FALCK RENEWABLES SpA
Interim Financial Report at 30 June 2020

Board of Directors

Milan, 4 August 2020

FALCK RENEWABLES SpA
Share capital €291,413,891 fully paid
Direction and coordination by Falck SpA
Registered and fiscal address
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Milan Companies Register
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VAT and tax code 03457730962

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Interim Financial Report at 30 June 2020

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1. Company officers

Board of Directors

Falck Enrico Ottaviano	Executive Chairman
Corbetta Guido Giuseppe Maria	Deputy Chairman
Volpe Toni	Chief Executive Officer
Caldera Elisabetta (*)	Director
Dassù Marta (*)	Director
Falck Federico Francesco Sergio	Director
Giadrossi Nicoletta (*)	Director
Grenon Georgina (*)	Director
Marchi Filippo Claudio Neil	Director
Ott Andrew Lee (*)	Director
Pietrogrande Paolo (*)	Director
Stefini Silvia (*)	Director

(*) Independent members for Consolidated Finance Act and self-discipline purposes

The Board of Directors was nominated 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	Alternate auditor
Delfrate Daniela	Alternate auditor

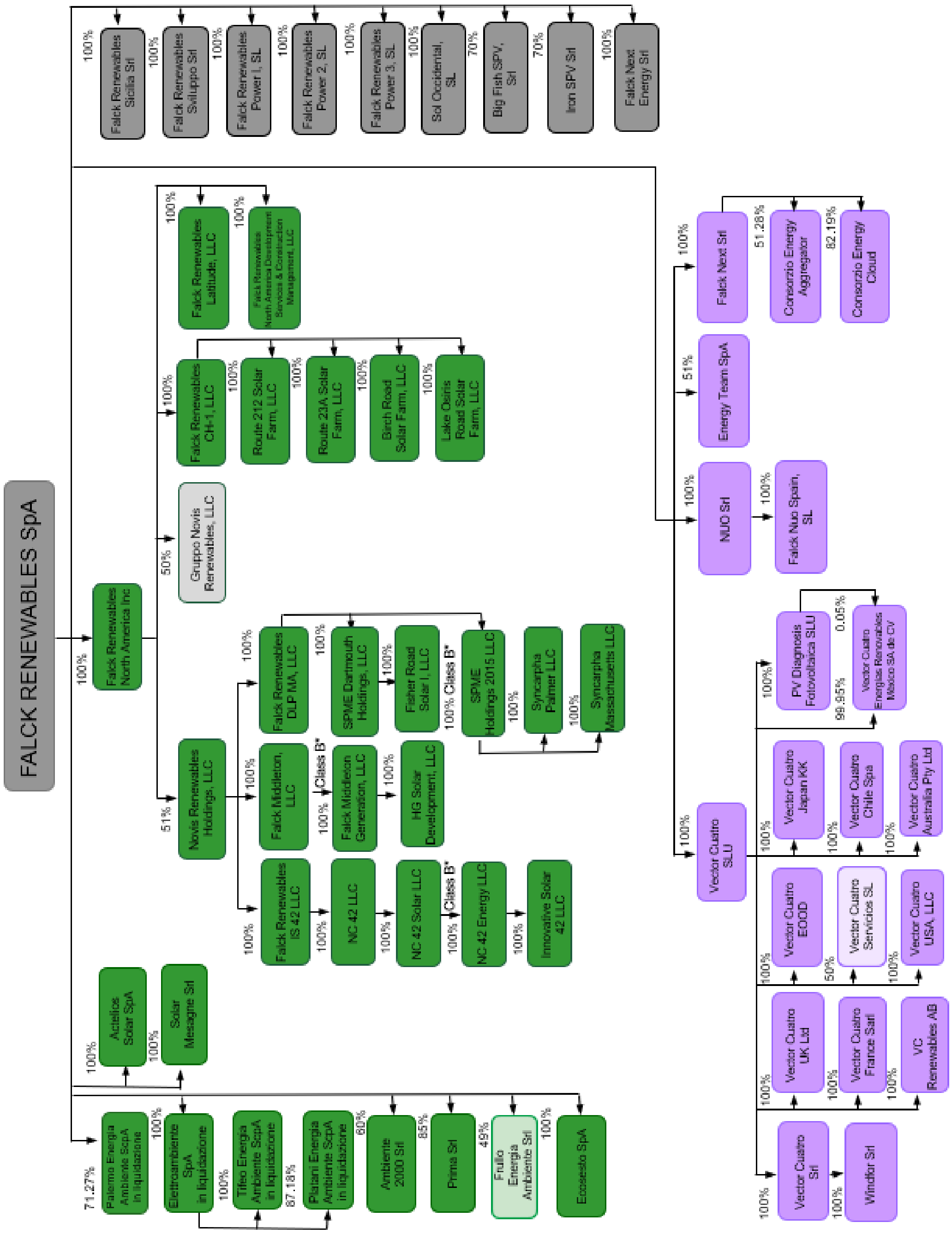
The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 7 May 2020.

Independent Auditors

PricewaterhouseCoopers SpA

2 Group structure

2. Group Strucutre



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