* These items are included in the Statement of other comprehensive income.

8.6 Notes to the financial statements

Change of Control

As extensively described in the Directors’ Report, during 2021, the Board of Directors of Falck Renewables SpA resolved to start a process to search for a strategic partner able to support medium-long term growth projects of the Company. Falck Renewables SpA was assisted by its external advisors in the search process. Their compensation was mainly a success fee, i.e., to be paid only if the transaction is successful. In this context described above, the opportunity of adopting an extraordinary incentive model has been studied first by the Remuneration Committee. It is aimed at the best alignment between the interests of management to the objective to create value for all Company shareholders if an extraordinary transaction is finalised with the aforesaid strategic partner allowing at the same time: (i) shareholders to obtain the possibility of divesting their holding at favourable conditions, and (ii) Falck Renewables SpA to benefit from the support of a new reference shareholder that shares the objectives of creating value in a sustainable manner in the long-term and contribute to obtaining reaching them.
On 19 October 2021, Falck SpA and Infrastructure Investments Fund Int’l Acquisitions Ltd (the “Partner”) institutional investor for which J.P. Morgan Investment Management is advisor, signed a share purchase agreement for the acquisition, by the partner, of the investment representing 60% of Falck Renewables SpA share capital owned by Falck SpA (the “SPA”). The Remunerations Committee appointed for this purpose by the Board of Directors therefore calculated the amount of the potential bonus resulting from the Extraordinary Incentive Plan, which in light of the enterprise value attributed by the Partner (which led the Partner to offer a price per share equal to € 8.81) corresponding to a maximum extraordinary premium that would mature for the beneficiaries equal to 38,058,456[10] when there is evidence of the launch of the takeover bid, or when the new controlling shareholder publishes the bid document approved by Consob in accordance with art. 102, paragraph 4, of the TUF.
The Falck Renewables SpA Shareholders' Assembly on 14 December 2021 in the context of the possible completion of the extraordinary transaction described at length in the Directors’ Report, approved the allocation, at certain conditions, of an extraordinary bonus to managers and employees of Falck Renewables SpA and Group companies.

The transaction described above, considered highly probable by Falck Renewables SpA management, entailed the acceleration of the Long-Term Incentive Plan 2020 - 2022, discussed in the Directors’ Report, implied reaching all of the predefined objectives.

On 24 February 2022, Falck Renewables SpA was informed that Infrastructure Investments Fund an investment vehicle for which J.P. Morgan Investment Management (is advisor, completed the acquisition of the entire investment held by Falck SpA in the Company, equal to 60% of share capital of the Company in compliance with the terms and conditions of the sales contract signed between Falck and IIF on 19 October 2021.

The effects of the change control of Falck Renewables Spa, of an exceptional or special nature, reported as accrued in 2021, are summarised below to ensure clarity and comparability with the figures in reading the financial statements:

This amount does not include social security and welfare contributions if applicable, due by the Company or its subsidiaries the Extraordinary Incentive Plan and gross of social security and welfare contributions borne by the withholding beneficiaries by the Company or its subsidiaries.

(€ thousands)

Description	Balance Sheet Item	Notes	Income Statement item	Notes	Amount at 31 December 2021
Costs for services related to the extraordinary transaction to search for a strategic partner	Provisions for risks and charges	11	Administrative expenses	21	8,760
Other consultation connected with the transaction	Current trade payables	14	Administrative expenses	21	1,225 (of 450 paid)
Extraordinary bonus for CEO and employees of Falck Renewables	IAS 19 liabilities for extraordinary bonus	16	Allocation for extraordinary bonus	22	21,873
Employee extraordinary bonus other Group companies	Provisions for risks and charges	11	Allocation for extraordinary bonus	22	3,806
Acceleration Long Term Incentive Plan – employee share	Reserves	10	Personnel Cost	18	1,064
Acceleration Long Term Incentive Plan – employee cash	Other liabilities	15	Personnel Cost	18	280
Acceleration Long Term Incentive Plan – director	Reserves	10	Administrative expenses	21	1,780
Acceleration Long Term Incentive Plan – director	Other liabilities	15	Administrative expenses	21	184
Total costs connected with change of control of an exceptional or special nature					**38,972**

Significant events after the balance sheet date

See the directors' report for a description of the main significant events after the balance sheet date (paragraph 5.2.12 "Significant events after the balance sheet date")

Direction and coordination activities

Falck SpA stopped its direction and coordination activity on 24 February 2022 after sale of the investment equal to 60% of the stake in Falck Renewables SpA described in paragraph 5.2.12.1.
In accordance with art. 2497, paragraph 4 of the Civil Code, the key information from the balance sheet and income statement the latest approved financial statements of the former parent company Falck SpA (31 December 2020) which performed direction and coordination activities until 24 February 2022.
For a full and better understanding of the financial position of Falck SpA at 31 December 2020, and the result for the year then ended, reference should be made to its financial statements complete with the independent auditors' report, which are available at the parent company's registered offices and on its website www.falck.it.
No company performs direction and coordination activities at present.

			BALANCE SHEET ASSETS	31.12.2020 Amounts in euro within 12 months	31.12.2020 Amounts in euro over 12 months	31.12.2020 Amounts in euro	31.12.2019 Amounts in euro within 12 months	31.12.2019 Amounts in euro over 12 months	31.12.2019 Amounts in euro	CHANGES Amounts in euro within 12 months	CHANGES Amounts in euro over 12 months	CHANGES Amounts in euro
A)			SHARE CAPITAL SUBSCRIBED AND NOT YET PAID									
B)			FIXED ASSETS									
I			Intangible assets:									
	1		start-up and expansion costs									
	2		development costs									
	3		industrial patent rights and rights of use of intellectual property									
	4		concessions, licences, trademarks and similar rights			1,406			1,969			(563)
	5		goodwill									
	6		assets under construction and advances									
	7		other			824,639			434,320			390,319
			Total intangible fixed assets			826,045			436,289			389,756
II			Property, plant and equipment:									
	1		land and buildings									
	2		plants and machinery									
	3		industrial and office equipment									
	4a		Other assets			4,965			5,694			(729)
	4b		assets operated under concession									
	5		assets under construction and advances									
			Total property, plant and equipment			4,965			5,694			(729)
III			Financial assets:									
	1		investments in:									
		a	Investments in subsidiaries			335,407,876			333,639,875			1,768,001
		b	associates									
		c	Investments in subsidiaries									
		d	subsidiaries of subsidiaries									
		d-bis	other companies			1,491,365			2,166,301			(674,936)
			total investments			336,899,241			335,806,176			1,093,065
	2		receivables:									
		a	from subsidiaries									
		b	from associates									
		c	from parent companies									
		d	from companies subject to parent company control									
		d-bis a	from others									
		d-bis b	guarantee deposits									
			total receivables									
	3		other securities									
	4		financial instruments - assets									
			Total financial fixed assets			336,899,241			335,806,176			1,093,065
			TOTAL FIXED ASSETS			**337,730,251**			**336,248,159**			**1,482,092**
C)			CURRENT ASSETS									
I			Inventories:									
	1		raw materials and consumables									
	2		work in progress and semi-finished products									
	3		work in progress									
	4		finished goods									
	5		advance payments received									
			Total inventories									
II			Receivables:									
	1		trade receivables									
	2		from subsidiaries									
		a	trade	717,817		717,817	560,031		560,031	157,786		1,157,786
		b	financed	969,162		969,162				969,162		969,162
		c	others	2,442,038		2,442,038	3,424,942		3,424,942	(982,904)		(982,904)
			amounts due to subsidiaries	4,129,017		4,129,017	3,984,973		3,984,973	144,044		144,044
	3		from associates									
		a	trade									
		b	financed									
		c	others									
			total due to associates									
	4		from parent companies									
		a	trade									
		b	financed									
		c	others									
			amounts due to subsidiaries									
	5		from companies subject to parent company control									
		a	trade									
		b	financed									
		c	others									
			total from companies subject to parent company control									
	5-bis		Tax credits	4,452,622		4,452,622	5,559,025		5,559,025	(1,106,403)		(1,106,403)
	5-ter		deferred tax assets	3,284		3,284	37,405		37,405	(5121)		(5121)
	5-quarter		from others	5,900		5,900	10,361		10,361	(4,461)		(4,461)
			Total receivables	8,619,823		8,619,823	9,591,764		9,591,764	(971,941)		(971,941)
III			Financial assets not considered as fixed assets:									
	1		investments in subsidiaries									
	2		investments in associates									
	3		investments in subsidiaries									
	3-bis		investments in subsidiaries of subsidiaries									
	4		other investments									
	5		derivative financial instruments: assets									
	6		other securities									
			Total current investments									
IV			Cash and cash equivalents									
	1		current bank and post office deposits			46,126,729			4,124,207			42,002,522
	2		cheques									
	3		cash in hand			793			793			
			Total cash and cash equivalents			46,127,522			4,125,000			42,002,522
			TOTAL CURRENT ASSETS			**54,747,345**			**13,716,764**			**41,030,581**
D)			**ACCRUALS AND DEFERRALS**			**435**			**8,766**			(8,331)
TOTAL ASSETS						**392,478,031**			**349,973,689**			**42,504,342**

BALANCE SHEET LIABILITIES	31.12.2020 Amounts in euro within 12 months	31.12.2020 Amounts in euro over 12 months	31.12.2020 Amounts in euro	31.12.2019 Amounts in euro within 12 months	31.12.2019 Amounts in euro over 12 months	31.12.2019 Amounts in euro	CHANGES Amounts in euro within 12 months	CHANGES Amounts in euro over 12 months	CHANGES Amounts in euro
A) EQUITY									
I Capital			72,793,163			72,793,163			
II Share premium reserve			35,608,928			35,608,928			
III Revaluation reserves									
IV Legal reserve			14,558,633			14,558,633			
V Statutory reserves									
VI Other reserves									
1 extraordinary reserve			18,959,476			18,959,476			
2 reserve from revaluation Law Decree 104/2020									
3 payments from shareholders			450,000			450,000			
4 merger surplus									
Total other reserves			19,409,476			19,409,476			
VII Reserve for hedging forecast financial flows						(51,566)			51,566
VIII Retained earnings (Losses carried forward)			102,362,715			104,954,071			(2,591,356)
IX Profit/(loss) for the year			26,728,858			374,109			26,354,749
X Negative own shares reserve			(12,195,959)			(12,195,959)			
TOTAL EQUITY			**259,265,814**			**235,450,855**			**23,814,959**
B) PROVISIONS FOR RISKS AND CHARGES									
1 for pensions and similar obligations									
2 for taxes, including deferred									
3 derivative financial instruments: liabilities									
4 other:									
a litigation provision			1,449,996			1,449,996			
b investments provision						5,044,344			(5,044,344)
c environmental provision									
d - restructuring and liquidation provision									
e other risks provision			24,264,394			21,294,555			2,969,839
total others			25,714,390			27,788,895			(2,074,505)
TOTAL PROVISIONS FOR RISKS AND CHARGES			**25,714,390**			**27,788,895**			**(2,074,505)**
C) STAFF LEAVING INDEMNITY			**118,440**			**109,695**			**8,745**
D) PAYABLES									
1 bonds and debenture loans									
2 convertible bonds debenture loans		8,491,003	8,491,003		8,491,003	8,491,003			
3 amounts due to shareholders for loans									
4 payables due to banks	5,064,224	81,525,516	86,589,740		50,067,850	50,067,850	5,064,224	31,457,666	36,521,890
5 amounts due to other financial creditors									
6 advance payments received									
7 Trade payables	1,572,794		1,572,794	1,574,248		1,574,248	(1,454)		(1,454)
8 bills payable									
9 amounts due to subsidiary companies									
a trade	807,604		807,604	837,246		837,246	(29,642)		(29,642)
b financial	3,877,738		3,877,738	19,293,021		19,293,021	(15,415,283)		(15,415,283)
c others	5,225,170		5,225,170	5,373,356		5,373,356	(148,186)		(148,186)
amounts due to subsidiaries	9,910,512		9,910,512	25,503,623		25,503,623	(15,593,111)		(15,593,111)
10 amounts due to associated companies									
a trade									
b financial									
c others									
total due to associates									
11 amounts due to subsidiary companies									
a trade									
b financial									
c others									
amounts due to subsidiaries									
11-bis total from companies subject to parent company control									
a trade									
b financial									
c others									
total from companies subject to parent company control									
12 Amounts due to the tax authorities	19,683		19,683	24,400		24,400	(4,717)		(4,717)
13 payables to social security institutions	208,610		208,610	211,281		211,281	(2,671)		(2,671)
14 other payables	586,574		586,574	684,292		684,292	(97,718)		(97,718)
TOTAL PAYABLES	**17,362,397**	**90,016,519**	**107,378,916**	**27,997,844**	**58,558,853**	**86,556,697**	**(10,635,447)**	**31,457,666**	**20,822,219**
E) ACCRUED EXPENSES AND DEFERRED INCOME			**471**			**67,547**			**(67,076)**
TOTAL LIABILITIES			**392,478,031**			**349,973,689**			**42,504,342**

(amounts in euro)

	INCOME STATEMENT	31.12.2020	31.12.2019	CHANGES
A)	**Value of production**			
1	*Revenues from sales and services*	1,407,777	1,299,293	108,484
2	*Changes in inventories of work in progress, semi-finished and finished products*			
3	*Change in contract work in progress*			
4	*Capitalised internal work*			
5	*Other revenues and income*			
	a operating contributions			
	b other operating income	1,000	1,000	
	c expense charges			
	d other income	13	30,433	(30,420)
	e use of provisions	2,431,468	20	2,431,448
	f capital gains			
	g extraordinary income	26,490	96,791	(70,301)
	Total other revenues and income	2,458,971	128,244	2,330,727
	Total value of production	**3,866,748**	**1,427,537**	**2,439,211**
B)	**Cost of production**			
6	*Raw materials, subsidiary materials, consumables and goods*		(589)	589
7	*Services*			
	a services	(1,863,399)	(2,012,574)	149,175
	b utilities			
	c other costs	(15,633)	(18,716)	3,083
	Total for services	(1,879,032)	(2,031,290)	152,258
8	*Rentals and leasing charges*	(8,262)	(7,932)	(330)
9	*Personnel costs*			
	a salaries and wages	(113,894)	(122,705)	8,811
	b social security costs	(30,609)	(33,208)	2,599
	c staff leaving indemnity (TFR)	(9,015)	(8,982)	(33)
	d pensions and similar			
	e other costs	(4,708)	(5,177)	469
	Total for personnel	(158,226)	(170,072)	11,846
10	*Amortisation, depreciation and impairments*			
	a amortisation of intangible assets	(191,341)	(247,861)	56,520
	b depreciation of property, plant and equipment	(729)	(729)	
	c other write-downs of fixed assets			
	d write-down of receivables included in current assets and cash and cash equivalents		(19,993)	19,993
	Total depreciation, amortisation and impairments	(192,070)	(268,583)	76,513
11	*Changes of inventories of raw materials, consumables and goods*			
12	*Provisions for risks*	(50,593)	(2,227,470)	2,176,877
13	*Other provisions*			
14	*Other operating charges*			
	a taxes and fees not on income	(17,630)	(16,232)	(1,398)
	b capital losses			
	c contingent liabilities		(68,728)	68,728
	d losses on receivables			
	e others	(2,323,543)	(11,607)	(2,311,936)
	Total other operating charges	(2,341,173)	(96,567)	(2,244,606)
	Total cost of production	**(4,629,356)**	**(4,802,503)**	**173,147**
	Difference between value and cost of production	**(762,608)**	**(3,374,966)**	**2,612,358**

(amounts in euro)

INCOME STATEMENT	31.12.2020	31.12.2019	CHANGES
C) Financial income/(expenses)			
15 *Income from investments:*			
a Investments in subsidiaries	26,864,350	11,015,445	15,848,905
b associates			
c subsidiaries of subsidiaries			
d other companies	263,983	86,395	177,588
e tax credit on dividends			
f gains on the sale of investments			
Total income from equity investments	27,128,333	11,101,840	16,026,493
16 *Other financial income*			
a from receivables included in fixed assets			
a.1 Investments in subsidiaries			
a.2 associates			
a.3 Investments in subsidiaries			
a.4 subsidiaries of subsidiaries			
a.5 others			
total from receivables included in fixed assets			
b from securities entered as fixed assets other than equity investments			
c from securities entered in current assets that are not equity investments			
c.1 interest income on securities			
c.2 capital gains from the sale of securities			
total from securities entered in current assets that are not equity investments			
d income other than the above			
d.1 interest and commission from subsidiaries	2,127	25,547	(23,420)
d.2 interest and commission from associates			
d.3 interest and commission from parents			
d.4 interest and commission from subsidiaries of parent companies			
d.5 interest income and commission from banks	1,372	6,412	(5,040)
d.6 interest income and commission from others			
total income other than the above	3,499	31,959	(28,460)
Total other financial income	3,499	31,959	(28,460)
17 *Interest and other financial expenses*			
a from subsidiaries	(16,502)	(4,124)	(12,378)
b from associates			
c from parent companies			
d from companies subject to parent company control			
e from others	(1,092,148)	(1,698,553)	606,405
f allocation to the provision for exchange rate fluctuations			
g capital losses from the disposal of equity investments			
h capital losses from the sale of securities			
Total interest and other financial expenses	(1,108,650)	(1,702,677)	594,027
17Bis *Exchange rate gains and losses*			
a exchange rate gains		38	(38)
b exchange rate losses		(60)	60
Total exchange rate gains and losses		(22)	22
Total financial income/(expenses)	**26,023,182**	**9,431,100**	**16,592,082**
D) Value adjustments of financial assets			
18 *Revaluations:*			
a of investments	1,768,000		1,768,000
b of financial fixed assets that are not equity investments			
c of securities included in current assets that are not equity investments			
d of derivative financial instruments			
Total revaluations	1,768,000		1,768,000
19 *Impairments:*			
a of investments			
a.1 losses arising from balance sheet valuations	(674,936)	(1,768,173)	1,093,237
a.2 provision for equity investment risks		(5,044,344)	5,044,344
a.3 use of provisions to cover losses of investee companies			
total write-downs of equity investments	(674,936)	(6,812,517)	6,137,581
b of financial fixed assets that are not equity investments			
c of securities included in current assets that are not equity investments			
d of derivative financial instruments			
Total impairments	(674,936)	(6,812,517)	6,137,581
Total adjustments	**1,093,064**	**(6,812,517)**	**7,905,581**
Profit/(loss) before taxation	**26,353,638**	**(756,383)**	**27,110,021**
20 Current, deferred and prepaid income taxes for the period	**375,220**	**1,130,492**	**(755,272)**
21 Profit/(loss) for the period	**26,728,858**	**374,109**	**26,354,749**

8.6 Falck Renewables SpA notes to the financial statements

8.6.1 Accounting policies

It should be noted that the valuation and measurement of the accounting figures for FY 2021 are based on the IAS/IFRS standards in force as at the date of the financial statements and on their current "interpretation" as resulting from the documents issued to date by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The Company's separate financial statements are prepared in euro and all values are rounded to thousands of euro except where otherwise indicated.
The financial statements are prepared on a going concern basis, applying the historical cost method and taking into account any value adjustments, with the exception of those items which, according to IFRS, must be recorded at fair value.

The financial statements have been prepared in accordance with "International Financial Reporting Standards - IFRS" issued by the International Financial Reporting Standards Board, based on the documents published in the European Community's Official Gazette (ECOG).

The accounting policies used for the preparation of the reports are in line with those applied for the financial statements at 31 December 2020, with the exception for adoption of new standards changed and interpretations effective from 1 January 2021.

Please refer to the consolidated financial statements for details of the impact of the recently issued accounting standards.

The valuation criteria are the same as those adopted for the preparation of the consolidated financial statements, to which reference should be made, except for the recognition and measurement of investments in subsidiaries, joint ventures and associates, which are measured at acquisition cost.

Subsidiaries are entities over which the Company has the right to exercise control, directly or indirectly, as defined by IFRS 10 - 'Consolidated Financial Statements'. In particular, control exists when the controlling entity simultaneously:

- has decision-making power over the investee entity;
- has the right to participate in or is exposed to the variable results (positive and negative) of the investee;
- has the ability to exercise power over the investee so as to affect the amount of its economic returns.

The evidence of control must be subject to ongoing verification by the Company, aimed at identifying all facts or circumstances that may imply a change in one or more elements on which the existence of a control relationship over an investee depends.

A joint venture is a joint arrangement in which the parties with joint control have rights to the net assets of the arrangement and, therefore, have an interest in the jointly controlled corporate vehicle. An associate is an investee in which the investor has significant influence, i.e., the power to participate in determining the financial and operating policies of the investee, without having control or joint control over the investee. The investor is presumed to have significant influence (unless the contrary can be proven) if it owns, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights.

Subsidiaries, joint ventures, associates and other equity investments are separately disclosed in the annex '9.1 List of direct and indirect equity investments in subsidiaries and associates', which is an integral part of these notes.

If there is objective evidence of impairment, the recoverability of the carrying amount is tested by comparing it with the recoverable amount, being the higher of fair value (net of disposal costs) and value in use, determined using the criteria set out in the section 'Impairment of non-financial fixed assets' in the notes to the consolidated financial statements. Value in use is generally determined within the limits of the corresponding fraction of the investee's net assets taken from the consolidated financial statements. The investor's share of any losses of the investee in excess of the carrying amount of the investment is recognised in a separate provision to the extent that the investor is committed to meet the legal or constructive obligations of the investee, or otherwise to cover its losses. When the reasons for write-downs cease to apply, the carrying amount of investments measured at cost is reinstated within the limits of the write-downs made and the effect is recognised in the income statement under “Income (expenses) from investments”. Dividends are recognised on the date the resolution is passed by the Shareholders' Meeting, unless it is reasonably certain that the shares will be sold before the ex-dividend date. Dividends declared by subsidiaries or joint ventures are recognised in profit or loss when declared, even if they arise from the distribution of retained earnings generated before the acquisition of the investment. The distribution of these retained earnings represents an event that gives rise to a presumption of impairment and, therefore, entails the need to verify the recoverability of the carrying amount of the investment. The distribution of a capital reserve, on the other hand, represents a repayment of capital, with no economic effect.

The financial statement formats adopted in the preparation of the financial statements are consistent with the provisions of IAS 1 - “Presentation of Financial Statements” (hereinafter referred to as IAS 1). For further information on the structure of the financial statements adopted, please refer to the notes to the consolidated financial statements.

With regard to the use of accounting estimates, please refer to the note “Use of accounting estimates” in the notes to the consolidated financial statements.

8.6.2 Financial Statement contents and changes

Assets

A Non-current assets

1 Intangible assets

Movements in the period were as follows:

(€ thousands)

		At 31.12.2020	Acquisitions	Capital. and reclass.	Disposals	Other movements	Amortisations	At 31.12.2021
1.1	Industrial patent and intellectual property rights	409		2,072		1	(271)	2,211
1.2	Concessions, licences, trademarks and similar rights							
1.3	Goodwill							
1.4	Other intangibles	2,591		2,379			(458)	4,512
1.5	Assets under construction and advances	8,668	4,650	(4,451)		194		9,061
1.6	Rights of use	272	156			(11)	(197)	220
Total		**11,940**	**4,806**			**184**	**(926)**	**16,004**

The purchases totalling € 4,650 thousand refers to the purchase of management system development software licenses.

No borrowing costs were capitalised during the year.

Asset values include rights of use, for which please refer to paragraph 26 “Disclosures in accordance with IFRS 16”.

2 Property, plant and equipment

Movements in the period were as follows:

(€ thousands)

		At 31.12.2020	Acquisitions	Capital. and reclass.	Disposals	Impairment	Amortisations	Other	At 31.12.2021
Gross values									
2.1	Land								
2.2	Industrial buildings								
2.3	Plants and machinery	2							2
2.4	Industrial and office equipment	6							6
2.5	Other assets	1,954		461	(5)			(2)	2,408
2.6	Assets operated under concession								
2.7	Assets under construction and advances	826	592	(461)				(193)	764
2.8	Rights of use	4,816	361			(22)		(82)	5,073
Total gross value		**7,604**	**953**		**(5)**	**(22)**		**(277)**	**8,253**
Accumulated depreciation									
2.1	Land								
2.2	Industrial buildings								
2.3	Plants and machinery								
2.4	Industrial and office equipment	(2)					(1)		(3)
2.5	Other assets	(961)			2		(254)		(1,213)
2.6	Assets operated under concession								
2.8	Rights of use	(1,095)					(1,001)	185	(1,911)
Total depreciation		**(2,058)**			**2**		**(1,256)**	**185**	**(3,127)**
Net book amounts									
2.1	Land								
2.2	Industrial buildings								
2.3	Plants and machinery	2							2
2.4	Industrial and office equipment	4					(1)		3
2.5	Other assets	993		461	(3)		(254)	(2)	1,195
2.6	Assets operated under concession								
2.7	Assets under construction and advances	826	592	(461)				(193)	764
2.8	Rights of use	3,721	361			(22)	(1,001)	103	3,162
Total property, plant and equipment		**5,546**	**953**		**(3)**	**(22)**	**(1,256)**	**(92)**	**5,126**

The purchase for a total of € 953 mainly refers to the purchase of hardware, office furniture and equipment for € 592 thousand and right of use in accordance with the accounting standard IFRS 16 for € 361 thousand.

Asset values include rights of use, for which please refer to paragraph 26 “Disclosures in accordance with IFRS 16”.

3 Investments and securities

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Investments in subsidiaries	808,460	741,931	66,529
Associates	9,122	8,472	650
Other entities	2,283	2,379	(96)
Securities	100	100	
Total	**819,965**	**752,882**	**67,083**

The change in the value of equity investments in subsidiaries refers mainly to:

- the purchase of 100% of the company Desafio Solar SL (€ 14,088 thousand) and 60% of the company Saet SpA (€ 5,720 thousand);
- increases of share capital and reserves of the following companies: Falck Renewables Energy Srl (€ 28,300 thousand), Falck Renewables Sviluppo Srl (€ 4,528 thousand)), Falck Renewables Sicilia Srl (€ 8,688 thousand Falck Renewables Power 1 SL € 1,910 thousand, Falck Renewables Power 2 SL (€ 3,900 thousand), Falck Renewables Power 3 SL (€ 2,650), Big Fish SPV Srl (€ 1,690 thousand), Iron SPV Srl (€ 141 thousand), Falck Renewables Finland Oy (€ 8,930 thousand), Brattmyrliden Vind AB (€ 4,500 thousand), Falck Renewables Nederland BV (€ 832 thousand) and Falck Renewables Vind AS (€ 12,949 thousand);
- revaluation of investments in: Falck Renewables Power 1 SL (€ 209 thousand), Solar Mesagne Srl (€ 72 thousand) and Prima Srl (€ 2,322 thousand);
- write-down of investments in: Falck Next Energy Srl (€ 32,653 thousand) and Falck Next Srl (€ 2,247 thousand).

As previously stated some investments were written down or revalued. For further details, please refer to the impairment test section.
A comparison between the Company's equity and the carrying amount of equity investments after impairment testing is provided below:

(€ thousands)

Company	Business sector	Equity at 31.12.2021*	% of ownership	Share of total assets	Carrying amount	Difference
Actelios Solar SpA	WtE, biomass, solar	6,612	100%	6,612	1,125	5,487
Aliden Vind AB	Wind	53,439	100%	53,439	56,821	(3,382)
Ambiente 2000 Srl	WtE, biomass, solar	2,813	60%	1,688	961	727
Big Fish Spv Srl	Other Businesses	3,917	100%	3,917	5,928	(2,011)
Brattmyrliden Vind AB	Wind	98,943	100%	98,943	95,929	3,014
Desafio Solar S.L.	WtE, biomass, solar	17,619	100%	17,619	14,088	3,531
Ecosesto SpA	WtE, biomass, solar	14,420	100%	14,420	12,788	1,632
Energia Eolica de Castilla, Slu	Wind	6,702	100%	6,702	12,775	(6,073)
Energy Team SpA	Services	12,926	51%	6,592	17,516	(10,924)
Eolica Petralia Srl	Wind	16,822	100%	16,822	10,107	6,715
Eolica Sud Srl	Wind	32,786	100%	32,786	10,261	22,525
Eolo 3W Minervino Murge Srl	Wind	25,900	100%	25,900	16,966	8,934
Falck Next Energy Srl	Energy management segment	(189,525)	100%	(189,525)		(189,525)
Falck Next Srl	Services	266	100%	266	283	(17)
Falck Renewables Finland Oy	Other Businesses	8,447	100%	8,447	8,930	(483)
Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable	Other Businesses	(309)	99%	(306)		(306)
Falck Renewables Nederland BV	Wind	1,056	100%	1,056	2,420	(1,364)
Falck Renewables North A. Inc (consolidated)	WtE, biomass, solar	96,724	100%	96,724	84,991	11,733
Falck Renewables Power 1 Sl	Other Businesses	4,707	100%	4,707	5,235	(528)
Falck Renewables Power 2 Sl	Other Businesses	9,110	100%	9,110	9,626	(516)
Falck Renewables Power 3 Sl	Other Businesses	4,146	100%	4,146	4,389	(243)
Falck Renewables Sicilia Sri	Other Businesses	8,227	100%	8,227	9,688	(1,461)
Falck Renewables Sviluppo Srl	Other Businesses	5,120	100%	5,120	7,528	(2,408)
Falck Renewables Vind AS	Wind	91,027	89.87%	81,806	89,706	(7,900)
Falck Renewables Wind Ltd (consolidated)	Wind	179,901	99.99%	179,883	166,483	13,400
Frullo Energia Ambiente Srl	WtE, biomass, solar	46,160	49%	22,618	8,472	14,146
Geopower Sardegna Srl	Wind	43,550	100%	43,550	110,464	(66,914)
Iron Spv Srl	Other Businesses	518	100%	518	825	(307)
Kailia Energia Srl	Other Businesses	(20)	50%	(10)	130	(140)
Minervia Vento S.r.l.	Other Businesses	121	50%	61	130	(70)
Nora Ventu S.r.l.	Other Businesses	121	50%	61	130	(70)
NUO Srl	Services	3,306	100%	3,306	5,000	(1,694)
Odra Energia S.r.l.	Other Businesses	(16)	50%	(8)	130	(138)
Prima Srl	WtE, biomass, solar	36,176	85%	30,750	28,494	2,255
SAET SpA (consolidated)	Services	1,958	60%	1,175	5,720	(4,545)
Solar Mesagne Srl	WtE, biomass, solar	2,366	100%	2,366	2,189	177
Tibula Energia S.r.l.	Other Businesses	152	50%	76	130	(54)
Vector Renewables España S.L.U. (consolidated)	Services	3,679	100%	3,679	11,222	(7,543)

*Equity reported according the International Accounting Standards - IAS and International Financial Reporting Standards IFRS)

The higher carrying value of the investment compared to the share of equity is sustainable in relation to the expected income flows in subsequent years related to the projects held by the companies or their subsidiaries and the projects under development for the following companies: Falck Renewables Sviluppo Srl, Falck Renewables Sicilia Srl, Falck Renewables Power 1 Sl, Falck Renewables Power 2 Sl, Falck Renewables Power 3 Sl, Big Fish Spv Srl, Iron Spv Srl, Solar Mesagne Srl, Falck Renewables Vind AS, Aliden Vind AB, Falck Renewables Finland Oy, Geopower Sardegna Srl, Falck Renewables Nederland BV, Energia Eolica de Castilla SL, Energy Team SpA, NUO Srl, Vector Renewables España SLU, Minervia Vento Srl, Nora Ventu Srl, Odra Energia Srl, Tibula Energia Srl, Kailia Energia Srl, SAET SpA and Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable.

In terms of Falck Next Energy Srl against impairment, an investments provision of € 116,301 thousand has been allocated.

Impairment tests

Impairment tests were performed where there was indication of a fall in the value of investments at 31 December 2021 in accordance with the procedures established in IAS 36. In particular, the carrying value of each investment was compared with the equity value. Equity value represents the difference between the enterprise value calculated based on the net present value of future cash flows of each entity (discounted using the WACC rate) and net financial debt. The value of the subholdings was determined on the basis of the “sum of the parts” method, taking into account the value generated by the respective operating facilities held.
The main basic assumptions used for cash flow projections were the following:

- expected production of the wind farms/solar plants and waste-to-energy/biomass plants based on assessments carried out by the internal Technical Asset Management department of the Group's plants;
- sales prices and incentives determined on the basis of market projections for the short term, support from internationally recognised external providers for the medium/long term and elaborated by the internal Energy Management department, as well as PPAs (Power Purchase Agreements) fixed tariffs and incentives, where applicable;
- Waste transfer prices and biomass purchase costs based on management estimates taking into consideration recent market trends;
- Operating costs, determined, where applicable on contract terms and otherwise using management estimates taking into consideration developments in the specific reference market.

The discount rate was determined using the Weighted Average Cost of Capital (WACC), using the Capital Asset Pricing Model (“CAPM”) technique in which the return on risk free rate securities was calculated on the basis of the yield curve for government securities in the reference country with a duration in line with the residual life of the plant.
The systematic non-diversifiable risk (β) and the debt to equity ratio were calculated by way of an analysis of a group of comparable entities operating in the same sectors as the Group.

The following rates were used:

WtE and biomass Italy:	from 3.6% to 3.9%
Wind sector UK:	3.9%
Wind sector Italy:	from 3.9% to 4.2%
Wind sector Spain:	4.2%
Wind sector France:	from 3.3% to 3.6%
Nordic Wind Power (Sweden and Norway):	3.6%

Solar sector Italy: from 3.9% to 4.1%
Wind/solar sectors USA: from 4.3% to 4.8%
Spain/Italy services: from 6.5% to 6.9%

The impairment activity performed applying the assumptions previously described determined the complete revaluation of the investments in Prima Srl and Solar Mesagne Srl respectively for € 2,322 thousand and € 72 thousand mainly following the new reference energy curves.

The investments in the company Falck Next Energy was completely written down and a specific investments provision for the excess set up. The impact on the income statement was € 148,954 thousand. This result is from hedging activities set up by Falck Next Energy between the end of 2020 and beginning of 2021 to hedge electricity prices at Group level in a year when the prices underwent an unexpected increase associated with a high volatility.
Lastly, it should be noted that in this financial statement the value of the equity investment in the company Falck Next was adjusted to the corresponding equity with a write-down of approximately € 2,247 thousand.

Sensitivity analyses

Impairment tests are based on estimates of production, electricity prices and other revenues/cost items (waste transfer) and the interest rates calculated using latest available information at the balance sheet date.
As there is a margin of uncertainty for each estimate, a sensitivity analysis was carried out on the recoverable value of the various investments.
In relation to the volatility of electricity prices, which has become a feature in recent years, the following sensitivity analyses were carried out with respect to the "basic case": electricity prices sold by operating plants were 10% lower and the discount rate increased by 0.5% and electricity prices sold by operating plants were 10% higher, with the discount rate 0.5% lower.
Compared to the Base Case, the following are the scenarios described above in which both financial and operational/industrial sensitivity are combined (the table includes the write-downs to adjust to equity):

Variation vs Base Case (€ millions)	Base case	Electricity prices -10%; Discount rate +0.5%	Electricity prices +10%; Discount rate -0.5%
Net revaluations/ (impairments)	2.4	(1,3)	2.4

It should be noted that in the most penalising sensitivity the need for a write-down is generated, although for a minor amount, of the equity investment in Eolica Petralia and equity investments in Brattmyrliden (Sweden) and Eolica de Castilla (Spain) not subject to write-down in the Base Case.
The directors, after having examined the scenarios, taking into account the variables with which the basic case was constructed, believe that the valuations made in terms of the impairment tests with reference to the basic case and the resulting impairment losses and reversals are adequate. They also confirm that the trend in these variables will be monitored in order to identify any adjustments in the estimates of the recoverable values of the amounts recorded in the financial statements.

Elettroambiente SpA in liquidation

The entire stake in Elettroambiente and the financial and trade receivables due to Falck Renewables SpA by the former were written-off in full for the purpose of preparing the separate financial statements at 31 December 2012.
The net income of 2021 for Falck Renewables SpA is affected by the write-down of financial receivables due to Falck Renewables SpA from Elettroambiente for € 470 thousand.

Palermo Energia Ambiente ScpA (in liquid.)

The entire stake in Palermo Energia Ambiente ScpA (Pea) and the trade and financial receivables due to Falck Renewables SpA by the former were written off in full at the time of preparation of the separate financial statements at 31 December 2011 and 2012.

The net income of 2021 for Falck Renewables SpA is affected by the write-down of trade receivables and financial receivables due to Falck Renewables SpA from Pea for € 44 thousand.

4 Financial receivables

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	11		11	12		12	(1)		(1)
Amounts due to subsidiaries	97,619	44,309	53,310	61,574	30,487	31,087	36,045	13,822	22,223
Derivative financial instruments	548	368	180	2,447	635	1,812	(1,899)	(267)	(1,632)
Total	**98,178**	**44,677**	**53,501**	**64,033**	**31,122**	**32,911**	**34,145**	**13,555**	**20,590**

The item in question is reported net of the provision for doubtful financial accounts totals € 89,871 thousand, which completely writes down the financial receivables due from the subsidiaries Palermo Energia Ambiente Scpa (€ 11,724 thousand), Platani Energia Ambiente Scpa (€ 64 thousand) and financial receivables due from the subsidiary Elettroambiente SpA (€ 78,083).

The increase in current receivables is mainly due to a receivable due by the subsidiary Falck Energies Renouvelables and Parc Eolien d'Illois Sarl.

The table regarding related party transactions indicates all of the transactions with subsidiaries, associates, parent company and Falck Group companies both in Italy and abroad.

Derivative hedging instruments have been activated to hedge against exchange rate risk on current accounts and certain currency transactions.

The table regarding related party transactions indicates all of the transactions with subsidiaries and associates both in Italy and abroad.

5 Trade receivables

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by clients	107		107	149		149	(42)		(42)
Amounts due to subsidiaries	7,392		7,393	7,738		7,738	(345)		(345)
Amounts due to associates	275		275	83		83	192		192
Amounts due to parent companies	73		73	90		90	(17)		(17)
Amounts due to other Falck Group companies	9		8	1		1	7		7
Total	**7,856**		**7,856**	**8,061**		**8,061**	**(205)**		**(205)**

The Company does not have significant trade receivables due from non-domestic customers that require disclosure.
The Company has a provision for doubtful trade receivables for an amount of € 4,727 thousand.

The trade receivables due from Palermo Energia Ambiente Scpa (€ 2,403 thousand), Platani Energia Ambiente Scpa (€ 1,584 thousand) and Tifeo Energia Ambiente Scpa (€ 1,872 thousand) were written down for a total € 4,627 thousand, by allocation to the provision for doubtful accounts.

The table regarding related party transactions indicates all of the transactions with subsidiaries, associates, parent company and Falck Group companies both in Italy and abroad.

6 Other receivables

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	90	29	61	37	31	6	53	(2)	55
Amounts due to subsidiaries	11,541		11,541	564		564	10,977		10,977
Amounts due to associates	686		686	2,646		2,646	(1,960)		(1,960)
Amounts due to parent companies	1,276		1,276	1,002		1,002	274		274
Tax credits	7,080		7,080	10,754		10,754	(3,674)		(3,674)
Accrued income and prepayments	1,307	541	766	2,440	1,083	1,357	(1,133)	(542)	(591)
	21,980	**570**	**21,410**	**17,443**	**1,114**	**16,329**	**4,537**	**(544)**	**5,081**

Receivables from associated companies refer to dividends approved by the shareholders' meeting of Frullo Energia Ambiente Srl but not yet paid.

Tax receivables relate to national tax consolidation relationships. It should be noted that Falck Renewables SpA decided to withdraw its participation in the tax consolidation regime with the consolidating company Falck SpA with effect from tax year 2019 by opting at the same time for its own regime with all its Italian subsidiaries which at the time could make this choice. The company participated in the tax consolidation with Falck SpA in 2020 and 2021, once the legally binding participation period was over, they then opted to participate in Falck Renewable Spa's. As of 1.1.2021, all of the Italian subsidiaries participated in the tax consolidation with Falck Renewables SpA.

Other receivables increased mainly due to the increase in receivables due from subsidiaries in the context of tax consolidation.

The table regarding related party transactions indicates all of the transactions with subsidiaries and associates both in Italy and abroad.

7 Deferred tax assets

Deferred tax assets may be analysed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Personnel bonuses and directors' emoluments	7,093	302	6,791
Intangible assets	168	190	(22)
Charges to provisions	2,844	162	2,682
Tax losses	31,610		31,610
Recapture notional bond interest	(1,112)	(234)	(878)
Other	150	151	(1)
Total	**40,753**	**571**	**40,182**

The receivables for deferred tax assets increased mainly due to the tax losses of the company and subsidiaries in the tax consolidation.

B Current assets

8 Inventories

The Company had no inventories at 31 December 2021.

9 Cash and cash equivalents

(€ thousands)

	31.12.2021	31.12.2020	Change
Current bank and post office deposits	145,354	100,859	44,495
Cash in hand	5	6	(1)
Total	**145,359**	**100,865**	**44,494**

The increase in cash and cash equivalents is mainly due to financial resources collected by using € 135 thousand of the Corporate Loan and dividends collected net of equity investments, capital increases in companies in Italy, Norway, Finland, Sweden, the Netherlands and Spain to support the development and construction of new plants and the distribution of dividends to shareholders.
The fair value of bank deposits is in line with the nominal value at 31 December 2021.

Liabilities

D Equity

10 Share capital

Share capital consists of 291,413,891 issued and fully paid ordinary shares, with a face value of € 1 each.
At 31 December 2021, the parent company Falck Renewables SpA had 2,210,000 own shares for a face value of € 2,210,000, representing 0.7584% of total share capital.
The carrying amount of own shares held is € 2,924,259 corresponding to an average share price of € 1.3232.

Total equity may be analysed as follows:

		Uses	available	To cover losses	For other reasons
Share capital	291,414				
Capital reserves					
Share premium	470,335	A-B-C (*)	470,335		
Reserve for expenses on share capital increase	(8,731)		(8,731)		
Bond conversion reserve	19,170	A	19,170		
Revaluation reserves ex Law 72/83	1,003	A-B	1,003		
Reserve ex art.54 Pres. Decree 597/73	3,423	A-B	3,423		
Reserve ex art.55 Pres. Decree 597/73	652	A-B	652		
Reserve for purchase of own shares	(2,924)		(2,924)		
Stock grant plan reserve	5,017		5,017		
Fair value reserve					
Reserve for actuarial gains/(losses) on TFR	(8)		(8)		
Reserve for transactions under common control	(860)		(860)		
Spin-off reserves	(371,597)		(371,597)		
Earnings reserves					
Legal reserve	58,283	B	58,283		
Retained earnings (Losses carried forward)	70,839	A-B-C	70,839		
Profit/(loss) for the year	**(25,466)**		**(25,466)**		
Total	**510,550**		**219,136**		
Distributable portion			135,380		
Restricted portion			83,756		

Key:
A: for capital increase
B: to cover losses
C: for distribution to shareholders

(*): Pursuant to art. 2431 of the Italian Civil Code, the total reserve may be distributed only if the legal reserve meets the limit imposed by art. 2430 of the Italian Civil Code. Currently, legal reserves have reached the aforesaid limit.

Movements in equity during 2021 and 2020 were as follows:

(€ thousands)

	At 31.12.2019	Allocation of profit or loss	Profit/(loss) for the period	Share capital increase	Other movements	At 31.12.2020
Capital	291,414					291,414
Share premium	470,335					470,335
Revaluation reserve	1,003					1,003
Legal reserve	58,282					58,282
Reserve for expenses on share capital increase	(8,731)					(8,731)
Bond conversion reserve					19,170	19,170
Statutory reserves						
Own shares held	(2,924)					(2,924)
Other reserves						
- ex art. 54 Pres. Decree 597/73	3,424					3,424
- ex art. 55 Pres. Decree 597/73	653					653
- demerger surplus	(371,598)					(371,598)
- fair value reserve						
- stock grant plan reserve	962				(86)	876
- reserve for actuarial gains/(losses) on TFR*	(131)				(64)	(195)
- reserve for transactions under common control	(860)					(860)
Retained earnings	47,240	27,314		(19,377)	(2,163)	53,014
Profit/(loss) for the year*	27,314	(27,314)	37,202			37,202
Total	**516,383**		**37,202**	**(19,377)**	**16,857**	**551,065**

* These items are included in the Statement of other comprehensive income.

(€ thousands)

	At 31.12.2020	Allocation of profit/(loss)	Profit/(loss) for the period	Share capital increase	Other movements	At 31.12.2021
Capital	291,414					291,414
Share premium	470,335					470,335
Revaluation reserve	1,003					1,003
Legal reserve	58,282				1	58,283
Reserve for expenses on share capital increase	(8,731)					(8,731)
Bond conversion reserve	19,170					19,170
Statutory reserves						
Own shares held	(2,924)					(2,924)
Other reserves						
- ex art. 54 Pres. Decree 597/73	3,424				(1)	3,423
- ex art. 55 Pres. Decree 597/73	653				(1)	652
- demerger surplus	(371,598)				1	(371,597)
- fair value reserve						
- stock grant plan reserve	876				4,141	5,017
- reserve for actuarial gains/(losses) on TFR*	(195)				187	(8)
- reserve for transactions under common control	(860)					(860)
Retained earnings	53,014	37,202		(19,377)		70,839
Profit/(loss) for the year*	37,202	(37,202)	(25,466)			(25,466)
Total	**551,065**		**(25,466)**	**(19,377)**	**4,328**	**510,550**

* These items are included in the Statement of other comprehensive income.

The legal reserve has reached one fifth of share capital and the reserve for expenses on share capital increase and the fair value reserve are disclosed net of the related tax effect.

As described in paragraph “6.6.10 Change of control” the item “Stock grant plan fair value” includes the costs for € 2,844 thousand related to the acceleration of the Long-Term Incentive Plan Share of the Chief Executive Officer of Falck Renewables SpA and managers connected with the transaction described in the aforesaid note.

11 Provisions for risks and charges

(€ thousands)

	At 31.12.2020	Provisions	Allocation by type	Uses	Foreign exchange diff	At 31.12.2021
Non-current provisions for risks and charges						
Provisions for pensions and similar obligations						
Other provisions						
- litigation provision						
- investments provision		116,301				116,301
- environmental provision						
- restructuring and liquidation provision						
- other risks provision	3,181		4,056	(338)		6,899
Total other provisions	3,181	116,301	4,056	(338)		123,200
Total current provisions for other risks and charges	**3,181**	**116,301**	**4,056**	**(338)**		**123,200**
Current provisions for risks and charges						
- other risks provision			12,566			12,566
Total current provisions for other risks and charges			**12,566**			12,566
Total provisions for risks and charges	**3,181**	**116,301**	**16,622**	**(338)**		**135,766**

The investments provision refers to the write-down of the Falck Next Energy Srl equity investment.

The amount of € 4,056 thousand primarily refers to the allocations for risks of a tax nature.

The amount of € 12,566 thousand mainly refers to allocations by type for costs for services connected to the Change of Control transaction.

The other risks provision also includes the guarantee issued by the Company to Palermo Energia Ambiente Scpa to cover its debts and the costs and expenses relating to the liquidation and its provisions for risks related to employment contracts.

With reference to pending litigation, please refer to paragraph 5.2.11 “Risks and uncertainties c) Legal and d) Tax” for further details.

12 Staff leaving indemnity (TFR)

(€ thousands)

	At 31.12.2020	Provisions	Interest cost	Other movements	Actuarial (gains)/losses	Uses and payments	At 31.12.2021
Managers	608	295	2		(44)	(318)	543
White and blue-collar staff	1,191	362	4		(143)	(137)	1,277
Total	**1,799**	**657**	**6**		**(187)**	**(455)**	**1,820**

The “Trattamento di Fine Rapporto” (TFR) (staff leaving indemnity provision), was subjected to an actuarial calculation by an independent expert.

The actuarial financial assumptions utilised to calculate the estimated cost in 2021, compared to 2020, are as follows:

	31.12.2021	31.12.2020	Change
Annual discount rate	0.98%	0.34%	0.64%
Annual inflation rate	1.71%	1.39%	0.32%
Annual total pay increase rate*	0.03%	2.46%	-2.43%
Annual TFR increase rate	2.78%	2.54%	0.24%

* The annual rate of salary increase used for 2022 is -1.20%, for 2023 it is 0.80%, for 2024 it is 1.40%, for 2025 it is 0.70% and 2.78% for the following years

The discount rate was based on the iBoxx Eurozone Corporates AA 10+ index at the time of calculation.

A sensitivity analysis was carried out on the actuarial assumptions used in the model in accordance with IAS 19R.
The base case used the rates in the table above and increases and decreases of a half, a quarter and two percentage points respectively were applied to the most significant assumptions namely, the average discount rate, average inflation rate and turnover rate.

The results of the sensitivity analyses are summarised as follows:

Sensitivity analysis Annual discount rate		(€ thousands)
	+0.50%	-0.50%
Managers	528	558
White and blue-collar staff	1,233	1,324

Sensitivity analysis Annual inflation rate		(€ thousands)
	+0.25%	-0.25%
Managers	546	539
White and blue-collar staff	1,286	1,268

Sensitivity analysis Annual turnover rate		(€ thousands)
	+2.00%	-2.00%
Managers	539	546
White and blue-collar staff	1,265	1,290

An estimate of expected future contributions in accordance with IAS 19 is provided below:

Future cash flows					(€ thousands)
	< 12 months	1 - 2 years	2 - 5 years	5 - 10 years	> 10 years
Managers	59	60	205	312	454
White and blue-collar staff	130	132	456	693	1,284
Total	**189**	**192**	**661**	**1,005**	**1,738**

13 Financial liabilities

As at 31 December 2021, this item is broken down as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	135,058	135,000	58	6		6	135,052	135,000	52
Amounts due to subsidiaries	104,756		104,756	201,410		201,410	(96,654)		(96,654)
Amounts due to associates	671		671				671		671
Derivative financial instruments	539	368	171	1,151	635	516	(612)	(267)	(345)
Convertible bonds	181,167	181,167		176,429	176,429		4,738	4,738	
Financial payable for leases	3,192	2,262	930	3,923	2,816	1,107	(731)	(554)	(177)
Total	**425,383**	**318,797**	**106,586**	**382,919**	**179,880**	**203,039**	**42,464**	**138,917**	**(96,453)**

Financial payables due to third parties increased mainly due to the use of the Corporate Loan for € 135 million.
On 12 June 2015, a Corporate Loan contract was signed by Falck Renewables SpA and a pool of primary credit institutions, later modified as follows: The contract was for a revolving credit line for € 150 million, with expiry set on 30 June 2020.
On 30 July 2018 Falck Renewables SpA signed an agreement to change to relative Corporate Loan:

- revolving credit line increased from € 150 million to € 325 million;
- the expiry was extended form 30 June 2020 to 31 December 2023.

The loan is aimed at supporting the Group's financial requirements and business development activities.
The parent company has placed a pledge on the shares held in Falck Renewables Wind Ltd in respect of this loan corresponding to a nominal value of GBP 37,755 thousand.

The loan is subject to, inter alia, financial covenants based on the ratio of net financial position/EBITDA and net financial position/total equity calculated using the amounts disclosed in the consolidated financial statements: these parameters were met as at 31 December 2021 based on these financial reports.
It should be noted that on 08 February 2022, the lending banks of the Corporate Loan authorised (earlier compared to the transfer of the majority of Falck Renewables SpA by Falck SpA to Green Bidco SpA indirectly controlled by IIF, which took place on 24 February 2022) the change of control from Falck SpA to the new majority shareholder. On the same date the banks also authorised the change in the definition of the Net financial position and equity which will no longer include effective as of 31 December 2021, the negative and positive mark to market (and the relative equity reserve) of electricity hedging derivative transactions. Thus the financial ratios at 31 December 2021 are calculated according to this modified definition.

Current payables due to subsidiaries mainly refers to the balance of the current account held with the companies in Italy and abroad.
Current payables due to subsidiaries decreased primarily from the reduction of the balance of the current account held with Falck Renewables Wind Ltd for € 117,014 thousand resulting from payment of the dividend in December 2021.

The table regarding related party transactions indicates all of the transactions with subsidiaries and associates both in Italy and abroad.

The financial payable for leasing equal to € 3,192 thousand referring to operating leases.

On 16 September 2020 Falck Renewables SpA successfully placed its offer of a senior unsecured equity-linked green bond for € 200 million, maturing on 23 September 2025.
On 17 November 2020 the extraordinary shareholders' Meeting of Falck Renewables SpA authorised the convertibility of the bond issue (the "Green Convertible Bond") into shares and the related share capital increase. The share capital increase, which is divisible and for cash, with the exclusion of pre-emption rights pursuant to paragraph 5 of art. 2441 of the Italian Civil Code, is solely for the conversion of the Green Bond for a maximum amount of € 200 million, including any share premium, through the issue of ordinary shares of Falck Renewables SpA with the same characteristics as the ordinary shares in issue.
Due to the change of control, the conversion price was adjusted from € 7.22 to € 5.7735. Moreover, on 25 February 2022, Green Bidco SpA (company indirectly controlled by IIF and buyer of 60% of the Falck Renewables SpA shares from Falck Spa) announced that it intends to promote a voluntary takeover bid in cash on Green Convertible Bond, at economic conditions equivalent to those of the Bid, reserved solely for investors qualified in accordance with art. 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999. It is reasonable to expect that at the end of this process the Green Convertible Bond will be converted into no. 34,641,032 shares of Falck Renewables Spa, increasing the group's equity and reducing net debt.

Derivative hedging instruments have been activated to hedge against exchange rate risk on current accounts and certain currency transactions.

14 Trade payables

Trade payables at 31 December 2021 compared to the previous year are as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	8,928		8,928	8,735		8,735	193		193
Amounts due to subsidiaries	4,823		4,823	2,961		2,961	1,862		1,862
Amounts due to associates	24		24				24		24
Amounts due to parent companies	367		367	491		491	(124)		(124)
Total	**14,142**		**14,142**	**12,187**		**12,187**	**1,955**		**1,955**

The Company has no significant amounts due to third parties abroad requiring disclosure.
Payables due to subsidiaries mainly refer to the payable due to Vector Renewables Italia Srl for € 1,732 thousand, Tifeo Energia Ambiente Scpa in liquidation for € 717 thousand, Vector Renewables Espana SL for € 1,577 thousand, Falck Renewables Wind Ltd for € 300 thousand, Energy Team SpA for € 130 thousand, Falck Renewables Sviluppo Srl for € 73 thousand and Aliden Vind AB for € 91 thousand.

Amounts due to the parent company comprise payables to Falck SpA for use of the Falck trademark.

The table regarding related party transactions indicates all of the transactions with subsidiaries and associates both in Italy and abroad.

As indicated in the paragraph "6.6.10 Change of Control" the item "Trade payables - due to third parties" includes € 775 thousand in relation to consultation connected with the transaction described in the aforesaid note.

15 Other payables

Other payables at 31 December 2021 compared to 31 December 2020 are as follows:

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	6,960	536	6,424	6,644	197	6,447	316	339	(23)
Amounts due to subsidiaries	37,503		37,503	3,519		3,519	33,984		33,984
Amounts due to associates									
Amounts due to parent companies	1,224		1,224				1,224		1,224
Amounts due to other Falck Group companies				4		4	(4)		(4)
Accrued expenses and deferred income				23		23	(23)		(23)
Total	**45,687**	**536**	**45,151**	**10,190**	**197**	**9,993**	**35,497**	**339**	**35,158**

Amounts due to third parties may be detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020
Company acquisition debt	306	2,306
Other amounts due to employees	4,038	2,078
Dividends payable	4	
Holiday pay	996	799
Social security payables	1,042	1,065
Tax payables		
Other	574	396
Total	**6,960**	**6,644**

The liability for the acquisition of companies refers to the amount due to the previous shareholders of Falck Renewables Vind AS including accrued interest.
This payable decreased mainly due to payments made during 2021 to the previous shareholders of Brattmyrliden Vind AB and Åliden Vind AB.

The change in "Other payables due to personnel" is mainly connected for € 0.5 thousand to allocations connected to the Change of control transaction, extensively described previously and € 0.4 thousand for higher multi-year bonus costs to be paid to personnel dedicated to development activities.

16 IAS 19 liabilities for extraordinary bonus

(€ thousands)

	31.12.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Extraordinary bonus CEO	12,325		12,325						12,325
Extraordinary bonus Falck Renewables employees	9,548		9,548						9,548
Total	**21,873**		**21,873**						**21,873**

IAS 19 liabilities for the extraordinary bonus totals € 21,873 million ("Non-recurring event") and also includes social security contributions where applicable for an amount totalling € 2,494 thousand. The item only includes the amount related to the managers and employees of Falck Renewables SpA. In terms of the Extraordinary Bonus reimbursed to other group companies an allocation of € 3,806 thousand was made to the item Provisions for risks and charges.
The Falck Renewables SpA Shareholders' Assembly on 14 December 2021 approved the allocation, at certain conditions, of an extraordinary bonus to managers and employees of Falck Renewables SpA and Group companies. The Extraordinary Bonus was approved in the context of a possible finalisation of an extraordinary transaction that includes the entry of Falck Renewables SpA in the share capital, a new strategic investor and controlling shareholder, and consequent promotion, by the new strategic partner and controlling shareholder, of takeover bid on all of Falck Renewables SpA share capital with consequent creation of value for all shareholders. The Extraordinary Bonus is aimed at rewarding the work that managers and employees on the job at 30 June 2021, performed, with different roles and contributions (i) in structuring the transaction and search and selection for the best strategic partner for the Company; (ii) in assistance for negotiation of the terms and conditions of the agreement stipulated between Falck SpA and the Partner and (iii) over time, to the benefit of the Group and in particular the company, that made it possible to attract the interest of a leading international investor in the long term. The Extraordinary Bonus is also aimed at incentivising and retaining managers and employees, thus contributing to reinforcing their commitment to pursue the growth and success of the Group. The cost is allocated, as accrual based on the activities that the managers and employees have performed until 31 December 2021 compared to the entire maturity period up to the launch of the takeover bid. For more information see paragraph 5.3.11 "Stock option and stock grant plans and Extraordinary Incentive Plan".

Commitments and contingencies

Guarantees issued as of 31 December 2021 amounted to € 396,229 thousand. Guarantees relating to subsidiary undertakings principally consist of performance bonds to guarantee completion of work in progress, participate in tenders for contracts and site decommissioning and clearance for a total of € 111,542 thousand and guarantees issued to the tax authorities in relation to requests for repayment of VAT receivables for € 1,284 thousand. Also included are € 231,259 thousand in bank guarantees and other guarantees amounting to € 52,214 thousand.
In addition, the Company has subscribed to 3,000 shares in the Fondo Italiano per l'Efficienza Energetica SGR SpA for a total commitment of Euro 3,000 thousand, at 31 December 2021, of which Euro 268 thousand still due to be paid on the basis of any additional investments made by the Fund.

Related party transactions
In compliance with the Consob communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, no uncharacteristic or uncommon transactions take place with related parties that are beyond the normal business operations or are detrimental to the Company's results of operations, state of affairs and financial position.

Related party transactions represent the day to day business activities that are carried out at arm's length. These comprise the recharge of costs between Group companies and intercompany current accounts that give rise to financial income and expenses.

In accordance with IAS 24 Related Party Disclosures and the disclosures pursuant to Consob circular 6064293 of 28 July 2006, all related party transactions and the corresponding incidence of related party transactions on Falck Renewables SpA's income statement are provided below.

	Trade receivables			Trade payables		
(€ thousands)	**31.12.2021**	**31.12.2020**	**Change**	**31.12.2021**	**31.12.2020**	**Change**
Investments in subsidiaries						
Actelios Solar SpA	54	101	(47)	37		37
Aliden Vind AB	41	122	(81)	91	55	36
Ambiente 2000 Srl	165	177	(12)			
Assel Valley Wind Energy Ltd	10	36	(26)			
Auchrobert Valley Wind Energy Ltd	12	5	7			
Big Fish Spv Srl	5	31	(26)			
Brattmyrliden Vind AB	263	453	(190)			
CEP Tramontane 1, Sas	(7)	(9)	2			
Energy Aggregator Consortium	(48)		(48)			
Energy Cloud Consortium	(11)	1	(12)			
Desafio Solar S.L.	2		2			
Earlsburn Wind Energy Ltd	1	4	(3)			
Ecosesto SpA	127	228	(101)	11	11	
Elettroambiente SpA (in liquid.)	414	405	9			
Energia Eolica de Castilla SL	15	14	1			
Energy Team SpA	596	421	175	130	42	88
EOL Team SAS	3	6	(3)			
Eolica Cabezo San Roque SAU	16	13	3			
Eolica Petralia Srl	65	84	(19)			
Eolica Sud Srl	135	101	34			
Eolo 3W Minervino Murge Srl	73	98	(25)			
Esquennois Energie SAS	9	5	4			
Falck Energies Renouvelables SAS	138	34	104			
Falck Next Energy Srl	931	838	93	34	13	21
Falck Next Srl	304	18	286	28	25	3
Falck Nuo Spain SL	2		2	4		4
Falck Renewables Finland Oy	376		376			
Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable	64		64			
Falck Renewables Nederland BV	1	9	(8)			
Falck Renewables North America Inc	70	61	9			
Falck Renewables Power 2 SL	112	89	23			
Falck Renewables Power 3 SL	49	33	16			
Falck Renewables Power I, SL	52	55	(3)			
Falck Renewables Sicilia Sri	80	234	(154)			
Falck Renewables Sviluppo Srl	109	201	(92)	73	136	(63)
Falck Renewables Vind AS	341	429	(88)	24		24
Falck Renewables Wind Ltd	305	476	(171)	300	157	143
Ferme Eolienne de Noyales SAS	4	2	2			
FRUK Holdings No1 Ltd	30	29	1			
Geopower Sardegna Srl	61	167	(106)			
Iron Spv Srl	6	6				
Kilbraur Wind Energy Ltd	48	62	(14)			
Kingsburn Wind Energy Ltd	1	3	(2)			
Millennium Wind Energy Ltd	3	5	(2)			
NUO Srl	63	279	(216)			
Nutberry Energy Wind Ltd	11	12	(1)			
Palermo Energia Ambiente ScpA (in liquid.)						
Parc Eolien d'Illois Sarl	83	617	(534)			
Partial total (continued)	**5,187**	**5,955**	**(768)**	**733**	**439**	**294**

	Trade receivables			Trade payables		
(€ thousands)	**31.12.2021**	**31.12.2020**	**Change**	**31.12.2021**	**31.12.2020**	**Change**
Investments in subsidiaries						
Parc Eolien de Mazeray et de Bignay Sas	6	(2)	8			
Parc Eolien des Coudrays Sas	5	(2)	7			
Parc Eolien de Bois Ballay Sas	5	(2)	7			
Parc Eolien du Fouy SAS	9	4	5			
Parque Eolien des Cretes SAS	9	3	6			
Platani Energia Ambiente ScpA (in liquid.)	355	349	6			
Premier SPV 17 S.L.U.	143		143			
Prima Srl	123	159	(36)		4	(4)
SAET SpA	1		1			
Se Ty Ru SAS	6		6			
Solar Mesagne Srl	32	45	(13)	21		21
Spaldington Airfield Wind Energy Ltd	2	1	1			
Tifeo Energia Ambiente ScpA (in liquid.)	884	956	(72)	717	717	
VC Renewables AB				17		17
Vector Cuatro Australia Pty Ltd				3		3
Vector Renewables UK Ltd	12	43	(31)	8		8
Vector Renewables España S.L.U	358	112	246	1,577	559	1,018
Vector Renewables France Sarl	5	6	(1)			
Vector Renewables Italia Srl	244	97	147	1,732	1,242	490
Vector Renewables Mexico SA de CV				15		15
West Browncastle Wind Energy Ltd	6	8				
Windfor Srl		6				
Total subsidiaries	**7,392**	**7,738**	**(338)**	**4,823**	**2,961**	**1,862**
Associates						
Frullo Energia Ambiente Srl	149	83	66			
Kailia Energia Srl	80		81	24		24
Minervia Vento Srl	18		18			
Tibula Energia Srl			(2)			
Nora Ventu Srl			2			
Odra Energia Srl	28		28			
Total associates	**275**	**83**	**192**	**24**		**24**
Investments in subsidiaries						
Falck SpA	73	90	(17)	367	491	(124)
Total parent company	**73**	**90**	**(17)**	**367**	**491**	**(124)**
Group companies						
Falck Energy SpA	5		5			
Sesto Siderservizi Srl	4	1	3			
Total Group companies	**9**	**1**	**8**			
Total	**7,749**	**7,912**	**(154)**	**5,214**	**3,452**	**1,762**
% incidence on income statement headings	**98.6%**	**98.2%**		**36.9%**	**28.3%**	

8.6 Falck Renewables SpA notes to the financial statements

	Financial receivables			Financial payables		
(€ thousands)	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
Investments in subsidiaries						
Aliden Vind AB				4,294	4,122	172
Ambiente 2000 Srl				1,177	2,284	(1,107)
Big Fish Spv Srl				1,417		1,417
Brattmyrliden Vind AB				1,487	7,573	(6,086)
Energy Aggregator Consortium	3,228	2,895	333			
Energy Cloud Consortium	1,989	1,795	194			
Consorzio Next Energy				20		20
Desafio Solar S.L.	8,207		8,207			
Ecosesto SpA	6,809	12,255	(5,446)			
Elettroambiente SpA (in liquid.)	2,082	2,485	(403)			
Energia Eolica de Castilla SL		121	(121)			
Energy Team SpA				10,036	6,928	3,108
Eolica Cabezo San Roque SAU				3,249	2,051	1,198
Eolica Petralia Srl	1,316	2,042	(726)			
Eolica Sud Srl	12,383	16,244	(3,861)			
Eolo 3W Minervino Murge Srl	10,018	9,716	302			
Falck Energies Renouvelables SAS	26,430		26,430			
Falck Next Energy Srl				15,821	9,072	6,749
Falck Next Srl	3,032	2,209	823			
Falck Nuo Spain SL		142	(142)	348		348
Falck Renewables Finland Oy				746		746
Falck Renewables Nederland BV				128	260	(132)
Falck Renewables Power 2 SL				3,916	4,666	(750)
Falck Renewables Power 3 SL				2,759	1,422	1,337
Falck Renewables Power I, SL				1,217	2,364	(1,147)
Falck Renewables Sicilia Sri		830	(830)	4,540		4,540
Falck Renewables Sviluppo Srl		773	(773)	397		397
Falck Renewables Vind AS				5,239	5,742	(503)
Falck Renewables Wind Ltd				8,071	125,085	(117,014)
Iron Spv Srl				100		100
NUO Srl	5,150	2,672	2,479			
Parc Eolien d'Illois Sarl	10,304	270	10,034			
Platani Energia Ambiente ScpA (in liquid.)				3,411	3,426	(15)
Premier SPV 17 S.L.U.				1,910		1,910
Prima Srl				29,480	22,243	7,237
Solar Mesagne Srl	1,914	2,802	(888)			
Tifeo Energia Ambiente ScpA (in liquid.)				2,288	2,382	(94)
Vector Cuatro Japan KK				1,410	416	994
Vector Renewables UK Ltd				399	955	(556)
Vector Renewables España S.L.U	4,757	4,011	746			
Vector Renewables Italia Srl		312	(312)	489		489
Waalwijk Wind Energy B.V.				180		180
Windfor Srl					419	(419)
Winssen Wind Energy B.V.				227		227
Total subsidiaries	**97,619**	**61,574**	**36,045**	**104,756**	**201,410**	**(96,654)**
Associates						
Kailia Energia Srl				68		68
Minervia Vento Srl				177		177
Nora Ventu Srl				165		165
Odra Energia Srl				94		94
Tibula Energia Srl				167		167
Total associates				**671**		**671**
Total	**97,619**	**61,574**	**36,045**	**105,427**	**201,410**	**(95,983)**
% incidence on income statement headings	**99.4%**	**96.2%**		**24.8%**	**52.6%**	

	Financial instruments - assets			Financial instruments - liabilities		
(€ thousands)	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
Investments in subsidiaries						
Aliden Vind AB				196	328	(132)
Brattmyrliden Vind AB				238	426	(188)
Falck Renewables Vind AS		5	(5)		31	(31)
Falck Renewables Wind Ltd				105	361	(256)
Total subsidiaries		**5**	**(5)**	**539**	**1,146**	**(607)**
% incidence on income statement headings	**0.00%**	**0.2%**		**100.0%**	**99.6%**	

	Other receivables			Other payables		
(€ thousands)	**31.12.2021**	**31.12.2020**	**Change**	**31.12.2021**	**31.12.2020**	**Change**
Investments in subsidiaries						
Actelios Solar SpA	226		226		1,012	(1,012)
Ambiente 2000 Srl				173	63	110
Big Fish Spv Srl				15	9	6
Ecosesto SpA	329		329			
Elettroambiente SpA (in liquid.)				64	35	29
Energy Team SpA				398	806	(408)
Eolica Petralia Srl	1,050		1,050			
Eolica Sud Srl	1,799	265	1,534			
Eolo 3W Minervino Murge Srl	996		996		201	(201)
Falck Next Energy Srl				35,509	552	34,957
Falck Next Srl				145		145
Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable	35		35			
Falck Renewables Sicilia Sri				128	104	24
Falck Renewables Sviluppo Srl				485	377	108
Geopower Sardegna Srl	6,975		6,975			
Iron Spv Srl				12	7	5
NUO Srl				406	218	188
Palermo Energia Ambiente ScpA (in liquid.)				70	68	2
Platani Energia Ambiente ScpA (in liquid.)				62	64	(2)
Prima Srl	43	250	(207)			
Solar Mesagne Srl	61		61			
Tifeo Energia Ambiente ScpA (in liquid.)				36	3	33
Vector Renewables Italia Srl	27		27			
Windfor Srl		49	(49)			
Total subsidiaries	**11,541**	**564**	**10,977**	**37,503**	**3,519**	**33,984**
Associates						
Frullo Energia Ambiente Srl	686	2,646	(1,960)			
Total associates	**686**	**2,646**	**(1,960)**			
Investments in subsidiaries						
Falck SpA	1,276	1,002	274	1,224		1,224
Total parent company	**1,276**	**1,002**	**274**	**1,224**		**1,224**
Group companies						
Falck Energy SpA					4	(4)
Sesto Sider Servizi Srl						
Total Group companies					**4**	**(4)**
Total	**13,503**	**4,212**	**9,291**	**38,727**	**3,523**	**35,204**
% incidence on income statement headings	**61.4%**	**24.1%**		**84.8%**	**34.6%**	

8.6.3 Income statement content and changes

17 Revenues

Revenues consisted of the following:

(€ thousands)

	31.12.2021	31.12.2020	Change
Sale of goods			
Revenue from provision of services	2,073	81	1,992
Total	**2,073**	**81**	**1,992**

18 Personnel costs

Total Personnel costs analysed by nature of expense are as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Salaries and wages	11,055	9,149	1,906
Social security costs	3,003	2,740	263
Staff leaving indemnity (TFR)	657	560	97
Other costs	2,761	883	1,878
Total	**17,476**	**13,332**	**4,144**

The average number of employees was as follows:

(Number)

	31.12.2021	31.12.2020
Managers	30	28
White-collar staff	91	80
Blue-collar staff		
Total average number of employees	**121**	**108**

Personnel costs for a total of € 17,476 thousand, rose by € 4,144 thousand. Personnel costs were affected compared to 2020 by higher Long-Term Incentive Plan costs for € 1.3 million due to acceleration of the plan assuming there is a Change of Control in the first quarter of 2022 (Special Item) and higher multi-year bonus costs for employees dedicated to development activities for € 0.4 million.
Moreover, the cost rose due to the increase in average staff (+13 employees) and raises compared to the same period in 2020. The increase in the number of employees compared to 31 December 2020 is mainly due to internal growth as the main functions, in continuity with what occurred in 2020, are being structured to cope with the development of the new initiatives envisaged in the Business Plan.

19 Direct costs

(€ thousands)

	31.12.2021	31.12.2020	Change
Consumables	1		1
Services	5,143		5,143
Other costs	59		59
Amortisation of rights to use	23		23
Total	**5,226**		**5,226**

These costs were reclassified for a better presentation from Administrative expenses.

20 Other income

Other income may be analysed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Current operating income	8,521	8,882	(361)
Non-current operating income	527	2,613	(2,086)
Total	**9,048**	**11,495**	**(2,447)**

Other income from operating activities may be further detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Revenues from services to Falck Renewables Group companies	8,399	8,671	(272)
Other income from Group companies	122	208	(86)
Other third-party income		3	(3)
Total	**8,521**	**8,882**	**(361)**

Other income from non-operating activities may be further detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Gains on disposal of property, plant and equipment	7	1,946	(1,939)
Extraordinary income	434	653	(219)
Extraordinary income due to other Falck Group companies			
Other	86	14	72
Total	**527**	**2,613**	**(2,086)**

The other income from non-current operations of 2020 were mainly due to the capital gain from the sale of Nuo software to Nuo Srl.

21 Administrative expenses

Administrative expenses may be detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Consumables	183	156	27
Services	32,509	17,139	15,370
Other costs	5,389	4,645	744
Non-current operating expenses	39	2,114	(2,075)
Amortisation and impairment of intangible assets	729	372	357
Depreciation and impairment of property, plant and equipment	255	177	78
Amortisation of rights to use	1,197	1,180	17
Allocations to/(use of) risk provisions	(249)	(4,239)	3,990
Total	**40,052**	**21,544**	**18,508**

Administrative expenses totalling € 40,052 thousand, increased by € 18,508 thousand with respect to the same period in 2020, mainly due to: (i) for services related to the extraordinary transaction to search for a strategic partner for € 10 million **(Non-recurring event)**, (ii) for more services due to the growth in business and for higher ancillary costs, (iii) for higher rental expenses, (iv) for higher amortisation of intangible assets related to investments made in previous years and started operation in 2021, (v) lower releases of allocations to risk provisions and provision for doubtful accounts and (vi) lower costs for services reclassified for a better presentation, in Direct costs for € 5,143 thousand.
Compared to 2020 the higher costs for the Falck Renewables SpA Chief Executive Officer's Long-Term Incentive Plan for € 2 million had an impact. This is due to acceleration of the plan assuming there is a Change of Control at 31 March 2022.

22 Allocation of cost for extraordinary bonus

(€ thousands)

	31.12.2021	31.12.2020	Change
Extraordinary bonus CEO	12,325		12,325
Extraordinary bonus Falck Renewables employees	9,548		9,548
Specific employee extraordinary bonus other Group companies	3,806		3,806
Total	**25,679**		**25,679**

Allocation for the extraordinary bonus cost totalled € 25,679 million **("Non-recurring event")**.
The cost is allocated, as accrual based on the activities that the managers and employees have performed until 31 December 2021 compared to the entire maturity period up to the launch of the takeover bid. For details on the Extraordinary Bonus see the descriptions in item 16 "IAS 19 liabilities for the extraordinary bonus" and paragraph 5.3.11 "Stock option and stock grant plans and Extraordinary Incentive Plan".

23 Financial income and expenses

Financial income and expenses comprised:

(€ thousands)

	31.12.2021	31.12.2020	Change
Financial expenses	(21,280)	(23,629)	2,349
Financial income	17,732	30,669	(12,937)
Total	**(3,548)**	**7,040**	**(10,588)**

The decrease of financial income/(expenses) for € 10,588 thousand is primarily due to higher notional interest on the senior unsecured equity-linked green bond for € 3,474 thousand and lower differences in net exchange rate gains for € 405 thousand.
It should be noted that the financial income of 2020 benefited from the positive change in the Fair Value of the derivative embedded in the senior unsecured equity-linked green bond for a value, net of contractual costs and the effect of the amortised cost as provided for by IFRS 9, of € 3,452 thousand ("Non-recurring event") and reversal of financial receivables due to Falck Renewables Spa, from Elettroambiente for € 2,372 thousand.

Finance costs consisted of the following:

(€ thousands)

	31.12.2021	31.12.2020	Change
Interest expense to subsidiaries	1,024	1,312	(288)
Allocation to the Provision for Doubtful Accounts.	508	136	372
Bank interest	595	1,040	(445)
Notional bond interest	4,738	1,264	3,474
Bank charges	1,116	858	258
Commissions on guarantees	951	571	380
Interest on liabilities applying IFRS 16	71	49	22
Interest cost on TFR	6	12	(6)
Other financial expenses	20	419	(399)
Foreign exchange losses	12,251	17,968	(5,717)
Total	**21,280**	**23,629**	**(2,349)**

Notional bond interest includes finance charges derived from the adjustment to the amortised cost of the senior unsecured equity-linked green bond.

Finance costs for 2021 and 2020 may be further analysed as follows:

(€ thousands)

	31.12.2021			
	From bonds	From banks	From others	Total
Amounts due to subsidiaries			1,532	1,532
Amounts due to associates				
Payable to parent company				
Payable to others	4,738	14,839	171	19,748
Total	**4,738**	**14,839**	**1,703**	**21,280**

(€ thousands)

	31.12.2020			
	From bonds	From banks	From others	Total
Amounts due to subsidiaries			1,447	1,447
Amounts due to associates				
Payable to parent company				
Payable to others	1,264	20,427	491	22,182
Total	**1,264**	**20,427**	**1,938**	**23,629**

Finance income for the year ended 31 December 2021 may be detailed as follows:

(€ thousands)

	31.12.2021	31.12.2020	Change
Interest, fees releases of provisions for doubtful accounts from subsidiaries	4,946	6,302	(1,356)
Positive change in the fair value of the derivative		5,129	(5,129)
Interest income and commission from banks	26	9	17
Foreign exchange gains	12,727	18,849	(6,122)
Other income	33	380	(347)
Total	**17,732**	**30,669**	**(12,937)**

The positive change of the Fair Value of the derivative of 2020 refers to the conversion option of the senior unsecured equity-linked green bond, issued on 23 September 2020.

Interest, commissions and provisions for doubtful financial accounts for 2020 include the reversal of € 2,372 thousand of financial receivables due to Falck Renewables SpA from Elettroambiente.

24 Investment income/(expenses)

(€ thousands)

	31.12.2021	31.12.2020	Change
Dividends from Frullo Energia Ambiente Srl	2,279	2,646	(367)
Dividends from Falck Renewables Wind Ltd	173,198	21,798	151,400
Dividends from Ecosesto Spa		3,000	(3,000)
Dividends from Actelios Solar SpA	2,000		2,000
Dividends Geopower Sardegna Srl	10,700	17,583	(6,883)
Recovery (impairment loss) Vector Cuatro SLU		2,844	(2,844)
Recovery (impairment loss) Falck Next Energy Srl	(32,653)		(32,653)
Recovery (impairment loss) Falck Next Srl	(2,247)		(2,247)
Recovery (impairment loss) Eolica Petralia Srl		435	(435)
Recovery (impairment loss) Prima Srl	2,322		2,322
Recovery (impairment loss) Palermo Energia Ambiente ScpA		(1)	1
Recovery (impairment loss) Solar Mesagne Srl	72	710	(638)
Recovery (impairment loss) Falck Renewables Power I, SL	209	(183)	392
Recovery (impairment loss) Falck Renewables Power 2, SL		38	(38)
Recovery (impairment loss) Falck Renewables Power 3, SL		21	(21)
Recovery (impairment loss) Sol Occidental SLU		(119)	119
Recovery (impairment loss) FIEE Fondo Italiano Efficienza Energetica SGR SpA	52	10	42
Allocation to the provision for doubtful accounts Falck Next Energy Srl	(116,301)		(116,301)
Total	**39,631**	**48,782**	**(9,151)**

The balance is mainly composed of the distribution of the dividend of Falck Renewables Wind Ltd and write down of Falck Next Energy Srl.

25 Income tax expense

(€ thousands)

	31.12.2021	31.12.2020	Change
Current tax	7,191	4,732	2,459
Deferred tax	8,572	(52)	8,624
Total	**15,763**	**4,680**	**11,083**

(€ thousands)

	31.12.2021	31.12.2020
Profit/(loss) before tax	**(41,229)**	**32,522**
Taxes calculated applying tax rate to profit/(loss)	12,191	(9,617)
Profit/(loss) not subject to tax	43,577	15,541
Expenses not deductible for tax purposes	(39,168)	(1,285)
Deferred tax liabilities adjustment due to change in tax rate		
Income arising on Group consolidated tax regime	(837)	41
Other		
Total income tax	**15,763**	**4,680**

Total taxes for the year, primarily referring to income from tax consolidation accrued during the year, were significantly influenced by profits not subject to taxation, mostly represented by dividends.

Related party transactions

In compliance with the Consob communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, no uncharacteristic or uncommon transactions take place with related parties that are beyond the normal business operations or are detrimental to the Company's results of operations, state of affairs and financial position.

Related party transactions represent the day to day business activities that are carried out at arm's length. These comprise the recharge of costs between Group companies and intercompany current accounts that give rise to financial income and expenses.

In accordance with IAS 24 Related Party Disclosures and the disclosures pursuant to Consob circular 6064293 of 28 July 2006, all related party transactions and the corresponding incidence of related party transactions on Falck Renewables SpA's income statement are provided below.

(€ thousands)	Revenues from sales and services	Other operating income	Income from current operations	Income from non-current operations	Direct costs	Administrative expenses	Investment income/(expenses)	Interest and other financial income	Interest and other financial expenses
Investments in subsidiaries									
Actelios Solar SpA		2	220			(1)	2,000	18	
Åliden Vind AB	12	8	23		(133)	(177)		37	
Ambiente 2000 Srl		3	326					1	
Assel Valley Wind Energy Ltd		2						29	
Auchrobert Wind Energy Ltd		2						12	
Ben Aketil Wind Energy Ltd		3							
BIG FISH SPV Srl	2	2	20						
Boyndie Wind Energy Ltd		3							
Brattmyrliden Vind AB		8	257			(6)		279	
Cambrian Wind Energy Ltd		3							
CEP Tramontane 1, Sas		2							
Energy Aggregator Consortium		2						53	
Energy Cloud Consortium		2						44	
Desafio Solar S.L.			22					240	
Earlsburn Mezzanine Ltd		3							
Earlsburn Wind Energy Ltd		3						4	
Ecosesto SpA		2	354					159	
Elettroambiente SpA (in liquid.)			9						(470)
Energia Eolica de Castilla, Slu	10	8	20					2	
Energy Team SpA		71	473			(261)			
EOL Team SAS		2	18						
Eolica Cabezo San Roque SAU	9	8	23					2	
Eolica Petralia Srl		2	336			(2)		64	
Eolica Sud Srl		2	395			(7)		473	
Eolo 3W Minervino Murge Srl		2	349			(5)		305	
Esquennois Energie SAS		2	17					8	
Falck Energies Renouvelables SAS	45	30	66					20	
Falck Next Energy Srl		2	750		(4)	(141)	(148,954)	1,755	
Falck Next Srl	32	11	89		(41)	(153)	(2,247)	45	
Falck Nuo Spain SL		2	2		(4)			3	
Falck Renewables Finance Ltd		2							
Falck Renewables Finland Oy			376						
Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable			64						
Falck Renewables Nederland BV	2	7	10					1	
Falck Renewables North America Inc			98					12	
Falck Renewables Power 2 SL	8	2	4					237	
Falck Renewables Power 3 SL		2	3					115	
Falck Renewables Power I, SL	38	2	3				209	88	
Falck Renewables Sicilia Sri	160	2	39					15	
Falck Renewables Sviluppo Srl	45	13	133		(86)	(10)		18	
Falck Renewables Vind AS	64	16	371			(24)		156	(10)
Falck Renewables Wind Ltd	133	22	1,013		(368)	(31)	173,198	29	(1,014)
Ferme Eolienne de Noyales SAS		2	16						
FRUK Holdings (No.1) Ltd		3						30	
Geopower Sardegna Srl		2	592				10,700	29	
Iron Spv Srl	5	2	14						
Kilbraur Wind Energy Ltd		3						48	
Kingsburn Wind Energy Ltd		2						6	
Millennium Wind Energy Ltd		3						3	
Naturalis Energy Developments limited		2							
Partial total (continued)	**565**	**279**	**6,505**		**(636)**	**(818)**	**34,906**	**4,340**	**(1,494)**

(€ thousands)	Revenues from sales and services	Other operating income	Income from current operations	Income from non-current operations	Direct costs	Administrative expenses	Investment income/(expenses)	Interest and other financial income	Interest and other financial expenses
Investments in subsidiaries									
NUO Srl	248	2	19					60	
Nutberry Wind Energy Ltd		2	5					10	
Palermo Energia Ambiente ScpA (in liquid.)			6			(6)			(37)
Parc eolien de Bois Ballay Sas		2	16						
Parc eolien de Mazeray et de Bignay Sas		1	15						
Parc eolien des Coudrays Sas		2	14						
Parc Eolien des Crêtes SAS		1	15					5	
Parc Eolien d’Illois Sarl		2						234	
Parc Eolien du Fouy SAS		2	15					6	
Platani Energia Ambiente ScpA (in liquid.)			9			(3)			
Premier SPV 17 S.L.U.								143	

Prima Srl	4	7	325				2,322		
PV Diagnosis Fotovoltaica SLU		1							
SAET SpA								1	
Se Ty Ru SAS		2	15						
Solar Mesagne Srl		2	112				72	40	
Spaldington Airfield Wind Energy Ltd		2						2	
Tifeo Energia Ambiente ScpA (in liquid.)			7			(80)			
VC Renewables AB		3			(12)	(70)			
Vector Cuatro Australia Pty Ltd		2			(4)				
Vector Cuatro Chile SpA		2							
Vector Cuatro Japan KK		2				(1)			
Vector Renewables España S.L.U	490	10	528		(2,037)	(715)		78	
Vector Renewables France Sarl		2	9						
Vector Renewables Italia S.r.l.		4	478		(842)	(3,494)		18	
Vector Renewables Mexico SA de CV		2			(33)	(1)			
Vector Renewables UK Ltd		2	71		(3)	(32)		3	
Waalwijk Wind Energy B.V.		2							
West Browncastle Wind Energy Ltd		2						6	
Winssen Wind Energy B.V.		2							
Total subsidiaries	**1,307**	**342**	**8,164**		**(3,567)**	**(5,220)**	**37,300**	**4,946**	**(1,531)**
Investments in subsidiaries									
Falck SpA		23	100	33		(1,117)			
Total parent company		**23**	**100**	**33**		**(1,117)**			
Associates									
Frullo Energia Ambiente Srl			128				2,279		
Kailia Energia Srl	50		53						
Minervia Vento Srl	47		17						
Nora Ventu Srl	40		5						
Odra Energia Srl	51		24						
Tibula Energia Srl	36		6						
Total associates	**224**		**233**				**2,279**		
Group companies									
Falck Energy SpA		2	13						
Sesto Sider Servizi Srl			9						
Total Group companies		**2**	**22**						
Total	**1,531**	**367**	**8,519**	**33**	**(3,567)**	**(6,337)**	**39,579**	**4,946**	**(1,531)**
% incidence on income statement headings	**100.00%**	**68.75%**	**100.00%**	**7.58%**	**69.90%**	**16.39%**	**100.55%**	**27.90%**	**100.00%**

26 Additional disclosures in accordance with IFRS 16

The Company has property lease agreements for its headquarters and other branch offices, car lease agreements, a software lease agreement and other minor agreements.

The analysis carried out on the terms and conditions of the contracts led to the conclusion that, for all contracts in place at 31 December 2021, all significant risks and benefits typical of ownership of the assets were not transferred to the Group but remained with the lessor. These contracts were accounted for as operating leases in accordance with IFRS 16.

The following table shows the net book value of the rights of use at 31 December 2021, broken down by type of asset leased and changes during the year:

8.6 Falck Renewables SpA notes to the financial statements

(€ thousands)

	At 31.12.2020	Increase	Change in scope of consolid.	Reclassification	Foreign exchange diff	Other movements	(Devaluations) Revaluations	Amortisations	At 31.12.2021
Gross values									
Rights of use - Land									
Rights of use - Buildings	3,591	186				(15)			3,762
Rights of use - Other assets	1,225	175				(67)	(22)		1,311
Total gross values of property, plant and equipment	4,816	361				(82)	(22)		5,073
Right of use - Software	516	156				(11)			661
Total gross values of intangible fixed assets	516	156				(11)			661
Total gross value	**5,332**	**517**				**(93)**	**(22)**		**5,734**
Accumulated depreciation									
Rights of use - Land									
Rights of use - Buildings	(557)					35		(627)	(1,149)
Rights of use - Other assets	(538)					150		(374)	(762)
Total provision for depreciation of property, plant and equipment	(1,095)					185		(1,001)	(1,911)
Right of use - Software	(244)							(197)	(441)
Total provision for amortisation of intangible fixed assets	(244)							(197)	(441)
Total depreciation	**(1,339)**					**185**		**(1,198)**	**(2,352)**
Net book amounts									
Rights of use - Land									
Rights of use - Buildings	3,034	186				20		(627)	2,613
Rights of use - Other assets	687	175				83	(22)	(374)	549
Total net values of property, plant and equipment	3,721	361				103	(22)	(1,001)	3,162
Right of use - Software	272	156				(11)		(197)	220
Total net values of intangible fixed assets	272	156				(11)		(197)	220
Total net rights of use	**3,993**	**517**				**92**	**(22)**	**(1,198)**	**3,382**

Below are details of the financial liability for leasing at 31 December 2021:

(€ thousands)

31 December 2020	3,923
Increases	559
Increase for interest	71
Payments	(1,382)
Other movements	21
31 December 2021	**3,192**
Current	930
Non-current	2,262

Details of the costs charged to the income statement at 31 December 2021 are shown below:

	(€ thousands)
Amortisation of rights of use for buildings	627
Amortisation of rights of use for other assets	374
Amortisation of rights of use for software	197
Total amortisation	**1,198**
Total financial expenses for financial liabilities	**71**
Short term, low value leasing costs	**1,497**
Variable leasing costs	**69**
Total costs recorded on the Income statement	**2,835**

The Company has no leasing contracts in place that provide for variable payments. Information on variable payments compared with fixed lease payments is provided below:

(€ thousands)

	Fixed payments	Variable payments	Total
Fixed lease payment	1,382		1,382
Variable lease payment with minimum payment			
Variable lease payment			
Total	**1,382**		**1,382**

27 Significant non-recurring events and transactions

Pursuant to Consob communication DEM/6064293 of 28 July 2006, the following significant non-recurring transaction took place in Falck Renewables SpA during 2021:

- costs for services related to the extraordinary transaction to search for a strategic partner for € 10 million and for the allocation of the extraordinary bonus cost for € 25.7 million connected with the change of control transaction for the part accrued in 2021 (for more information see the paragraph 5.3.11 “Stock option and stock grant plans and Extraordinary Incentive Plan”);

Information on the impact of this event on Falck Renewables SpA's financial position, results of operations and cash flows is provided below.
The amounts reported in the table related to the extraordinary bonus and costs for services related to the extraordinary operation to search for a strategic partner are reported net of the tax effect equal to € 8.6 million.

(€ thousands)

	Net equity		**Profit/(loss) for the period**		**Net financial debt**		**Financial flows ***	
(€ thousands)	Absolute value	% indic.	Absolute value	% indic.	Absolute value	% indic.	Absolute value	% indic.
Balance sheet values	**510,550**		**(25,466)**		**181,846**		**44,494**	
Extraordinary bonus and costs for services related to the extraordinary transaction to search for a strategic partner	27,103	5%	27,103	-106%	(450)	0%	450	1%
Notional balance sheet value	**537,653**		**1,637**		**181,396**		**44,944**	

The percentage of incidence is calculated on the balance sheet value.
Values are shown net of tax.
(*) Cash flows refer to the increase (or decrease) in cash and cash equivalents during the year.

28 Uncharacteristic and uncommon transactions

Pursuant to Consob communication DEM/6064293 of 28 July 2006, in the course of 2020 Falck Renewables SpA did not carry out any uncharacteristic and/or uncommon transactions, as defined in the communication.

29 Emoluments of directors and statutory auditors

In accordance with art. 2427 of the Italian Civil Code, the total emoluments for each category are as follows:

		(€ thousands)
	31.12.2021	31.12.2020
Directors' emoluments (*)	5,061	3,264
Statutory Auditors' emoluments	175	175
Total	**5,236**	**3,439**

(*) Fees recorded in the income statement.

The remuneration of the Chief Executive Officer Mr. Toni Volpe does not include remuneration in kind and the remuneration of the General Manager for a total of € 127 thousand.

30 Share-based Payments

In order to set up an incentive and loyalty scheme for managers and employees in key roles within the Group, on 07 May 2020 the parent company's Shareholders' Meeting approved a 2020-2022 incentive plan, under which the CEO and certain key managers and employees within the company and its subsidiaries will receive shares in Falck Renewables SpA for free.

The purpose of the three-year incentive plan is to assign free of charge to the beneficiaries a maximum of 1,800,000 ordinary shares of Falck Renewables Spa, equal to a maximum of approximately 0.6177% of the share capital. The stock grant Plan is subject to:

(i) the sustainability of the Group's balance sheet (expressed by the ratio of Net Financial Position to EBITDA);
(ii) achieving a three-year cumulative EBITDA target;
(iii) the continuation of the existing relationship between the beneficiary and the Company or its subsidiaries.

Once these three conditions are met, the number of shares to be allotted to the pool of beneficiaries may vary, to a maximum of 1,800,000 shares, depending on the price of the ordinary share as it approaches the end of the Share Plan. In the event of extraordinary events such as a Change of Control the assigned number will be equal to the maximum for each beneficiary. Moreover, the maximum number of shares for each beneficiary must be adjusted in order to neutralise any dilution effects resulting from conversion of the bonds.

For example, assuming a Change of Control on 31 March 2022[11] considering the estimate made on 31 December 2021 for the purposes of these financial statements, the number of shares will be equal to 1,453,496 of which n.936.304 to the Chief Executive Officer and 517,192 to the rest of company management. These numbers of shares assigned take into account both the Change of Control and anti-dilutive effects.

The "2020-2022 stock grant Plan" is in line with what was announced during the Capital Markets Day on 12 March 2020 and is designed to provide incentives for beneficiaries to pursue medium-long term value creation objectives and to align the interests of the latter with those of the Group and its shareholders. The Plan will be implemented using company treasury shares already in the portfolio or purchased under art. 2357 of the Italian Civil Code.

[11] If the Change of Control occurs in 2022 at a date earlier than the estimated one of 31 March 2022 the number of rights would increase by a total of around 840 units for every 30 days ahead of time.

The fair value of the services received by the owners of the incentive plan as consideration for the shares assigned has been indirectly calculated with reference to the fair value of the shares, and the amount to be assigned on an accrual basis has been calculated *pro-rata temporis* over the entire vesting period. The fair value valuation was performed according to current accounting standards, in particular IFRS 2, using the Black Scholes through Monte-Carlo method.

CEO

The incentive plan for the CEO of Falck Renewables SpA was put into effect with 600,000 shares in May 2020. In consideration of the forecast Change of Control on 31 March 2022 and anti-dilutive adjustment mechanisms the number of total share rights assigned to the Chief Executive Officer equals 936,304.
The fair value per share assigned, calculated as the weighted average share price on the date of assignment net of forecast dividends during the vesting period, was of € 3.9508.

As the shares were assigned free of charge, the exercise price was zero. The fair value of the stock grants in 2021, worth € 2,642 thousand, was posted under administrative expenses, balancing the Other reserves heading under net equity.

Managers

In May 2020, some Company managers were also granted a total of 315,000 shares. 73,000 share rights assigned to managers were cancelled in 2021.
During 2021 an additional 89,426 share rights were assigned to some company managers including resulting from a transfer within the Group.
In consideration of the forecast Change of Control on 31 March 2022 and anti-dilutive adjustment mechanisms the number of total share rights assigned to the managers equals 517,192.

The fair value per share assigned, calculated as the weighted average share price on the date of assignment net of forecast dividends during the vesting period, was of € 4.5466.

As the shares were assigned free of charge, the exercise price was zero. The fair value of the stock grants in 2021, worth EUR 1,499 thousand, was posted under personnel costs, balancing the Other reserves heading under net equity.
At 31 December 2021, the following rights were held:

	Number of shares	Average exercise price
Rights existing at 01.01.2021	**915,000**	**N/A**
New rights assigned during the period	89,426	
(Rights cancelled during the period)	(73,000)	
(New Change of control rights)	522,070	
(Rights expired during the period)		
Rights existing at 31.12.2021	**1,453,496**	**N/A**

31 Public grants - information pursuant to Law 124 of 4 August 2017 - art. 1, paragraphs 125-129

“Law 124 of 4 August 2017 - art. 1, paragraphs 125-129. Transparency and publicity obligations” introduced a series of publicity and transparency obligations for entities having economic relations with the Public Administration, starting with the 2018 financial statements.

This provision has raised questions of interpretation and application that are still unresolved. The Company has therefore carried out the necessary in-depth studies and, also in the light of the most recent guidelines, considers that the following do not fall within the scope of the publication obligation:

- the general measures that can be used by all companies that fall within the general structure of the reference system defined by the State (for example, ACE or super-ACE);
- non-selective (general) economic advantages, received under an aid scheme, which are available to all undertakings meeting certain conditions, on the basis of predetermined general criteria (e.g., grants and credits for research and development projects and tax benefits);
- public resources from public bodies in other countries (European or non-European) and from European institutions;
- training contributions received from inter-professional funds (e.g., Fondimpresa and Fondirigenti); as funds having the associative form and legal nature of private-law bodies, which are financed by contributions paid by the same companies

In the light of these considerations, the Company did not benefit from any public funding.

8.7 Additional disclosures on financial instruments in accordance with IFRS 7

This note sets out the additional disclosures relating to financial assets and liabilities in accordance with IFRS 7. These disclosures are presented in the same order as they are set out in IFRS 7 and have been omitted where not considered material. The note is presented in two sections. The first sets out detailed information regarding financial assets and liabilities while the second presents information regarding the risks attributable to the financial assets and liabilities, in particular credit risk, liquidity risk and market risk. This includes both qualitative and quantitative information that is analysed into points (e.g., 1.) and sub-points (e.g., 1.2). The detailed quantitative information is provided for 31 December 2021 and where significant at 31 December 2020.

It sets out detailed information regarding financial assets and liabilities regarding their classification in compliance with IFRS 9, the impact on the income statement for the year and their fair value.

Before listing the detailed information, it should be noted that financial assets and liabilities are almost exclusively recorded in the financial statements at cost and amortised cost, with the exception of financial-derivative instruments which are measured at fair value. The portion of these derivatives designated as hedging instruments are measured applying hedge accounting with changes in fair value posted in equity. On the other hand, the changes of the fair value of non-hedging financial instruments are reported in the income statement.

Credit, liquidity and market risk are very limited. Credit risk exposure is not significant as the majority of trade and financial receivables are with other Group companies and not third parties.

Liquidity risk is modest due to the availability of lines of credit from a committed loan signed on 12 June 2015 (renegotiated on 30 July 2018) and used foe an amount of € 135 million at the balance sheet date. The committed credit lines expire on 31 December 2023. This loan is subject to financial covenants relating to the ratio, calculated with reference to the consolidated financial statements, between "EBITDA and net financial position" and between "net financial position and equity": the covenants have been respected for the 2021 financial year on the basis of these financial statements.

Interest rate risk arises on financial receivables due from subsidiaries and interest rate fluctuations would give rise to higher or lower finance income and therefore higher or lower dividends, consequently a sensitivity analysis was not performed. Falck Renewables SpA adopts specific procedures to manage the credit, liquidity and market risk on financial assets and liabilities. These processes have been documented in the Group's policies.

In addition, in September 2020 Falck Renewables SpA issued an equity-linked Green Bond for a nominal amount of € 200 million, repayable at par on 23 September 2025. As it was issued at 101.25% with a zero coupon, it generates a yield for the investor of -0.25%. The Green Bond equity-linked bond became a Green Convertible Bond as a result of the approval, on 17 November 2020, of the convertibility by the Extraordinary Shareholders' Assembly of the Company. The conversion price, initially fixed at € 7.22 per share, due to the effect of the Change of Control, it settled at € 5.7735 per share in line with the forecasts for the bond. Moreover, on 25 February 2022, Green Bidco SpA (company indirectly controlled by IIF and buyer of 60% of the Falck Renewables SpA shares from Falck Spa) announced that it intends to promote a voluntary takeover bid in cash on Green Convertible Bond, at economic conditions equivalent to those of the TOB on the shares, reserved solely for investors qualified in accordance with art. 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999. It is reasonable to expect that at the end of this process the Green Convertible Bond will be converted into no. 34,641,032 shares of Falck Renewables Spa, increasing the group's equity and reducing net financial debt.

8.7 Additional disclosures on financial instruments in accordance with IFRS 7

Section I: Financial instruments

1. ***Balance sheet***

1.1 *Categories of financial assets and liabilities*

The tables below illustrate the carrying values at 31 December 2021 and 31 December 2020 of the financial assets and liabilities classified in accordance with IFRS 9. In order to reconcile with the balance sheet totals the penultimate column sets out the values of the assets and liabilities that are not included in the scope of IFRS 7.

(€ thousands)

31.12.2021	Amortised cost	Fair value and change through profit and loss	Fair value and change in OCI	Total FA/FL within scope of IFRS7	A/L not within scope of IFRS7	Balance sheet total
Assets						
Property, plant and equipment and intangibles					21,130	21,130
Investments and securities		2,383		2,383	817,582	819,965
Financial receivables	97,630	548		98,178		98,178
Inventories						
Trade receivables	7,856			7,856		7,856
Deferred tax assets					40,753	40,753
Other receivables	715			715	21,265	21,980
Cash and cash equivalents	145,359			145,359		145,359
Non-current assets held for sale						
Total	**251,560**	**2,931**		**254,491**	**900,730**	**1,155,221**
Liabilities						
Net equity					510,550	510,550
Financial payables	424,844	539		425,383		425,383
Trade payables	14,142			14,142		14,142
Other liabilities	310			310	45,377	45,687
Provisions for risks and charges					135,766	135,766
TFR (Staff leaving indemnity)					1,820	1,820
IAS 19 liabilities for extraordinary bonus					21,873	21,873
Non-current assets held for sale						
Total	**439,296**	**539**		**439,835**	**715,386**	**1,155,221**

(€ thousands)

31.12.2020	Amortised cost	Fair value and change through profit and loss	Fair value and change in OCI	Total FA/FL within scope of IFRS7	A/L not within scope of IFRS7	Balance sheet total
Assets						
Property, plant and equipment and intangibles					17,486	17,486
Investments and securities		2,479		2,479	750,403	752,882
Financial receivables	61,586	2,447		64,033		64,033
Inventories						
Trade receivables	8,061			8,061		8,061
Deferred tax assets					571	571
Other receivables	2,677			2,677	14,766	17,443
Cash and cash equivalents	100,865			100,865		100,865
Non-current assets held for sale						
Total	**173,189**	**4,926**		**178,115**	**783,226**	**961,341**
Liabilities						
Net equity					551,065	551,065
Financial payables	381,768	1,151		382,919		382,919
Trade payables	12,187			12,187		12,187
Other liabilities	2,306			2,306	7,884	10,190
Provisions for risks and charges					3,181	3,181
TFR (Staff leaving indemnity)					1,799	1,799
Non-current assets held for sale						
Total	**396,261**	**1,151**		**397,412**	**563,929**	**961,341**

1.2 *Collateral – Financial assets pledged as security*

With regard to the financial assets pledged as collateral, the shares held by Falck Renewables SpA in Actelios Solar SpA (€ 120 thousand) and Eolica Petralia Srl (€ 2,000 thousand) are pledged. The following are also included: Eolica Sud (€ 5,000 thousand), Eolo 3w Minervino Murge (€ 10 thousand), Geopower Sardegna Srl (€ 2,000 thousand) and Falck Renewables Wind Ltd (£ 37,755 thousand). The pledge values correspond to the face value of the shares in question.

In addition, the following have been received as security for the obligations of the sellers:

- cash deposit by Svelgen Kraft Holding AS (minority shareholder of Falck Renewables Vind AS) for an amount of € 717 thousand, reduced to € 615 thousand as of 1 January 2022);
- a deposit of € 3,794 thousand was made to an escrow account in favour of Falck Renewables SpA by the shareholders of Energy Team SpA;
- a deposit of € 1,814 thousand was made to an escrow account in favour of Falck Renewables SpA by the shareholders of SAET SpA.

2. ***Income statement and total equity***

2.1 *Income, expenses, gains or losses*

The table below illustrates net gains/(losses) on financial assets and liabilities in 2021 and 2020 reclassified in accordance with IFRS 9. The main heading relates to the gains and losses arising on the increase in the value of derivative financial instruments.

(€ thousands)

31.12.2021	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	(1,236)			**(1,236)**
Financial assets at amortised cost				
Financial liabilities at fair value				
Financial liabilities at amortised cost				
Total	**(1,236)**			**(1,236)**

(€ thousands)

31.12.2020	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	847			**847**
Financial assets at amortised cost				
Financial liabilities at fair value	6,983			**6,983**
Financial liabilities at amortised cost				
Total	**7,830**			**7,830**

The losses on the income statement include the negative changes in fair value of the derivative contracts on foreign exchange for € 1,287 thousand in part offset by the positive effect resulting from adjustment of the value of financial assets measured at fair value with offsetting entry in the income statement, totalling € 51 thousand.

The table below illustrates total interest income/expense (calculated using the effective interest rate method) and the fee income/expense generated by financial assets/liabilities not measured at fair value through profit or loss and the fee income/expense arising from trust and other fiduciary activities in 2021 and 2020.

(€ thousands)

31.12.2021	Interest income/(expense)	Fee income/ (expense)	Total
FA not at fair value through profit or loss	1,243	3,229	4,472
FL not at fair value through profit or loss	(6,406)	(2,067)	(8,473)
Trust and other fiduciary activities			
Other (not within scope of IFRS 7)	1,689		1,689
Total	**(3,474)**	**1,162**	**(2,312)**

(€ thousands)

31.12.2020	Interest income/(expense)	Fee income/(expense)	Total
FA not at fair value through profit or loss	4,571	1,905	6,476
FL not at fair value through profit or loss	(4,003)	(1,429)	(5,432)
Trust and other fiduciary activities			
Other (not within scope of IFRS 7)	(1,834)		(1,834)
Total	**(1,266)**	**476**	**(790)**

The reconciliations of the above amounts with financial expenses recorded in the 2021 and 2020 income statements are as follows.

(€ thousands)

31.12.2021	
Gains/(losses) through profit or loss	(1,236)
Total interest income/(expenses)	(3,474)
Fee income/(expense)	1,162
Total	**(3,548)**
Financial income/(expenses) per income statement	**(3,548)**

(€ thousands)

31.12.2020	
Gains/(losses) through profit or loss	7,830
Total interest income/(expenses)	(1,266)
Fee income/(expense)	476
Total	**7,040**
Financial income/(expenses) per income statement	**7,040**

3. *Additional disclosures*

3.1 *Accounting policies*

The accounting policies adopted for the recognition and measurement of financial assets and liabilities are presented in the notes to the separate financial statements of Falck Renewables SpA in paragraph 8.6.1 Accounting policies**.**

3.2 *Fair value*

The tables below disclose the fair value of the financial assets/liabilities and the related carrying amount at 31 December 2021 and 31 December 2020. The carrying amount of assets/liabilities measured at cost and amortised cost (see n.1.1) is to be considered a reasonable approximation of fair value as they are short-term or variable rate financial assets and liabilities, except for the convertible bond for which a precise estimate of the fair value at the balance sheet date is provided using market data updated to 31 December 2021.

(€ thousands)

31.12.2021		
	Carrying amount	Fair value
Financial assets		
Investments and securities	2,383	2,383
Financial receivables	98,178	98,178
Trade receivables	7,856	7,856
Other receivables	715	715
Cash and cash equivalents	145,359	145,359
Total	**254,491**	**254,491**
Financial liabilities		
Financial payables	425,383	424,096
Trade payables	14,142	14,142
Other liabilities	310	310
Total	**439,835**	**438,548**

(€ thousands)

31.12.2020		
	Carrying amount	Fair value
Financial assets		
Investments and securities	2,479	2,479
Financial receivables	64,033	64,033
Trade receivables	8,061	8,061
Other receivables	2,677	2,677
Cash and cash equivalents	100,865	100,865
Total	**178,115**	**178,115**
Financial liabilities		
Financial payables	382,919	386,330
Trade payables	12,187	12,187
Other liabilities	2,306	2,306
Total	**397,412**	**400,823**

Analysis of financial receivables and payables at 31 December 2021 and 31 December 2020 by instrument and conditions.

Financial receivables

(€ thousands)

31.12.2021					
	Effective interest rate	Fair value	Carrying amount	Current portion	Non-current portion
Loans due from subsidiaries	Sundry	44,309	44,309		44,309
Loans due from associates					
Accrued interest		11	11	11	
Corresponding current accounts	Euribor + Falck Renewables SpA cost of funding + spread	53,310	53,310	53,310	
Derivative financial instruments		548	548	180	368
Total financial receivables		**98,178**	**98,178**	**53,501**	**44,677**

* The interest rate for companies in project financing is Euribor + all-in senior margin + spread; the loan of Elettroambiente SpA in liquidation is non-interest bearing.

Financial payables

(€ thousands)

31.12.2021	Effective interest rate	Fair value	Carrying amount	Current portion	Non-current portion
Corresponding current accounts	Euribor + Falck Renewables SpA cost of funding + spread	104,756	104,756	104,756	
Short term loans to associates	0% - Cash Deposit Agreement	671	671	671	
IFRS 16 financial payables	Marginal cost of debt	3,192	3,192	930	2,262
Bank payables	Euribor + Spread	135,000	135,000		135,000
Accrued interest		58	58	58	
Foreign exchange derivatives		539	539	171	368
Convertible bonds (*Green Bond*)		179,880	181,167		181,167
Total financial liabilities		**424,096**	**425,383**	**106,586**	**318,797**

Financial receivables

(€ thousands)

31.12.2020	Effective interest rate	Fair value	Carrying amount	Current portion	Non-current portion
Loans due from subsidiaries	various*	30,487	30,487		30,487
Loans due from associates					
Accrued interest		12	12	12	
Corresponding current accounts	Euribor + Falck Renewables SpA cost of funding + spread	31,087	31,087	31,087	
Derivative financial instruments		2,447	2,447	1,812	635
Total financial receivables		**64,033**	**64,033**	**32,911**	**31,122**

* The interest rate for companies in project financing is Euribor + all-in senior margin + spread; the loan of Elettroambiente SpA in liquidation is non-interest bearing.

Financial payables

(€ thousands)

31.12.2020	Effective interest rate	Fair value	Carrying amount	Current portion	Non-current portion
Corresponding current accounts	Euribor + Falck Renewables SpA cost of funding + spread	201,410	201,410	201,410	
IFRS 16 financial payables	Marginal cost of debt	3,923	3,923	1,107	2,816
Accrued interest		6	6	6	
Foreign exchange derivatives		1,151	1,151	516	635
Convertible bonds (*Green Bond*)		179,840	176,429		176,429
Total financial liabilities		**386,330**	**382,919**	**203,039**	**179,880**

4. *Risks arising from financial instruments*

4.1 *Credit risk*

The credit risk on third-party financial and trade receivables is not considered significant as the related exposure is very limited.
With regard to the credit risk exposure on receivables due from subsidiaries, in the past a significant charge was made to the provision for doubtful trade and financial receivables to take into account the uncertainties surrounding litigation with the Sicily Region.

The maximum credit risk exposure at 31.12.2021 amounted to € 252,108 thousand and broken down as follows:

(€ thousands)

	31.12.2021		
	Gross	Impairment	Net
Financial receivables	188,049	(89,871)	98,178
Trade receivables	12,583	(4,727)	7,856
Other receivables	715		715
Cash and cash equivalents	145,359		145,359
Total	**346,706**	**(94,598)**	**252,108**

The maximum credit risk exposure at 31.12.2020 amounted to € 175,636 thousand and broken down as follows:

(€ thousands)

	31.12.2020		
	Gross	Impairment	Net
Financial receivables	153,396	(89,363)	64,033
Trade receivables	12,698	(4,637)	8,061
Other receivables	2,677		2,677
Cash and cash equivalents	100,865		100,865
Total	**269,636**	**(94,000)**	**175,636**

4.2 *Liquidity risk*

The liquidity risk of Falck Renewables SpA is considered modest, the financial payables total € 425,383 thousand at 31 December 2021 (€ 382,919 thousand at 31 December 2020). This value compared with the total amount of liabilities respectively equal to € 1,155,221 thousand at 31 December 2021 and € 961,341 thousand at 31 December 2020. The financial payables are mainly composed of short-term payables related to current account debt positions due to some subsidiaries (mainly Falck Next Energy Srl, Falck Renewables Vind AS, Falck Renewables Wind Ltd, Prima Srl, and Energy Team SpA, Aliden Vind and Falck Renewables Sicilia Srl).
Moreover, the company had used the committed credit lines from the corporate loan contract at 31 December 2021 for an amount of € 135 million at the balance sheet date.

4.3 *Market risk*

4.3.1 **Interest rate risk**

Interest rate risk arises on financial receivables and payables due to/from subsidiaries and interest rate fluctuations would correspond to an increase or decrease in interest income that would result in lower or higher dividends therefore a sensitivity analysis has not been carried out.

Total financial assets and liabilities exposed to changes in interest rates are detailed below:

	(€ thousands)
31.12.2021	
Financial assets	
Financial receivables	97,630
Derivative financial instruments	548
Cash and cash equivalents	145,359
Total	**243,537**
Financial liabilities	
Financial payables	(424,844)
Derivative financial instruments	(539)
Total	**(425,383)**
Net exposure	**(181,846)**

	(€ thousands)
31.12.2020	
Financial assets	
Financial receivables	61,586
Derivative financial instruments	2,447
Cash and cash equivalents	100,865
Total	**164,898**
Financial liabilities	
Financial payables	(381,768)
Derivative financial instruments	(1,151)
Total	**(382,919)**
Net exposure	**(218,021)**

9. Supplementary information to the separate financial statements of Falck Renewables SpA

9 Supplementary information to the separate financial statements of Falck Renewables SpA

9.1 List of equity investments held directly and indirectly in subsidiaries and associates

Company name	Offices	Currency	Capital	Equity with result	Profit/(loss)	Directly held stake	Indirectly held stake	Carrying amount
				(EUR thousands)	(EUR thousands)	(%)	(%)	(EUR)
Directly controlled subsidiaries								
Finland								
Falck Renewables Finland Oy	Helsinki	EUR		8,447	(483)	100.000		8,930,000
Italy								
Actelios Solar SpA	Santa Caterina di Villarmosa	EUR	120,000	6,612	3,250	100.000		1,124,979
Ambiente 2000 Srl	Milan	EUR	103,000	2,813	(124)	60.000		960,707
Big Fish Spv Srl	Milan	EUR	1,760,000	3,917	(31)	100.000		5,927,749
Ecosesto SpA	Rende	EUR	5,120,000	14,420	(2,072)	100.000		12,788,000
Elettroambiente SpA (in liquidation)	Sesto S. Giovanni	EUR	245,350	(78,672)	(398)	100.000		
Energy Team SpA	Milan	EUR	120,000	12,926	1,909	51.000		17,516,087
Eolica Petralia Srl	Sesto S. Giovanni	EUR	2,000,000	16,822	3,534	100.000		10,107,000
Eolica Sud Srl	Sesto S. Giovanni	EUR	5,000,000	32,786	9,329	100.000		10,261,000
Eolo 3W Minervino Murge Srl	Sesto S. Giovanni	EUR	10,000	25,900	6,207	100.000		16,966,000
Falck Next Energy Srl	Sesto S. Giovanni	EUR	1,010,000	(189,525)	(146,157)	100.000		
Falck Next Srl	Sesto S. Giovanni	EUR	1,000,000	266	(620)	100.000		283,378
Falck Renewables Sicilia Sri	Milan	EUR	10,000	8,227	(488)	100.000		9,688,000
Falck Renewables Sviluppo Srl	Milan	EUR	10,000	5,120	(934)	100.000		7,528,000
Geopower Sardegna Srl	Sesto S. Giovanni	EUR	2,000,000	43,550	26,030	100.000		110,464,000
Iron SPV Srl	Milan	EUR	425,000	518	(26)	100.000		824,830
NUO Srl	Sesto S. Giovanni	EUR	61,000	3,306	(974)	100.000		5,000,000
Palermo Energia Ambiente ScpA (in liquid.)	Milan	EUR	120,000	(2,222)	(101)	73.273		
Prima Srl	Sesto S. Giovanni	EUR	5,430,000	36,176	2,165	85.000		28,494,159
SAET SpA	Padua	EUR	1,500,000	2,395	173	60.000		5,719,679
Solar Mesagne Srl	Brindisi	EUR	50,000	2,366	377	100.000		2,189,000
Mexico								
Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable	Mexico City	MXN	50,000	(309)	(298)	99.000		
Norway								
Falck Renewables Vind AS	Sandane	EUR	5,843,847	91,027	37	89.870		89,706,458
Netherlands								
Falck Renewables Nederland BV	Amsterdam	EUR	10,000	1,056	(43)	100.000		2,419,976
Spain								
Desafio Solar S.L.	Madrid	EUR	3,000	17,619	3,409	100.000		14,088,365
Energia Eolica de Castilla SL	Madrid	EUR	3,200	6,702	194	100.000		12,775,340
Falck Renewables Power 1 Sl	Madrid	EUR	300,000	4,707	(319)	100.000		5,235,050
Falck Renewables Power 2 Sl	Madrid	EUR	300,000	9,110	(224)	100.000		9,626,170
Falck Renewables Power 3 Sl	Madrid	EUR	300,000	4,146	(129)	100.000		4,388,700
Vector Renewables Espana S.L.U	Madrid	EUR	55,001	2,372	(395)	100.000		11,221,971
Sweden								
Aliden Vind AB	Malmo	EUR	10,159	53,439	(817)	100.000		56,821,192
Brattmyrliden Vind AB	Malmo	EUR	10,159	98,943	(1,625)	100.000		95,929,198
UK								
Falck Renewables Wind Ltd	London	GBP	37,759,066	86,057	52,831	99.989		166,483,362
United States								
Falck Renewables North America Inc	Delaware	USD	5	99,789	488	100.000		84,991,196

9 Supplementary information to the separate financial statements of Falck Renewables SpA

Company name	Offices	Currency	Capital	Equity with result	Profit/(loss)	Directly held stake	Indirectly held stake	Carrying amount
				(EUR thousands)	(EUR thousands)	(%)	(%)	(EUR)
Indirectly controlled subsidiaries								
Australia								
Vector Cuatro Australia Pty Ltd	Sydney	AUD	-	(814)	(285)		100.000	
Chile								
Vector Cuatro Chile SpA	Santiago	CLP	20,000,000	(207)	(24)		100.000	
Finland								
Green Watt Koiramaki	Karstula	EUR	-	(10)	(28)		100.000	
Green Watt Mustalamminmaki	Karstula	EUR	-	(11)	(28)		100.000	
France								
CEP Tramontane 1, Sas	Paris	EUR	3,559,700	881	(298)		100.000	
Eol Team SAS	Paris	EUR	42,220	6,466	1,037		100.000	
Esquennois Energie SAS	Rennes	EUR	37,000	1,763	327		100.000	
Falck Energies Renouvelables SAS	Rennes	EUR	19,212,000	17,911	1,041		100.000	
Ferme Eolienne de Noyales SAS	Paris	EUR	37,000	2,167	547		100.000	
Parc Eolien de Mazeray et de Bignay Sas	Paris	EUR	1,321,750	1,504	470		100.000	
Parc Eolien des Coudrays Sas	Paris	EUR	868,000	1,918	358		100.000	
Parc Eolien des Crêtes SAS	Rennes	EUR	37,000	1,392	483		100.000	
Parc Eolien d'Illois Sarl	Rennes	EUR	1,210	613	(67)		100.000	
Parc Eolien de Bois Ballay Sas	Paris	EUR	1,235,000	2,630	470		100.000	
Parc Eolien du Fouy SAS	Rennes	EUR	37,000	1,563	396		100.000	
SE Ty Ru SAS	Rennes	EUR	1,009,003	2,911	355		100.000	
Vector Renewables France Sarl	Lyons	EUR	50,000	216	(92)		100.000	
Japan								
Vector Renewables Japan KK	Tokyo	JPY	1,000,000	2,224	580		100.000	

9 Supplementary information to the separate financial statements of Falck Renewables SpA

Company name	Offices	Currency	Capital	Equity with result	Profit/(loss)	Directly held stake	Indirectly held stake	Carrying amount
				(EUR thousands)	(EUR thousands)	(%)	(%)	(EUR)
Indirectly controlled subsidiaries								
Italy								
Energy Aggregator Consortium	Milan	EUR	7,600	8			52.630	
Energy Cloud Consortium	Milan	EUR	10,600	11			56.600	
Consorzio Next Energy Aggregator	Milan	EUR	30,000	30			100.000	
Elettromeccanica Euganea Srl	Torreglia	EUR	50,000	32	(3)		48.000	
Platani Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni	EUR	3,364,264	(28,816)	(35)		99.180	
Tifeo Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni	EUR	4,679,829	(35,213)	(548)		100.000	
Vector Renewables Italia S.r.l.	Sesto S. Giovanni	EUR	25,000	(448)	(437)		100.000	
Mexico								
Vector Renewables Mexico SA de CV	Miguel Hidalgo	MXN	2,066,000	(354)	362		100.000	
Netherlands								
Waalwijk Wind Energy B.V.	Utrecht	EUR	220,000	154	(65)		95.000	
Winssen Wind Energy B.V.	Utrecht	EUR	296,000	264	(31)		95.000	
Poland								
Elektrownie Wiatrowe Bonwind Łyszkowice Sp.Z.o.o.	Łódz	PLN	5,654,000	116	(203)		82.000	
Spain								
Eolica Cabezo San Roque Sau	Madrid	EUR	1,500,000	6,806	1,866		100.000	
Falck Nuo Spain SL	Madrid	EUR	3,600	324	311		100.000	
Premier SPV 17 S.L.U.	Zaragoza	EUR	3,500	1,731	(183)		100.000	
PV Diagnosis Fotovoltaica SLU	Madrid	EUR	3,100	62			100.000	
Sweden								
VC Renewables AB	Malmo	SEK	50,000	(117)	(124)		100.000	
UK								
Assel Valley Wind Energy Ltd	Inverness	GBP	100	2,310	265		100.000	
Auchrobert Wind Energy Ltd	Inverness	GBP	100	2,493	(255)		100.000	
Ben Aketil Wind Energy Ltd	Inverness	GBP	100	7,370	7,106		51.000	
Boyndie Wind Energy Ltd	Inverness	GBP	100	3,422	2,930		100.000	
Cambrian Wind Energy Ltd	London	GBP	100	14,848	7,447		100.000	
Earlsburn Mezzanine Ltd	London	GBP	1,000	31,160	3,630		51.000	
Earlsburn Wind Energy Ltd	Inverness	GBP	100	13,877	7,916		100.000	
Falck Next Energy UK Ltd	London	USD	100				100.000	
Falck Renewables Finance Ltd	London	GBP	100	449	(25)		100.000	
Falck Renewables Offshore HoldCo 1 Ltd	Inverness	GBP	100				100.000	
Falck Renewables Offshore HoldCo 2 Ltd	Inverness	GBP	100				100.000	
FRUK Holdings (No.1) Ltd	London	GBP	1	8,335	6,955		51.000	
Kilbraur Wind Energy Ltd	Inverness	GBP	100	18,796	8,572		51.000	
Kingsburn Wind Energy Ltd	Inverness	GBP	100	2,705	393		100.000	
Millennium South Wind Energy Ltd	Inverness	GBP	100				52.000	
Millennium Wind Energy Ltd	Inverness	GBP	100	22,799	7,295		51.000	
Mochrum Fell Wind Energy Ltd	Inverness	GBP	100				100.000	
Nutberry Wind Energy Ltd	Inverness	GBP	100	6,270	2,992		100.000	
Spaldington Airfield Wind Energy Ltd	London	GBP	100	4,020	(1,039)		100.000	
Vector Renewables UK Ltd	London	GBP	190,000	473	(4)		100.000	
West Browncastle Wind Energy Ltd	Inverness	GBP	100	3,278	2,206		100.000	

9 Supplementary information to the separate financial statements of Falck Renewables SpA

Company name	Offices	Currency	Capital	Equity with result	Profit/(loss)	Directly held stake	Indirectly held stake	Carrying amount
				(EUR thousands)	(EUR thousands)	(%)	(%)	(EUR)
Indirectly controlled subsidiaries								
United States								
Annapolis Solar Park LLC	Delaware	USD	-	10,061	924		100.000	
Building Energy Asset Management LLC	Delaware	USD	-	231	89		100.000	
Building Energy Development US, LLC	Delaware	USD	-				100.000	
Building Energy Holding US, LLC	Delaware	USD	-	28,219	1,379		100.000	
Building Energy Wind Iowa LLC	Delaware	USD	-	32,755	1,625		100.000	
Calypso Solar 1, LLC	Delaware	USD	-	(1,081)	26		95.000	
Calypso Solar 3, LLC	Delaware	USD	-	1,906	84		95.000	
EF NY CDG 001 LLC	Delaware	USD	-				100.000	
EF NY CDG 002 LLC	Delaware	USD	-				100.000	
EF NY CDG 003 LLC	Delaware	USD	-				100.000	
EF NY CDG 007 LLC	Delaware	USD	-				100.000	
EF NY CDG 011 LLC	Delaware	USD	-				100.000	
Falck Middleton Generation LLC	Delaware	USD	-	12,610	(19)		100% Class B	
Falck Middleton LLC	Delaware	USD	-	10,916	604		100.000	
Falck Renewables DLP MA LLC	Delaware	USD	-	25,911	2,295		100.000	
Falck Renewables IS 42 LLC	Delaware	USD	-	38,498	14		100.000	
Falck Renewables North America Development Services & Construction Management LLC	Delaware	USD	-	349	334		100.000	
Fisher Road Solar I LLC	Delaware	USD	-	14,230	408		100.000	
HG Solar Development LLC	New York	USD	-	7,917	957		100.000	
Innovative Solar 42 LLC	Raleigh	USD	-	85,893	948		100.000	
NC 42 Energy LLC	Delaware	USD	-	90,242			100% Class B	
NC 42 LLC	Delaware	USD	-	47,295			100.000	
NC 42 Solar LLC	Delaware	USD	-	46,748			100.000	
Novis Renewables Holdings, LLC	Delaware	USD	-	142,278	688		51.000	
NOV RF Holdings LLC	Delaware	USD	-				100.000	
NOV RF Lessee LLC	Delaware	USD	-	(16,369)	361		100.000	
Nov NY53 Holdings, LLC	Delaware	USD	-				100.000	
Nov NY53 Lessee, LLC	Delaware	USD	-				100.000	
NRH Project Holdco, LLC	Delaware	USD	10				100.000	
Odyssey Solar 2, LLC	Delaware	USD	-	40	(54)		95.000	
SPME Dartmouth Holdings LLC	West Trenton	USD	-	14,500	437		100.000	
SPME Holdings 2015 LLC	West Trenton	USD	-	17,467	714		100.000	
Syncarpha Massachusetts LLC	Delaware	USD	-	5,211	257		100.000	
Syncarpha Palmer LLC	Delaware	USD	-	11,944	425		100.000	
TLS Holdco LLC	Delaware	USD	-	27,912	730		100.000	
Vector Cuatro US LLC	New York	USD	1,000	(33)	14		100.000	
Webb PV Holdings, LLC	Delaware	USD	-				100.000	
Westmoreland Country Solar Project, LLC	Delaware	USD	-	31,604	(274)		100.000	
WMC Solar Holdings LLC	Delaware	USD	-				100.000	

9 Supplementary information to the separate financial statements of Falck Renewables SpA

Company name	Offices	Currency	Capital	Equity with result	Profit/(loss)	Directly held stake	Indirectly held stake	Carrying amount
				(EUR thousands)	(EUR thousands)	(%)	(%)	(EUR)
Associates								
Italy								
Frullo Energia Ambiente Srl	Bologna	EUR	17,139,100	49,160	7,381	49.000		8,471,678
Kailia Energia Srl	Milan	EUR	10,000	(20)	(280)	50.000		130,000
Minervia Vento Srl	Milan	EUR	10,000	122	(138)	50.000		130,000
Nora Ventu Srl	Milan	EUR	10,000	121	(138)	50.000		130,000
Odra Energia Srl	Milan	EUR	10,000	(16)	(276)	50.000		130,000
Tibula Energia Srl	Milan	EUR	10,000	152	(108)	50.000		130,000
Spain								
Ardemer ITG SLU	Teruel	EUR	-				50.000	
Nuevos Parque Eolicos La Muela AIE	Zaragoza	EUR	10,000	38			50.000	
Parque Eolico La Carracha Sl	Zaragoza	EUR	100,000	6,446	3,966		26.000	
Parque Eolico Plana de Jarreta SL	Zaragoza	EUR	100,000	4,728	3,714		26.000	
UK								
Lyra Offshore Wind Farm, Ltd	Edinburgh	GBP	3				33.000	
Naturalis Energy Development Ltd	London	GBP	1,775,555	(262)	(959)		77.500	
Mynydd Fforch Dwm Wind Energy 2021 Limited	London	GBP	1				77.500	
Northern Cross Offshore Wind Farm, Ltd	Edinburgh	GBP	3				33.000	
Strath Tirry Wind Energy 2021 Limited	London	GBP	1				77.500	
Touch Estate Wind Energy 2021 Limited	London	GBP	1				77.500	
United States								
Novis Renewables Group	Delaware	USD	36,000,000	21,821	(6,292)		50.000	

9 Supplementary information to the separate financial statements of Falck Renewables SpA

9.2 Summary of significant financial data of subsidiaries and associates

The values indicated according to the IAS/IFRS accounting standards

Balance sheet

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Directly controlled subsidiaries					
Finland					
Falck Renewables Finland Oy	8,183	771	8,447	30	477
Italy					
Actelios Solar SpA	24,198	10,037	6,612	23,948	3,675
Ambiente 2000 Srl	1,277	5,328	2,813	992	2,800
Big Fish Spv Srl	2,259	1,756	3,917		98
Ecosesto SpA	14,417	19,799	14,420	9,165	10,631
Elettroambiente SpA (in liquidation)	89	2,946	(78,672)	81,165	542
Energy Team SpA	2,792	18,014	12,926	1,833	6,047
Eolica Petralia Srl	27,726	7,763	16,822	14,879	3,788
Eolica Sud Srl	72,586	21,412	32,786	46,044	15,168
Eolo 3W Minervino Murge Srl	54,695	11,618	25,900	31,141	9,272
Falck Next Energy Srl	33,784	117,351	(189,525)	61,198	279,462
Falck Next Srl	3,538	1,165	266	302	4,135
Falck Renewables Sicilia Sri	7,389	7,062	8,227	3,005	3,219
Falck Renewables Sviluppo Srl	4,173	2,019	5,120	330	742
Geopower Sardegna Srl	148,196	34,727	43,550	104,742	34,631
Iron SPV Srl	385	166	518		33
NUO Srl	7,143	3,001	3,306	10	6,828
Palermo Energia Ambiente ScpA (in liquid.)	169	163	(2,222)	4,636	(2,082)
Prima Srl	10,848	37,270	36,176	7,164	4,778
SAET SpA	1,745	19,947	2,395	3,937	15,360
Solar Mesagne Srl	4,642	376	2,366	492	2,160
Mexico					
Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable		7	(309)		316
Netherlands					
Falck Renewables Nederland BV	897	319	1,056	34	126
Norway					
Falck Renewables Vind AS	94,295	10,565	91,027	8,165	5,668

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Directly controlled subsidiaries					
Spain					
Desafio Solar S.L.	50,875	6,507	17,619	36,570	3,193
Energia Eolica de Castilla SL	12,389	1,670	6,702	2,196	5,161
Falck Renewables Power 1 Sl	3,275	1,588	4,707		156
Falck Renewables Power 2 Sl	5,149	4,355	9,110		394
Falck Renewables Power 3 Sl	1,016	3,323	4,146		193
Vector Renewables Espana S.L.U	4,462	8,737	2,372	1,529	9,298
Sweden					
Åliden Vind AB	59,931	8,067	53,439	9,708	4,851
Brattmyrliden Vind AB	114,284	6,288	98,943	13,385	8,244
UK					
Falck Renewables Wind Ltd	59,380	60,967	86,057	22,834	11,456
United States					
Falck Renewables North America Inc	90,263	14,164	99,789	2,720	1,918

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Indirectly controlled subsidiaries					
Australia					
Vector Cuatro Australia Pty Ltd	1	66	(814)		881
Chile					
Vector Cuatro Chile SpA		1	(207)		208
Finland					
Green Watt Koiramaki	4,037	285	(10)	4,393	(61)
Green Watt Mustalamminmaki	4,100	272	(11)	4,442	(59)
France					
CEP Tramontane 1, Sas	23,079	1,607	881	9,742	14,063
Eol Team SAS	8,601	2,179	6,466	3,350	964
Esquennois Energie SAS	9,661	1,872	1,763	5,057	4,713
Falck Energies Renouvelables SAS	45,022	1,548	17,911	232	28,427
Ferme Eolienne de Noyales SAS	7,368	2,165	2,167	1,376	5,990
Parc eolien de Mazeray et de Bignay Sas	10,912	571	1,504	1,770	8,209
Parc eolien des Coudrays Sas	7,562	640	1,918	1,265	5,019
Parc Eolien des Crêtes SAS	7,568	1,551	1,392	3,742	3,985
Parc Eolien d'Illois Sarl	10,354	3,366	613	6,392	6,715
Parc eolien de Bois Ballay Sas	10,421	859	2,630	1,605	7,045
Parc Eolien du Fouy SAS	6,939	1,468	1,563	3,949	2,895
SE Ty Ru SAS	10,111	1,403	2,911	5,783	2,820
Vector Renewables France Sarl	78	478	216		340
Italy					
Energy Aggregator Consortium		9,129	8		9,121
Energy Cloud Consortium		4,469	11		4,458
Consorzio Next Energy Aggregator		34	30		4
Elettromeccanica Euganea Srl	174	1,635	32	392	1,385
Platani Energia Ambiente ScpA (in liquidation)	(33,870)	3,540	(28,816)	(13,525)	12,011
Tifeo Energia Ambiente ScpA (in liquidation)	296	3,838	(35,213)	27,293	12,054
Vector Renewables Italia S.r.l.	846	3,220	(448)	1,433	3,081
Japan					
Vector Renewables Japan KK	333	4,225	2,224	(1)	2,335

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Indirectly controlled subsidiaries					
Mexico					
Vector Renewables Mexico SA de CV	67	1,444	(354)	65	1,800
Netherlands					
Waalwijk Wind Energy B.V.	23	187	154		56
Winssen Wind Energy B.V.	81	240	264		57
Poland					
Elektrownie Wiatrowe Bonwind Łyszkowice	97	37	116	17	1
Spain					
Eolica Cabezo San Roque Sau	5,264	5,936	6,806	3,024	1,370
Falck Nuo Spain SL	23	643	324		342
Premier SPV 17 S.L.U.		1,911	1,731		180
PV Diagnosis Fotovoltaica SLU	1	65	62		4
Sweden					
VC Renewables AB	4	393	(117)	(12)	526
UK					
Assel Valley Wind Energy Ltd	47,930	4,946	2,310	48,216	2,350
Auchrobert Wind Energy Ltd	61,592	6,000	2,493	61,749	3,350
Ben Aketil Wind Energy Ltd	18,459	9,251	7,370	9,476	10,864
Boyndie Wind Energy Ltd	8,471	3,064	3,422	3,322	4,791
Cambrian Wind Energy Ltd	18,129	19,590	14,848	8,241	14,630
Earlsburn Mezzanine Ltd	45,849	5,447	31,160	17,808	2,328
Earlsburn Wind Energy Ltd	18,883	11,171	13,877	8,163	8,014
Falck Next Energy UK Ltd					
Falck Renewables Finance Ltd	170	559	449		280
Falck Renewables Offshore HoldCo 1 Ltd					
Falck Renewables Offshore HoldCo 2 Ltd					
FRUK Holdings (No.1) Ltd	18,007	13,582	8,335	14,125	9,129
Kilbraur Wind Energy Ltd	50,861	13,121	18,796	36,946	8,240
Kingsburn Wind Energy Ltd	36,510	5,037	2,705	35,797	3,045
Millennium South Wind Energy Ltd					
Millennium Wind Energy Ltd	52,769	14,729	22,799	35,878	8,821
Mochrum Fell Wind Energy Ltd					
Nutberry Wind Energy Ltd	25,546	7,193	6,270	23,713	2,756
Spaldington Airfield Wind Energy Ltd	27,091	2,502	4,020	17,725	7,848
Vector Renewables UK Ltd	167	1,552	473	65	1,181
West Browncastle Wind Energy Ltd	47,550	7,432	3,278	47,571	4,133

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Indirectly controlled subsidiaries					
United States					
Annapolis Solar Park LLC	28,104	2,178	10,061	18,693	1,528
Building Energy Asset Management LLC		417	231	4	182
Building Energy Development US, LLC					
Building Energy Holding US, LLC	30,747	1,005	28,219	2,991	542
Building Energy Wind Iowa LLC	44,984	2,331	32,755	12,703	1,857
Calypso Solar 1, LLC	793	115	(1,081)	1,844	145
Calypso Solar 3, LLC	9,242	805	1,906	7,034	1,107
EF NY CDG 001 LLC					
EF NY CDG 002 LLC					
EF NY CDG 003 LLC					
EF NY CDG 007 LLC					
EF NY CDG 011 LLC					
Falck Middleton Generation LLC	12,611	7	12,610		8
Falck Middleton LLC	10,913	3	10,916		
Falck Renewables DLP MA LLC	25,314	596	25,911		(1)
Falck Renewables IS 42 LLC	38,479	16	38,498		(3)
Falck Renewables North America Development Services & Construction		378	349		29
Fisher Road Solar I LLC	14,869	351	14,230	974	16
HG Solar Development LLC	13,061	1,196	7,917	5,996	344
Innovative Solar 42 LLC	111,305	2,738	85,893	27,855	295
NC 42 Energy LLC	90,242		90,242		
NC 42 LLC	47,295		47,295		
NC 42 Solar LLC	46,748		46,748		
Novis Renewables Holdings, LLC	108,349	58,047	142,278		24,118
NOV RF Holdings LLC					
NOV RF Lessee LLC	7,959	1,831	(16,369)	24,178	1,981
Nov NY53 Holdings, LLC					
Nov NY53 Lessee, LLC					
NRH Project Holdco, LLC	43,158				43,158
Odyssey Solar 2, LLC	1,956	202	40	1,414	704
SPME Dartmouth Holdings LLC	14,500		14,500		
SPME Holdings 2015 LLC	17,454	13	17,467		
Syncarpha Massachusetts LLC	5,528	134	5,211	447	4
Syncarpha Palmer LLC	13,418	355	11,944	1,821	8
TLS Holdco LLC	27,864	49	27,912		1
Vector Cuatro US LLC		107	(33)		140
Webb PV Holdings, LLC					
Westmoreland Country Solar Project, LLC	35,898	78	31,604	4,162	210
WMC Solar Holdings LLC					

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Associates					
Italy					
Frullo Energia Ambiente Srl	53,490	18,737	49,160	6,736	16,331
Kailia Energia Srl		228	(20)		248
Minervia Vento Srl		294	122		172
Nora Ventu Srl		182	121		61
Odra Energia Srl		233	(16)		249
Tibula Energia Srl		187	152		35
Spain					
Ardemer ITG SLU					
Nuevos Parque Eolicos La Muela AIE	1	153	38		116
Parque Eolico La Carracha Sl	7,584	4,949	6,446	4,332	1,755
Parque Eolico Plana de Jarreta SL	7,497	3,956	4,728	5,159	1,566
UK					
Lyra Offshore Wind Farm, Ltd					
Naturalis Energy Development Ltd	2,810	879	(262)		3,951
Mynydd Fforch Dwm Wind Energy 2021 Limited					
Northern Cross Offshore Wind Farm, Ltd					
Strath Tirry Wind Energy 2021 Limited					
Touch Estate Wind Energy 2021 Limited					
United States					
Novis Renewables Group	5,701	18,578	21,821	193	2,265

9 Supplementary information to the separate financial statements of Falck Renewables SpA

Income Statement

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the period
Directly controlled subsidiaries				
Finland				
Falck Renewables Finland Oy		(657)	(604)	(483)
Italy				
Actelios Solar SpA	8,361	5,939	4,585	3,250
Ambiente 2000 Srl	8,981	(150)	(154)	(124)
Big Fish Spv Srl		(41)	(41)	(31)
Ecosesto SpA	24,039	(2,669)	(2,833)	(2,072)
Elettroambiente SpA (in liquidation)		(439)	(438)	(398)
Energy Team SpA	14,422	2,655	2,634	1,909
Eolica Petralia Srl	8,660	5,936	4,895	3,534
Eolica Sud Srl	30,472	17,396	13,781	9,329
Eolo 3W Minervino Murge Srl	15,873	10,467	8,794	6,207
Falck Next Energy Srl	237,064	(189,784)	(191,644)	(146,157)
Falck Next Srl	444	(727)	(775)	(620)
Falck Renewables Sicilia Sri		(522)	(543)	(488)
Falck Renewables Sviluppo Srl	670	(1,203)	(1,217)	(934)
Geopower Sardegna Srl	57,625	42,475	35,575	26,030
Iron Spv Srl		(34)	(34)	(26)
NUO Srl	977	(1,199)	(1,260)	(974)
Palermo Energia Ambiente ScpA (in liquid.)		(62)	(123)	(101)
Prima Srl	25,955	2,872	2,846	2,165
SAET SpA	12,183	336	293	173
Solar Mesagne Srl	1,155	571	520	377
Mexico				
Falck Renewables Mexico, Sociedada de Responsabilidad Limitada de Capital Variable		(297)	(298)	(298)
Norway				
Falck Renewables Vind AS	5,100	49	17	37
Netherlands				
Falck Renewables Nederland BV		(402)	(498)	(43)
Spain				
Desafio Solar S.L.	6,864	5,050	4,567	3,409
Energia Eolica de Castilla SL	1,343	283	249	194
Falck Renewables Power 1 Sl		(305)	(319)	(319)
Falck Renewables Power 2 Sl		(216)	(224)	(224)
Falck Renewables Power 3 Sl		(129)	(129)	(129)
Vector Renewables Espana S.L.U	8,459	(726)	(572)	(395)

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the period
Directly controlled subsidiaries				
Sweden				
Aliden Vind AB	4,492	(921)	(1,029)	(817)
Brattmyrliden Vind AB	4,046	(1,687)	(2,046)	(1,625)
UK				
Falck Renewables Wind Ltd	10,495	8,377	54,501	52,831
United States				
Falck Renewables North America Inc		(1,128)	244	488

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the period
Indirectly controlled subsidiaries				
Australia				
Vector Cuatro Australia Pty Ltd	90	(281)	(285)	(285)
Chile				
Vector Cuatro Chile SpA		(7)	(24)	(24)
Finland				
Green Watt Koiramaki		(19)	(33)	(28)
Green Watt Mustalamminmaki		(19)	(32)	(28)
France				
CEP Tramontane 1, Sas		(22)	(405)	(298)
Eol Team SAS	2,812	1,405	1,420	1,037
Esquennois Energie SAS	2,054	841	436	327
Falck Energies Renouvelables SAS	10	(1,342)	608	1,041
Ferme Eolienne de Noyales SAS	2,168	918	732	547
Parc eolien de Mazeray et de Bignay Sas	1,977	957	640	470
Parc eolien des Coudrays Sas	1,554	706	488	358
Parc Eolien des Crêtes SAS	1,787	966	644	483
Parc Eolien d’Illois Sarl		(36)	(90)	(67)
Parc eolien de Bois Ballay Sas	2,086	930	641	470
Parc Eolien du Fouy SAS	1,765	822	529	396
SE Ty Ru SAS	1,801	667	436	355
Vector Renewables France Sarl	707	(84)	(92)	(92)
Italy				
Energy Aggregator Consortium	13,486	32	6	
Energy Cloud Consortium	7,599	45	6	
Consorzio Next Energy Aggregator				
Elettromeccanica Euganea Srl	1,160	19	7	(3)
Platani Energia Ambiente ScpA (in liquidation)		(55)	(56)	(35)
Tifeo Energia Ambiente ScpA (in liquidation)		(581)	(582)	(548)
Vector Renewables Italia S.r.l.	4,867	(501)	(532)	(437)
Japan				
Vector Renewables Japan KK	5,250	968	961	580

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the period
Indirectly controlled subsidiaries				
Mexico				
Vector Renewables Mexico SA de CV	1,912	346	362	362
Netherlands				
Waalwijk Wind Energy B.V.		(88)	(88)	(65)
Winssen Wind Energy B.V.		(43)	(42)	(31)
Poland				
Elektrownie Wiatrowe Bonwind Łyszkowice Sp.Z.o.o.		(21)	(203)	(203)
Spain				
Eolica Cabezo San Roque Sau	4,260	2,868	2,819	1,866
Falck Nuo Spain SL	1,153	419	417	311
Premier SPV 17 S.L.U.		(40)	(183)	(183)
PV Diagnosis Fotovoltaica SLU				
Sweden				
VC Renewables AB	42	(103)	(124)	(124)
UK				
Assel Valley Wind Energy Ltd	7,655	3,312	1,672	265
Auchrobert Wind Energy Ltd	8,992	3,154	1,270	(255)
Ben Aketil Wind Energy Ltd	12,932	9,963	9,452	7,106
Boyndie Wind Energy Ltd	6,077	3,947	3,892	2,930
Cambrian Wind Energy Ltd	27,500	9,452	9,341	7,447
Earlsburn Mezzanine Ltd		(32)	3,554	3,630
Earlsburn Wind Energy Ltd	16,040	11,673	10,569	7,916
Falck Next Energy UK Ltd				
Falck Renewables Finance Ltd		(31)	(31)	(25)
Falck Renewables Offshore HoldCo 1 Ltd				
Falck Renewables Offshore HoldCo 2 Ltd				
FRUK Holdings (No.1) Ltd		(31)	6,776	6,955
Kilbraur Wind Energy Ltd	24,527	13,929	12,861	8,572
Kingsburn Wind Energy Ltd	6,727	2,671	1,616	393
Millennium South Wind Energy Ltd				
Millennium Fell Wind Energy Ltd	22,716	12,351	11,151	7,295
Mochrum Fell Wind Energy Ltd				
Nutberry Wind Energy Ltd	8,578	5,284	4,523	2,992
Spaldington Airfield Wind Energy Ltd	2,464	320	(518)	(1,039)
Vector Renewables UK Ltd	1,310	(17)	(10)	(4)
West Browncastle Wind Energy Ltd	10,687	5,816	4,215	2,206

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the period
Indirectly controlled subsidiaries				
United States				
Annapolis Solar Park LLC	3,085	1,649	924	924
Building Energy Asset Management LLC	250	92	89	89
Building Energy Development US, LLC				
Building Energy Holding US, LLC	109	(239)	1,381	1,379
Building Energy Wind Iowa LLC	4,759	2,092	1,625	1,625
Calypso Solar 1, LLC	162	57	26	26
Calypso Solar 3, LLC	765	316	84	84
EF NY CDG 001 LLC				
EF NY CDG 002 LLC				
EF NY CDG 003 LLC				
EF NY CDG 007 LLC				
EF NY CDG 011 LLC				
Falck Middleton Generation LLC		(18)	(19)	(19)
Falck Middleton LLC			604	604
Falck Renewables DLP MA LLC		(4)	2,295	2,295
Falck Renewables IS 42 LLC			14	14
Falck Renewables North America Development Services & Construction Management LLC	86	335	334	334
Fisher Road Solar I LLC	1,336	408	408	408
HG Solar Development LLC	1,560	1,066	957	957
Innovative Solar 42 LLC	6,840	2,352	948	948
NC 42 Energy LLC				
NC 42 LLC				
NC 42 Solar LLC				
Novis Renewables Holdings, LLC	5,734	(922)	688	688
NOV RF Holdings LLC				
NOV RF Lessee LLC	450	431	361	361
Nov NY53 Holdings, LLC				
Nov NY53 Lessee, LLC				
NRH Project Holdco, LLC				
Odyssey Solar 2, LLC	282	48	(54)	(54)
SPME Dartmouth Holdings LLC		437	437	437
SPME Holdings 2015 LLC		714	714	714
Syncarpha Massachusetts LLC	558	257	257	257
Syncarpha Palmer LLC	1,259	425	425	425
TLS Holdco LLC		(10)	730	730
Vector Cuatro US LLC	81	4	26	14
Webb PV Holdings, LLCC				
Westmoreland Country Solar Project, LLC	66	(251)	(274)	(274)
WMC Solar Holdings LLC				

9 Supplementary information to the separate financial statements of Falck Renewables SpA

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the period
Associates				
Italy				
Frullo Energia Ambiente Srl	29,712	9,293	9,278	7,381
Kailia Energia Srl		(280)	(280)	(280)
Minervia Vento Srl		(138)	(138)	(138)
Nora Ventu Srl		(138)	(138)	(138)
Odra Energia Srl		(276)	(276)	(276)
Tibula Energia Srl		(108)	(108)	(108)
Spain				
Ardemer ITG SLU				
Nuevos Parque Eolicos La Muela AIE	427			
Parque Eolico La Carracha Sl	8,483	5,318	4,956	3,966
Parque Eolico Plana de Jarreta SL	8,038	4,936	4,577	3,714
UK				
Lyra Offshore Wind Farm, Ltd				
Naturalis Energy Development Ltd		(1,144)	(1,211)	(959)
Mynydd Fforch Dwm Wind Energy 2021				
Northern Cross Offshore Wind Farm, Ltd				
Strath Tirry Wind Energy 2021 Limited				
Touch Estate Wind Energy 2021 Limited				
United States				
Novis Renewables Group	3,212	(6,279)	(6,292)	(6,292)

10. Certification of the consolidated financial reports as per art. 81-ter of Consob Regulation no. 11971 dated 14 May 1999 as integrated

Certification of the consolidated financial statements

as per art. 81-ter of the Consob Regulation no. 11971 of 14 May 1999

et seq.

The undersigned Toni Volpe as Chief Executive Officer and Paolo Rundeddu as Manager assigned to prepare the accounting documents of Falck Renewables SpA hereby certify, taking into account the requirements of art. 154-bis, paragraphs 3 and 4 of the Italian Legislative Decree no. 58 of 24 February 1998:

- their adequacy in relation to the characteristics of the company and
- effective application

of administrative and accounting procedures for the preparation of the 2021 consolidated financial statements.

We further certify that:

1. the consolidated financial statements:
   a) have been prepared in accordance with applicable international accounting principles, recognised by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) are consistent with the data in the accounting records and other corporate documents;
   c) provide a true and fair presentation of the balance sheet, income statement and financial position of the issuer and of all of the companies included in the scope of consolidation;

2. the directors' report includes a reliable analysis of the Group performance and results of operations and financial position of the issuer and of all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed (1).

The Chief Executive Officer	Manager assigned to prepare the accounting documents
....	....
Toni Volpe	Paolo Rundeddu

Milan, 10 March 2022

(1) Pursuant to art. 154-bis paragraph 5 letter e) of Legislative Decree 58/1998 (Consolidated Finance Act).

Certification of the financial statements

as per art. 81-ter of the Consob Regulation no. 11971 of 14 May 1999

et seqq.

The undersigned Toni Volpe as Chief Executive Officer and Paolo Rundeddu as Manager assigned to prepare the accounting documents of Falck Renewables SpA hereby certify, taking into account the requirements of art. 154-bis, paragraphs 3 and 4 of the Italian Legislative Decree no. 58 of 24 February 1998:

- their adequacy in relation to the characteristics of the company and
- effective application

of administrative and accounting procedures for the preparation of the 2021 consolidated financial statements.

We further certify that:

1. the separate financial statements:
   a) have been prepared in accordance with applicable international accounting principles, recognised by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) are consistent with the data in the accounting records and other corporate documents;
   c) provide a true and fair presentation of the balance sheet, income statement and financial position of the issuer.

2. the Directors' report includes a reliable analysis of the performance and results of operations and the financial position of the issuer, together with a description of the main risks and uncertainties to which it is exposed(1).

The Chief Executive Officer	Manager assigned to prepare the accounting documents
Toni Volpe	Paolo Rundeddu

Milan, 10 March 2022

(1) Pursuant to art. 154-bis paragraph 5 letter e) of Legislative Decree 58/1998 (Consolidated Finance Act).

11. Report by the Board of Statutory Auditors to the Shareholders' Meeting

Report of the Board of Statutory Auditors to the Shareholders' Assembly of Falck Renewables S.p.A. of 28 April 2022 pursuant to Article 153 of Legislative Decree no. 58/1998 and Article 2429, paragraph 2, of the Italian Civil Code

Dear Shareholders,

the Board of Statutory Auditors (hereinafter also referred to as the "Board") is required to report to the Shareholders' Assembly of Falck Renewables S.p.A. (hereinafter also referred to as "FKR" or the "Company"), called to approve the financial statements for the year ended 31 December 2021, on the supervisory activities carried out during the year and other activities required by law, including in its capacity as the Internal Control and Audit Committee, pursuant to article 153 of Legislative Decree no. 58/98 ["TUF"] and articles 2429 et seq. of the Italian Civil Code, as well as pursuant to articles 17, 19 of Legislative Decree no. 39/2010 and articles 4, 5, 6, 11, 16, 17 of EU Regulation no. 537/2014.

The supervisory activities required by law were also carried out in accordance with the indications provided by Consob, the provisions of the New Corporate Governance Code for the Listed Companies, to which the Company adhered, and the Rules of Conduct provided by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Chartered Accountants, "CNDCEC"). With reference to the provisions of Legislative Decree no. 39/2010, with particular regard to article 19, the Board also acted as the Internal Control and Audit Committee ("CCIRC").

The draft financial statements as at 31 December 2021, which are submitted for your approval, are accompanied by the Directors' Report on Operations.

<u>Appointment and activities of the Board of Statutory Auditors</u>

The Board of Statutory Auditors in office at the time of drafting this report is composed of Mr. Dario Righetti, as Chairman, as well as of the Standing Auditors Ms. Giovanna Conca and Ms. Patrizia Paleologo Oriundi, appointed by the Shareholders' Meeting held on 7 May 2020 and in office until the Shareholders' Meeting for the approval of the financial statements as of 31 December 2022.

For the 2021 financial year, the Board verified that its members met the independence requirements and that there were no grounds for their ineligibility or disqualification pursuant to articles 2399 of the Italian Civil Code and 148, paragraph 3, of the Consolidated Law on Finance and the New Corporate Governance Code, and verified that they complied with the limits on the accumulation of offices provided for in article 144-*terdecies* of the Issuers' Regulations. The Board also conducted a self-assessment of its members, and verified the adequacy of its composition in terms of the requirements of professionalism, competence, and integrity, as well as the availability of time and resources suitable for the complexity of the role. The results of this self-assessment process were included a Report submitted to the Board of Directors, which took note of it at the meeting held on 23 September 2021.

The self-assessment process, the conclusions of which are contained in the aforementioned Report, was the subject of a new Report issued on 28 February 2022, which was submitted to the Company.

The activities of the Board during the 2021 financial year were carried out through regular meetings, the results of which were duly recorded in the minutes.

The Board actively participated in all the meetings organised by the Company as part of the induction programme proposed to the Corporate Bodies and in the strategic sessions organised with the help of the Company's management, in compliance with the New Corporate Governance Code, in order to increase the skills and knowledge of the *business* sectors in which the Company operates. Individual members also took part in training sessions organised by trade associations and/or professional associations on issues relating to the role and responsibilities of the board, as well as issues relating to corporate governance, internal control and risk management systems, and regulations on remuneration and related party transactions.

The work carried out by the Board in the various areas of supervision has been described below.

<u>Supervisory activities</u>

With regard to the methods according to which this institutional activity was conducted, during the course of 2021 the Board:

- held 8 board meetings, attended the 2 shareholders' assemblies held on 29 April and 14 December 2021, attended, with limited excused absences on the part of some of its members, the 14 meetings of the Board of Directors, the 12 meetings of the Risk Control Committee, the 11 meetings of the Remuneration Committee, and the 4 meetings of the *Sustainability Strategy Committee*, and obtained from the Directors timely and appropriate information on the activities carried out, in accordance with regulatory and statutory provisions;

- acquired the appropriate elements of knowledge in order to carry out the envisaged activity on the degree of adequacy of the Company's organisational structure and compliance with the principles of proper administration and risk control through direct investigations, collection of information from the heads of the functions concerned, exchanges of data and information with the auditing company PriceWaterhouseCoopers S.p.A. (hereinafter also referred to as "PwC") and with the subsidiaries' Boards of Statutory Auditors;
- supervised the functioning of the internal control and administrative-accounting systems, in order to assess their adequacy for management needs as well as the reliability of the latter in representing management events, through direct investigations of company documents, obtaining information from the heads of the respective departments, and analysing the results of the work carried out by the auditing company;
- was asked to issue opinions, always in the affirmative, on the following matters:
- approval of the Internal Audit Activity Plan for the 2021 financial year, with the corresponding budget;
- adequacy evaluation of: (i) the organisational, administrative and accounting structure of the Company pursuant to article 2381, paragraph 3, of the Italian Civil Code and article 1, paragraph1, letter c) of the New Corporate Governance Code for the listed companies; (ii) the powers and means available to the Manager assigned to prepare the accounting documents for the Company in order to exercise of the tasks assigned to them by law, pursuant to article 154-bis, paragraph 4, of the Consolidated Law on Finance; and (iii) the

internal control and risk management system in relation to the characteristics of the Company and the risk profile assumed, as well as its effectiveness pursuant to and for the purposes of the recommendations of article 7, paragraph 1, lett. b) and lett. e) of the New Corporate Governance Code for the listed companies;

- Extraordinary management incentive. Following the aforementioned *change of control* transaction, which entailed the creation of value for the shareholders and the opportunity for FKR to benefit from the support of an important new shareholder capable of helping it achieve its long-term goals, the need arose to establish an Incentive Plan for the management, in order to better focus their activities on the achievement of these goals. In this regard, the Board attended various meetings with the Remuneration Committee, the Control and Risks Committee, and the Board of Directors, during which, among other things, an analysis of the remuneration Benchmark was examined considering the hypothesis of extraordinary transactions similar to the one in question.
The above resulted in a change to the remuneration policy, previously approved by the Shareholders' Assembly of 29 April 2021, and approved by the Shareholders' Assembly of 14 December 2021. After having examined both the process and the supporting documentation, and having reached the same conclusions as the aforementioned Committees, the Board considered that the changes made were consistent with the corporate values, strategies and objectives, and did not constitute a violation of any applicable regulations or an excessive risk exposure for the Group.
- other opinions required by the current legislation, namely those concerning the remuneration of the Directors and Managers with Strategic Responsibilities (hereinafter also "DSRs"), as will be described below.

During the course of the supervisory activities carried out as described above throughout the 2021 financial year, and up to the date of this Report, no significant events occurred that would require reporting to the competent authorities. On the basis of what has emerged from the direct interventions and the information obtained, the choices made by the Directors appeared to comply with the law and the articles of association, with the principles of correct administration, consistent and compatible with the company's size and assets and in line with the Company's interests.

It should be noted that the considerable uncertainty associated with the continuation of COVID-19 pandemic remained throughout 2021. The government guidance and provisions imposed particularly stringent measures to limit the spread of the pandemic across the country, such as total or partial *lockdown situations*. While complying with special regulations, the Company's activities did not stop and continued, where possible, "remotely", as indicated in the Report on *Operations.*

The activities of the Board also continued in this way, with data and information being acquired electronically and its meetings being conducted by video/audio conference.

Considering the degree of reliability that the Company has demonstrated during the financial year, with regard to ensuring that meetings are conducted correctly and that information flows are adequately transmitted, the Board believes that the use of these methods has not diminished or affected the degree of reliability of the information received and the effectiveness of its activities.

* * *

As a further supplement to the supervisory activity carried out during the 2021 financial year and up until the date of this Report, the specific indications to be provided with this Report are listed below, in the order set out in Consob Communication no. DEM 1025564 of 6 April 2001.

Transactions of particular importance and significant events occurring during the year - transactions with related parties

The Board acquired adequate information and conducted in-depth analyses of the most important economic, financial and asset operations carried out by the Company and its subsidiaries, which have been fully reported in the Report on Operations, to which reference should be made. In particular:

a) On 20 October 2021, it was announced that Infrastructure Investments Fund ("IIF"), an investment vehicle for which J.P. Morgan Investment Management Inc. is an advisor, reached an agreement for the purchase of the entire stake held by Falck SpA, representing approximately 60% of the capital of FKR, at a price of € 8.81 per share. This transaction was concluded on 24 February 2022 through Green BidCo S.p.A, the purchasing company designated by IIF, and will be followed up with a mandatory Takeover Bid on the remaining share capital, at the same price. The security will be consequently delisted upon the completion of the transaction. On 7 March 2022, Green BidCo S.p.A. completed the purchase of nominal 165,200,000.00 convertible bonds, and exercised its conversion right.

b) In accordance with article 2497-bis of the Italian Civil Code, during the course of the 2021 financial year and up until the date of 24 February 2022, FKR was subject to the direction and coordination of its parent company Falck S.p.A., which issued unitary guidelines for strategic purposes, without prejudice to the autonomy and independence of the Company and its governing bodies. The effects on the financial statements of the transactions entered into with Falck S.p.A. are detailed in the Report on Operations. Overall, transactions with the parent company resulted in a loss for the year of approximately € 961 thousand largely due to charges relating to the use of the Falck trademark, as described in detail in paragraph 5.3.8 of the Report on Operations. At the present time, despite being legally controlled by Green BidCo S.p.A., FKR is not subject to management and coordination by the latter, as specified by the directors in the Corporate Governance Report.

c) FKR, in turn, continues to carry out Direction and Coordination activities in relation to its subsidiaries.

d) Since 2010, the Company's Board of Directors has adopted the Procedure for transactions with related parties, drawn up pursuant to article 2391-bis of the Italian Civil Code and based on the provisions of Consob resolution no. 17221 of 12 March 2010 and subsequent additions and clarifications. The procedure was updated on 23 June 2021 to incorporate the changes made to the issuers regulation and the market regulation implementing EU Directive 2017/828. The Board of Directors has identified the Risk Control Committee (RCC) as the committee responsible for expressing opinions on related party transactions.

e) The 2021 results were presented to the financial community on 10 March 2022, following approval by the Board of Directors on 10 March 2022.

f) War between Russia and Ukraine as of 24 February 2022. The Group is constantly monitoring the developments in the conflict, and has launched *risk assessment* activities at all of its facilities with the aim of analysing any direct and indirect impacts that the Russia/Ukraine conflict is having or could have in 2022 and in the future on the markets and *business* areas in which the Group operates, even with regard to the management of the restrictions imposed upon relations with companies and persons indicated on the sanctions lists issued by numerous countries and international institutions, in order to avoid committing any violations. As of the date of this Report, the Group has not detected any direct exposure with respect to this latter point.

   However, the Group could potentially be subject to various types of risks, mainly associated with counterparties particularly exposed to the Russian market, who could suffer on a financial, logistical, and production level. Among other things, the main risk trends currently identified include the following: (i) risks associated with potential *shortages* in the supply chains of raw materials for which Russia and Ukraine are among the world's main producers (e.g. Natural gas, oil, grains, steel, etc.); (ii) significantly increased volatility on the *commodities* market (energy and non-energy), with repercussions on inflationary trends; (iii) increased cyber attacks, or a general decrease in personal safety. The Group is also considering the potential short-term opportunities, such as the increase in the price of energy, as well as the medium-long term opportunities associated with a possible boost in the renewable energy sector in order to achieve the 2030 decarbonisation goals and to address the need for all EU countries to reduce their dependence on Russian gas.

<u>Atypical and unusual transactions</u>

The Board has not been informed of any atypical and/or unusual transactions carried out during the year, including intra-group transactions and transactions with related parties.

Ordinary transactions of a financial and commercial nature, carried out within the Group with subsidiaries and affiliated companies, are indicated in the Report on Operations and in the Notes to the statutory and consolidated financial statements. In particular, they concerned certain specific activities such as treasury management, the provision of loans and guarantees, the provision of professional and other services, as well as the management of common services, and were all regulated at market conditions on the basis of contractual agreements.

The information acquired has enabled the Board to ascertain that the aforementioned transactions comply with the law and the Articles of Association, and that they are in the interests of the Company and the Group.

As a whole, the information provided by the Directors in their Report on Operations pursuant to article 2428 of the Italian Civil Code on all the transactions referred to in point 1 above can be considered adequate to provide the required information.

As part of its supervisory activities, the Board found no omissions on the part of the Directors or reprehensible facts during the 2021 financial years and up until the date of this Report, so there are no irregularities pursuant to article 149, paragraph 3, of the Consolidated Law on Finance.

During the year and up to the date of this report, the Board has not received any complaints pursuant to article 2408 of the Italian Civil Code, nor has it received any reports.

Remuneration policies for directors and managers with strategic responsibilities

We have verified, to the extent of our responsibility, that the Remuneration Committee carried out its activities in 2021 in compliance with the applicable laws and regulations in force. During the course of the meetings held, it prepared proposals on the issues for which it is responsible, including, by way of example: the remuneration package for the Chief Executive Officer and the Executives with Strategic Responsibilities; the Group's remuneration and incentive strategy; the short- and long-term monetary and financial instrument-based corporate incentive systems; the *talent review and succession planning* activities for key Group roles; the implications of the regulatory changes on matters of its competence for FKR. The Committee carried out the preliminary activities necessary to submit the aforementioned proposals to the Board of Directors for assessment and approval.

In particular, the Board verified the adequacy of the merit-based and procedural indications adopted by the Remuneration Committee for the establishment and implementation of the medium/long-term remuneration policies, and expressed a favourable opinion on the annual and three-year monetary incentive policies with regard to the Administrative Body, the Executive Directors, and the Top Management for the 2021 financial year.

The Group's remuneration policies in force for the year 2022 were approved by the Board of Directors at the meeting held on 10 March 2022, once again having received the opinions of the Remuneration Committee and the Board of Statutory Auditors, and are laid out in the Report on the Remuneration Policy and the Remuneration Paid out, drawn up pursuant to article 123-ter of the Consolidated Finance Law (TUF).

The Group's remuneration policies in force for the Chief Executive Officer for the year 2022 were approved by the Board of Directors at the meeting held on 10 March 2022, once again having received the opinions of the Remuneration Committee and the Board of Statutory Auditors, and are laid out in the Report on the Remuneration Policy and the Remuneration Paid out, drawn up pursuant to article 123-ter of the Consolidated Finance Law (TUF) and available on the Website.

In keeping with the recommendations of the Corporate Governance Code, the Company has decided to adopt a Remuneration Policy that promotes sustainable corporate success, even through the identification of non-financial parameters to which the Management's remuneration is bound.

With regard to the changes introduced by Legislative Decree no. 49/2019, which transposes the provisions of EU Directive 2017/828 (the so-called "Shareholders' Rights Directive II"), and namely the amendments introduced concerning the directors' remuneration (amendments to art. 84 quater and Annex 3, scheme 7bis, of the Issuers' Regulation), the Company has continued to analyse the impacts on the 2022 remuneration policies as well.

After receiving favourable opinions from the Remuneration Committee, which met on 4 March 2022, and the Board of Statutory Auditors, on 10 March 2022 the Board of Directors approved the 2022 Report on the Remuneration Policy and on the Compensation Paid out, drawn up pursuant to the new art. 123 ter of the Consolidated Finance Law (TUF). In compliance with EU Directive 2017/828, the Shareholders' Assembly will express its opinion with a binding vote on Section I of the document, which describes the 2022 remuneration and incentive policy, and with an advisory vote on Section II, which contains the remuneration paid out in 2021 to the members of the administrative and control bodies and to the Group executives with strategic responsibilities.

Supervision of the adequacy of the internal control system

The Board has no particular observations to make on compliance with the principles of proper administration, which appear to have been consistently observed.

The Board has constantly updated its knowledge and supervised the adequacy of the Company's organisational structure, by checking the company organisation charts and collecting information from the relevant structures, and by meetings with the heads of internal control and external audit. The organisational structure, divided into departments and functions, currently appears to be consistent with the Group's size and operational needs.

With regard to the adequacy of the Internal Control System, the Board participated in the activities of the Risk Control Committee (RCC), in which the head of the Internal Audit function and the Risk Manager intervene, where appropriate; it periodically received written reports from the head of the Internal Audit function on the controls carried out; it analysed and shared the work plan of the independent auditors; it received information from the Manager responsible for preparing the financial reports and from the independent auditors on the accounting standards used and the outcome of the audit activities. The Board also supervised compliance with the provisions established by Legislative Decree no. 254/2016 and examined the Consolidated Declaration of a non-financial nature as of 31 December 2021, ascertaining its compliance with the provisions governing its preparation pursuant to the aforementioned decree. In accordance with article 3, paragraph 7, of Legislative Decree no. 254/2016, the Board monitored compliance with the provisions contained on the subject of non-financial statements and, in this regard, notes that the Company has fulfilled its legal obligations for the purpose of preparing the Sustainability Report, in accordance with articles 3 and 4 of the aforementioned Decree, as well as article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018, and prepared in accordance with the principles and methodologies set out in the GRI cores selected by the Company and the Taxonomy indicated in the EU Regulation (art.8). The Sustainability Report and Consolidated Non-Financial Statement for 2021, approved by the Board of Directors on 10 March 2022, were accompanied by the limited audit report issued by PwC today.

The Board analysed the report by the Head of Internal Audit to the Risk Control Committee on the suitability of the internal control and risk management system for the year 2021.

FKR adopted the Organisation and Management Model required by Legislative Decree no. 231/2001, aimed at preventing the possibility of committing the relevant offences set out in the decree and therefore the administrative liability of the Company. As the body responsible for the implementation of the 231/01 Model of the Company, with autonomous supervisory, control and initiative tasks, a collegial Supervisory Board (SB) has been set up, currently composed of two external members, Giovanni Maria Garegnani, Chairman, and Luca Troyer, and Siro Tasca, Head of the Company's Internal Audit function.

Examination of the periodic reports drawn up by the SB did not reveal any reports or non-compliance with the application of the Model.

Supervision of the administrative, accounting, and financial reporting process

The Board has no particular observations to make on the adequacy of the administrative and accounting system and its reliability in providing a fair view of operations. In accordance with Law 262/2005 (the Savings Law), a Manager assigned to prepare the accounting documents has been appointed, at the proposal of the Internal Control Committee and with the favourable opinion of the Board. A group manual has also been adopted, as well as administrative and accounting protocols and procedures concerning the periodic closing of accounts, the preparation of financial statements and *reporting packages* by subsidiaries.

The Company maintains close control over its subsidiaries in order to be able to fulfil its reporting obligations from time to time.

An adequate reciprocal flow of information between the parent company and the subsidiaries (also for the purposes of the communications required by article 114.2 of the Consolidated Law on Finance) is ensured by the instructions issued to the subsidiaries by the Company's management. The co-ordination of Group companies is also ensured by the presence, in the corporate bodies of the main subsidiaries, of directors and members of the top management of the parent company itself.

The Manager Responsible carries out an assessment of the internal administrative-accounting control system using the testing activity carried out independently by an external company. Pursuant to Law 262/2005, the Company carried out tests to verify the accounting and administrative closing procedures in general, aimed at confirming the correctness of the accounting data included in the financial statements and in the documents and prospectuses.

The Board has no comments to make on the exchange of information with the members of the Boards of Statutory Auditors of the subsidiaries.

The periodic meetings held by the Board with the Auditing Company pursuant to article 150.2 of Italian Legislative Decree 58/98 did not reveal any major issues to report.

Governance

The Company adhered to the New Corporate Governance Code of the Committee for *Corporate Governance* of Listed Companies of Borsa Italiana.

The Board notes that a specific chapter in the Report on Operations is dedicated to the Annual Report on Corporate Governance and Ownership Structures, drawn up pursuant to article 123 bis of the Consolidated Law on Finance, to which reference should be made.

The company in charge of the legal audit of the accounts certifies in its report that the information set forth in article 123 bis, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of the Consolidated Law on Finance is consistent with legal requirements.

Lastly, the Board reports that the Board of Directors' meeting of 1 March 2022 acknowledged that it had carried out, with a positive outcome, the periodic assessment of the existence of the independence requirements of its non-executive members in compliance with the provisions of article 3, paragraph 1, of the

New Corporate Governance Code and the assessment criteria indicated therein; the Board has verified the correct application of the criteria and procedures for ascertaining the independence requirements adopted by the Board of Directors and has no observations to make in this respect.

As illustrated above, the Board also verified the compliance of its members with the independence requirements pursuant to point 10, paragraph 2 of the Borsa Italiana New Corporate Governance Code itself.

Following the change of control transaction, on 24 February 2022 Enrico Falck, the Executive Chairman of the Company's Board of Directors and a member of the Sustainable Strategy Committee, resigned from his position on the Board of Directors, as did the non-executive and non-independent directors Federico Falck, Filippo Marchi and Guido Corbetta. On the same date, the following new directors were appointed to replace them by co-optation: Olov Mikael Kramer, designated Executive Chairman, John Hoskins Foster, Vice Chairman, and Mark Alan Walters and Sneha Sinha.

Supervision of the tasks assigned to the Board of Statutory Auditors in its capacity as "Internal Control and Audit Committee"

In relation to the appointment for the statutory audit, the Board, in its previous composition, had drawn up on 6 March 2019 a reasoned proposal for the appointment of the statutory audit pursuant to article 13 of Legislative Decree no. 39/2010. At the Shareholders' Assembly of 15 April 2019, the Shareholders resolved to appoint PwC as the independent auditors for the period 2020 - 2028.

During the year no critical issues arose in relation to the independence of the independent auditors, taking into account the regulatory and professional requirements governing auditing activities, and the independent auditors informed the Board that, based on the best available information, they maintained their independence and objectivity in relation to FKR during the reporting period and that no changes occurred in relation to the absence of any of the grounds for incompatibility pursuant to article 160 of the Consolidated Law on Finance and Chapter I-bis of Title IV of the Issuers' Regulations.

The independent auditors confirmed on 30 March 2022 that they meet the independence requirement pursuant to paragraph 17(a) of Auditing Standard ISA Italia 260.

The following overview, prepared pursuant to article 149-duodecies of the Consob Issuers' Regulations (resolution no. 11971 of 14 May 1999 and subsequent amendments and additions), shows the fees for 2021 for audit and other services as follows:

(€ thousands)	Audit of financial statements	Other businesses
Other businesses	387	60
WtE, biomass and solar sectors	457	12

Wind sector	670	20
Energy Management sector	25	1
Services sector	76	4
Total	1,615	97

The Parent Company's fees amount to € 447 thousand, of which € 60 thousand for other activities. It should be noted that most of the companies consolidated on a line-by-line basis were audited by PwC. Other activities mainly relate to covenant audit activities, non-financial statement audit activities and accounting unbundling activities.

With regard to non-audit engagements carried out by PwC and by other entities of the same network and received by Group companies, the Auditing Company certifies in its audit reports that no engagements prohibited by the regulations were carried out.

On 30 March 2022, the Independent Auditors issued their audit reports in accordance with articles 14 and 16 of Legislative Decree no. 39/2010 on the financial statements and the consolidated financial statements as at 31 December 2021. In these reports, the Independent Auditors certify that the separate and consolidated financial statements for the year ended 31 December 2021 comply with the rules governing the criteria for their preparation, that they have been clearly prepared and give a true and fair view of the financial position and results of operations of Falck Renewables S.p.A. and that the directors' report is consistent with them and complies with legal requirements; the independent auditors' reports do not reveal any significant errors in the Report on Operations.

In the Audit Report on the consolidated financial statements, the Independent Auditors state that they have verified that the Company's directors have approved the Consolidated Non-Financial Statement for the year 2021, which was prepared and published in accordance with Legislative Decree no. 254/2016.

The independent auditors also issued, pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of Consob Regulation Resolution no. 20267/2018, the "Report of the independent auditors on the Consolidated Non-Financial Statement". In that Report, the Independent Auditors stated that, based on the work performed, nothing has come to their attention that would lead them to believe that the Consolidated Non-Financial Statement for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of Legislative Decree no. 254/2016 and the GRI standards indicated in the paragraph "Methodological note" of the Consolidated Non-Financial Statement.

On the same date, the Auditing Company issued the "Additional Report for the Internal Control and Audit Committee" (in this case the Board of Auditors). The Board of Auditors forwarded the aforementioned additional report to the Chairman of the Board of Directors on 30 March 2022, with a request to circulate its contents to the members of the Board.

In particular, with regard to the identification of the Key Aspects, the Board was able to ascertain that they regard (i) the valuation of the equity investments and (ii) the change of control and, for the consolidated financial statements, (i) the valuation of the goodwill and other intangible and tangible fixed assets, (ii) the acquisitions, (iii) the change of control and (iv) the management of the price risk of commodities and derivatives operations.

In this regard, the Board has taken note of the indicated audit procedures, and has agreed upon the measures to mitigate any associated risks.

In 2021, the Board of Statutory Auditors expressed a favourable opinion on the approval of the fees to be paid to PwC for the limited review of the above-mentioned DNF.

Also in relation to the Auditing Company's independence checks, the Board, in its capacity as Audit Committee pursuant to article 19 of Legislative Decree no. 39/2010, verified that, during the 2021 financial year, the total fees for audit-related services rendered by PwC and the entities in its network in favour of the Company and its subsidiaries complied with the limits set out in article 4, paragraph 2, of EU Regulation 537/2014. To this end, the nature of the appointments was assessed in light of the criteria laid down by the regulations on prohibited services under article 5 of the Regulation, noting that the Audit Company did not perform any services other than auditing which are prohibited under it.

<u>Annual and Consolidated Financial Statements</u>

With specific reference to the financial statements for the year ended 31 December 2021, the Board confirms that the relevant file was delivered in time for it to be deposited at the Company's registered office together with this Report.

The Board then examined the draft financial statements for the year ended 31 December 2021 and reviewed the consolidated financial statements as of the same date. In particular, the Board:

- verified that the figures in the financial statements as at 31 December 2021 are comparable with the figures as at 31 December 2020 and that there were no changes in the accounting principles adopted;
- verified compliance with the laws in force concerning the preparation, layout and format of the statutory and consolidated financial statements, taking into account the fact that the Company prepares its statutory and consolidated financial statements in accordance with the provisions of international accounting standards. In particular, following the publication of the joint Bank of Italy/Consob/Isvap Document no. 4 of 3 March 2010, the Board of Directors of the Company verified the compliance of the impairment test procedures on balance sheet assets with the requirements of IAS 36, approving them prior to the approval of the financial reports;
- ascertained that the Report on Operations for the year 2021 complies with applicable laws and is consistent with the resolutions adopted by the Board of Directors, as well as with the facts presented in the separate and consolidated financial statements; in particular, in the paragraphs "Risks and uncertainties" and "Management outlook and prospects for the future" of the Report on Operations, the Directors described the main risks and uncertainties to which the Group is exposed, indicating the financial, legal, regulatory, strategic and operational risks, also referring to the civil, tax and administrative disputes to which the Group companies are party, with detailed evidence of the status of the disputes. The Interim Financial Report of the Company and the Group's consolidated financial

statements did not require any comments from the Board. The Interim Financial Report and Quarterly Reports were published as required by law and regulations.

Conclusions

In light of the supervisory activities performed during the year, together with the results of the work performed by the Independent Auditors, we have no proposals to make, pursuant to article 153, paragraph 2, of Legislative Decree no. 58/98, concerning the budget itself, its approval, and the matters of our competence.

*** *** ***

Pursuant to article 144 *quinquiesdecies* of the Issuers' Regulations, approved by Consob with resolution 11971/99 and subsequent amendments and additions, the list of positions held by members of the Board of Statutory Auditors at companies referred to in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code is published by Consob on its website (www.consob.it).

Milan, 30 March 2022

The Board of Statutory Auditors

Mr. Dario Righetti – President

Ms. Giovanna Conca - Statutory auditor

Ms. Patrizia Paleologo Oriundi - Statutory auditor

12. Independent Auditors' Report

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Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Falck Renewables SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Falck Renewables Group (the Group), which comprise the statement of financial position as of 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Falck Renewables SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Measurement of goodwill and other intangible assets and property, plant and equipment Note 6.6.3 "Principles of consolidation"; Note 6.6.4 "Accounting policies"; Note 6.6.11 "Financial Statements contents and changes", section A, paragraph 1 "Intangible assets" and paragraph 2 "Property, plant and equipment" As of 31 December 2021 Intangible assets amounted to Euro 197 million, including Goodwill of Euro 105 million, and Property, plant and equipment amounted to Euro 1,467 million. The valuation processes and methods used to determine the recoverable amount of each cash generating unit (CGU) are laid down in a specific impairment testing procedure that has been duly approved by the Company's board of directors. Recoverable amount is generally identified as value in use, except where reference is made to the fair value resulting from recent transactions (occurring during the reporting period). The determination of recoverable amount is based on assumptions that are sometimes complex and by their nature entail the use of judgement by management, with particular reference to the estimation of future cash flows and the definition of the discount rates applied to those forecasts. Those assumptions include, but are not limited to, estimated production, prospective price curves, estimated operating costs and capital expenditure, the cost of debt and capital, the debt to equity ratio, etc.. In consideration of the degree of judgement required and the complexity of the assumptions used in the estimation of the recoverable amounts of goodwill, other intangible assets and property, plant and equipment, we considered this a key audit matter.	In response to this key matter, among other things, we performed the following audit procedures: • We analysed the impairment testing procedure approved by the board of directors on 1 March 2022, which illustrates the method followed by the Company to perform the impairment test, providing specific guidance in relation to the definition of the perimeter of CGUs, the identification of possible impairment indicators and the estimation of the recoverable amounts of the CGUs; • We verified the compliance of that procedure with IAS 36 "Impairment of assets" and prevailing valuation practice; • We verified whether the types of cash flows used to determine value in use were appropriate and consistent with the Group's business plans; • We verified the reasonableness of the key assumptions underlying the estimated future cash flows and the discount rates used (also against forecasts from external sources, where available); • We compared previous years' forecasts with the corresponding actual figures; • We verified the valuation models adopted and the mathematical accuracy of the quantification of value in use; • Where recoverable amounts coincide with fair values resulting from recent transactions, we verified that the fair values matched the relevant agreements; • We verified the carrying amounts of CGUs at the reporting date; • We verified the sensitivity analyses performed by the Company. In our analyses we also used the support of PwC valuation experts.

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	Finally, we examined the disclosures provided in the notes to the consolidated financial statements.
Acquisitions	
Note 6.6.2 "Scope of consolidation"; Note 6.6.3 "Principles of consolidation"; Note 6.6.11 "Financial Statements Contents and changes"", section A, paragraph 1 "Intangible assets" and paragraph 2 "Property, plant and equipment". In the course of 2021 the Falck Renewables Group executed the acquisition of Desafio Solar SL (Spain) and SAET SpA (Italy), for Euro 14 million and Euro 5.7 million, respectively. In addition, two ready to build wind power plants were acquired in Finland, for Euro 3.6 million. The processes and methods of recognition of the above-mentioned transactions required complex evaluations by management about the accounting effects of the agreements made. In particular, those evaluations involved the classification of the transactions as asset acquisitions or business combinations, the definition of the date of acquisition of control and the cost of the transaction, and – for business combination accounted for as final – the identification of the assets and liabilities involved and the estimation of the related fair values (the "purchase price allocation") based on assumptions that are sometimes complex (concerning the estimated future cash flows and discount rates) and by their nature entail the use of judgement by management. Given the materiality of the effects of the acquisitions and in consideration of the presence of complex evaluations requiring a high degree of judgement by management, we considered those transactions a key audit matter.	In response to this key matter we performed the following audit procedures: • We analysed the agreements made in relation to the acquisitions to understand the key terms and conditions; • We verified the consistency of the accounting treatment applied by the Group with the provisions of the financial reporting standards applicable to the various circumstances; • For the acquisitions, we performed a critical analysis of the alternative classification by management of the transactions as asset acquisitions or business combinations; • For business combination accounted for as final, we analysed the purchase price allocation and the process of estimation of the fair values of assets acquired and liabilities assumed at the date of acquisition of control with particular reference to the reasonableness of the underlying valuation assumptions adopted by management (for instance: estimated production, prospective selling price curves, estimated operating costs and capital expenditure, the discounts rate, etc.). In our analyses we also used the support of PwC valuation experts. Finally, we examined the adequacy of disclosures provided in the notes to the consolidated financial statements in relation to the transactions in question.

Change of control

Note 6.6.10 "Change of control";

On 19 October 2021 Falck SpA, the parent company of Falck Renewables SpA, entered into an agreement with the investment vehicle Infrastructure Investments Fund (for which J.P. Morgan Investment Management Inc. acts as advisor) for the sale of 60% of Falck Renewables SpA (share purchase agreement), to be followed by a mandatory tender offer ("OPA" in Italy). As illustrated in detail in the notes to the consolidated financial statements, as a result of the prospective change of control of the Group non-recurring costs have been recognised for a total of approximately Euro 43.1 million that relate mainly to:

- an extraordinary bonus approved at the Annual General Meeting of 14 December 2021 to be paid to the CEO and to the employees of the Falck Renewables Group;
- the costs of services rendered by a third party consultant with reference to the extraordinary transaction of searching for a strategic partner capable of providing the financial resources necessary to support the Group's ambitious growth plan, for a variable amount to be calculated based on the enterprise value of Falck Renewables, and of other consulting services connected with the transaction; and
- the effects of bringing forward the expiration date of the 2020 - 2022 long-term incentive plan reserved for specific individuals, comprising a stock grant plan and a cash incentive plan.

The processes and methods of recognition of the above-mentioned transactions involved complex evaluations by management about the accounting effects of the prospective change of control. In this connection, management performed a specific analysis to identify the possible sources of those effects, define the related accounting and fiscal treatment and quantify the impacts on the consolidated financial statements in accordance with the accrual basis of accounting for costs related to the business.

In response to this key matter we performed the following audit procedures:

- We analysed the agreements made in relation to the prospective change of control to understand the related terms and conditions;
- We obtained an understanding of the conclusions reached by management on the effects of the prospective change of control (accompanied by the relevant documentary evidence) with specific reference to the identification of the sources of those effects, the definition of the related accounting and fiscal treatment, in accordance with the accrual basis of accounting for costs related to the business, and the quantification of the related impacts on the consolidated financial statements.

Finally, we examined the adequacy of disclosures provided in the notes to the consolidated financial statements.

In light of the materiality of the non-recurring costs connected with the prospective change of control, we considered this item a key audit matter.

Management of commodity price risk and derivative transactions

Note 6.6.5 "Financial risk management: objectives and criteria";
Note 6.6.11 "Balance Sheet contents and changes" - section A paragraph 5 "Financial receivables", section D, paragraph 12 "Share capital" and paragraph 15 "Financial liabilities"

The Group has adopted a specific policy to manage the risk of fluctuations in energy prices with the aim to stabilise – to the extent previously defined by the board of directors – the incoming cash flows that the Group expects to realise from the sale of estimated future production of electricity from its generation facilities. For this purpose the Group uses financial derivative contacts and enters into medium-/long-term agreements with customers to supply electricity generated from specific facilities on predefined terms (Power Purchase Agreement, "PPA"); such agreements are sometimes only of a virtual nature, i.e. they do not provide for physical supply of electricity, but for the exchange between the parties of a financial differential between a predefined prices and a marker in the market(Virtual Power Purchase Agreement, "VPP").

PPAs held for the group's sales requirements (to which the own use exemption has been applied) are classified as executory contracts and recognised on delivery of the electricity. For PPAs classified as executory contracts the Group also assesses whether any contractual clauses may be classified as embedded derivatives to be accounted for separately from the PPA.

Derivative contracts, VPPAs, PPAs to which the own use exemption cannot be applied and any embedded derivatives present in PPAs classified

In response to this key matter we performed the following audit procedures:

- We analysed the policy adopted by the Group to manage commodity price risk;
- We verified the consistency of the accounting treatment applied by the Group with the provisions of the financial reporting standards applicable to the various circumstances;
- We performed a critical analysis of management's assessments about the applicability of the own use exemption to the PPAs and the presence of any contractual clauses that could be classified as come embedded derivatives;
- We understood the valuation techniques and methods used by the Group to estimate the fair values of derivative financial instruments and to test the effectiveness of any hedge relationships;
- We analysed and verified the sources used by the Group to determine the market parameters and we verified the reliability of the main market inputs used;
- We verified the correct classification of fair value measurements made within the fair value hierarchy;
- We sought information for the counterparties to derivative contracts in relation to deals outstanding at the reporting that and their fair value measurement;
- We performed audit procedures, on a sample basis, to determine independently the fair value of derivative financial instruments;

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as executory contracts are treated as derivative financial instruments and measured at fair value. The Group designates qualifying instruments as hedges of the exposure to the variability of cash flows attributable to highly probable forecast electricity transactions and recognises the effective component of changes in fair value of the instruments in an equity reserve (cash flow hedge). Determining the fair values of derivative financial instruments on electricity includes elements of estimation and is managed internally by the Group. In the consolidated financial statements as of 31 December 2021, measurement at fair value of electricity derivatives in place at that date resulted in the recognition of financial receivables for a total of Euro 11.4 million and financial liabilities for a total of Euro 238.6 million, whereof Euro 148.6 million recognised against equity. This effect, particularly significant compared with the previous year, was mainly due to an exceptional, unforeseeable rise in electricity prices, in both spot and forward markets, in the second half of the year. In consideration of the presence of complex evaluations involving a high degree of judgement by management, and of the materiality of the effects on the consolidated financial statements, we considered the measurement of the fair values of electricity derivatives a key audit matter.	• We obtained and analysed, on a sample basis, formal documentary evidence related to the designation of hedging relationships (hedging documentation) and verified the effectiveness tests conducted at the year end to measure the ineffective portion, if any, of the hedges to be recognised in the income statement. In our analyses we also used the support of PwC valuation experts. Finally, we examined the adequacy of disclosures provided in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Falck Renewables SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 15 April 2019, the shareholders of Falck Renewables SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Falck Renewables SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements, to be included in the annual report.
We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.
In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Falck Renewables SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Falck Renewables Group as of 31 December 2021, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Falck Renewables Group as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Falck Renewables Group as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Falck Renewables SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 30 March 2022

PricewaterhouseCoopers SpA

Signed by
Marco Sala
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

12 Independent auditors' report

Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Falck Renewables SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Falck Renewables SpA (the Company), which comprise the statement of financial position as of 31 December 2021, the income statement, the statement of comprehensive income and the statement of changes in equity, the statement of cash flows for the year then ended and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Measurement of equity investments	
Note 8.6.1 "Accounting policies"; Note 8.6.2 "Financial statement contents and changes", section A, paragraph 3 "Investments and securities". As of 31 December 2021 securities and equity investments amounted to Euro 820 million. Falck Renewables SpA verifies whether impairment indicators exist for each equity investment, and if any indicators are found tests those assets for impairment, at least annually. The valuation processes and methods used to determine the recoverable amount of each equity investment are laid down in a specific impairment testing procedure that has been duly approved by the Company's board of directors. Recoverable amount is generally identified as value in use, except where reference is made to the fair value resulting from recent transactions (occurring during the reporting period). The determination of recoverable amount is based on assumptions that are sometimes complex and by their nature entail the use of judgement by management, with particular reference to the estimation of future cash flows and the definition of the discount rates applied to those forecasts. Those assumptions include, but are not limited to, estimated production, prospective price curves, estimated operating costs and capital expenditure, the cost of debt and capital, the debt to equity ratio, etc.. In consideration of the degree of judgement required and the complexity of the assumptions used in the estimation of the recoverable amounts of equity investments, we considered this a key audit matter.	In response to this key matter, among other things, we performed the following audit procedures: • We analysed the impairment testing procedure approved by the board of directors on 1 March 2022, which illustrates the method followed by the Company to perform the impairment test, providing specific guidance in relation to the identification of possible impairment indicators and the estimation of the recoverable amounts of equity investments; • We verified the compliance of that procedure with IAS 36 "Impairment of assets" and prevailing valuation practice; • We verified the existence of any impairment indicators; • We verified whether the types of cash flows used to determine value in use were appropriate and consistent with the Group's business plans; • We verified the reasonableness of the key assumptions underlying the estimated future cash flows and the discount rates used (also against forecasts from external sources, where available); • We compared previous years' forecasts with the corresponding actual figures; • We verified the valuation models adopted and the mathematical accuracy of the quantification of value in use; • Where recoverable amounts coincide with fair values resulting from recent transactions, we verified that the fair values matched the relevant agreements; • We verified the carrying amounts of equity investments at the reporting date; • We verified the sensitivity analyses performed by the Company. In our analyses we also used the support of PwC valuation experts.

	Finally, we examined the adequacy of disclosures provided in the notes to the financial statements.

Change of control

Note 8.6 paragraph "Change of Control" On 19 October 2021 Falck SpA, the parent company of Falck Renewables SpA, entered into an agreement with the investment vehicle Infrastructure Investments Fund (for which J.P. Morgan Investment Management Inc. acts as advisor) for the sale of 60% of Falck Renewables SpA (share purchase agreement), to be followed by a mandatory tender offer ("OPA" in Italy). As illustrated in detail in the notes to the consolidated financial statements, as a result of the prospective change of control of the Group non-recurring costs have been recognised for a total of approximately Euro 39 million that relate mainly to: • an extraordinary bonus approved at the Annual General Meeting of 14 December 2021 to be paid to the CEO and to the employees of the Falck Renewables Group; • the costs of services rendered by a third party consultant with reference to the extraordinary transaction of searching for a strategic partner capable of providing the financial resources necessary to support the Group's ambitious growth plan, for a variable amount to be calculated based on the enterprise value of Falck Renewables, and for other consulting services connected with the transaction; and • the effects of bringing forward the expiration date of the 2020 - 2022 long-term incentive plan reserved for specific individuals, comprising a stock grant plan and a cash incentive plan. The processes and methods of recognition of the above-mentioned transactions involved complex evaluations by management about the accounting effects of the prospective change of control. In this connection, management performed a specific analysis to identify the possible sources of	In response to this key matter we performed the following audit procedures: • We analysed the agreements made in relation to the prospective change of control to understand the related terms and conditions; • We obtained an understanding of the conclusions reached by management on the effects of the prospective change of control (accompanied by the relevant documentary evidence) with specific reference to the identification of the sources of those effects, the definition of the related accounting and fiscal treatment, in accordance with the accrual basis of accounting for costs related to the business, and the quantification of the related impacts on the financial statements. Finally, we examined the adequacy of disclosures provided in the notes to the financial statements.

those effects, define the related accounting and fiscal treatment and quantify the impacts on the financial statements in accordance with the accrual basis of accounting for costs related to the business.

In light of the materiality of the non-recurring costs connected with the prospective change of control, we considered this item a key audit matter.

Other Matters

The company, as required by law, has included in the notes to the financial statements the key figures of the latest financial statements of the entity which directed and coordinated its activities. Our opinion on the financial statements of Falck Renewables SpA does not extend to those figures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 15 April 2019, the shareholders of Falck Renewables SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Falck Renewables SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements, to be included in the annual report.
We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation
In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Falck Renewables SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Falck Renewables SpA as of 31 December 2021, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Falck Renewables SpA as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Falck Renewables SpA as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 30 March 2022

PricewaterhouseCoopers SpA

Signed by
Marco Sala
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers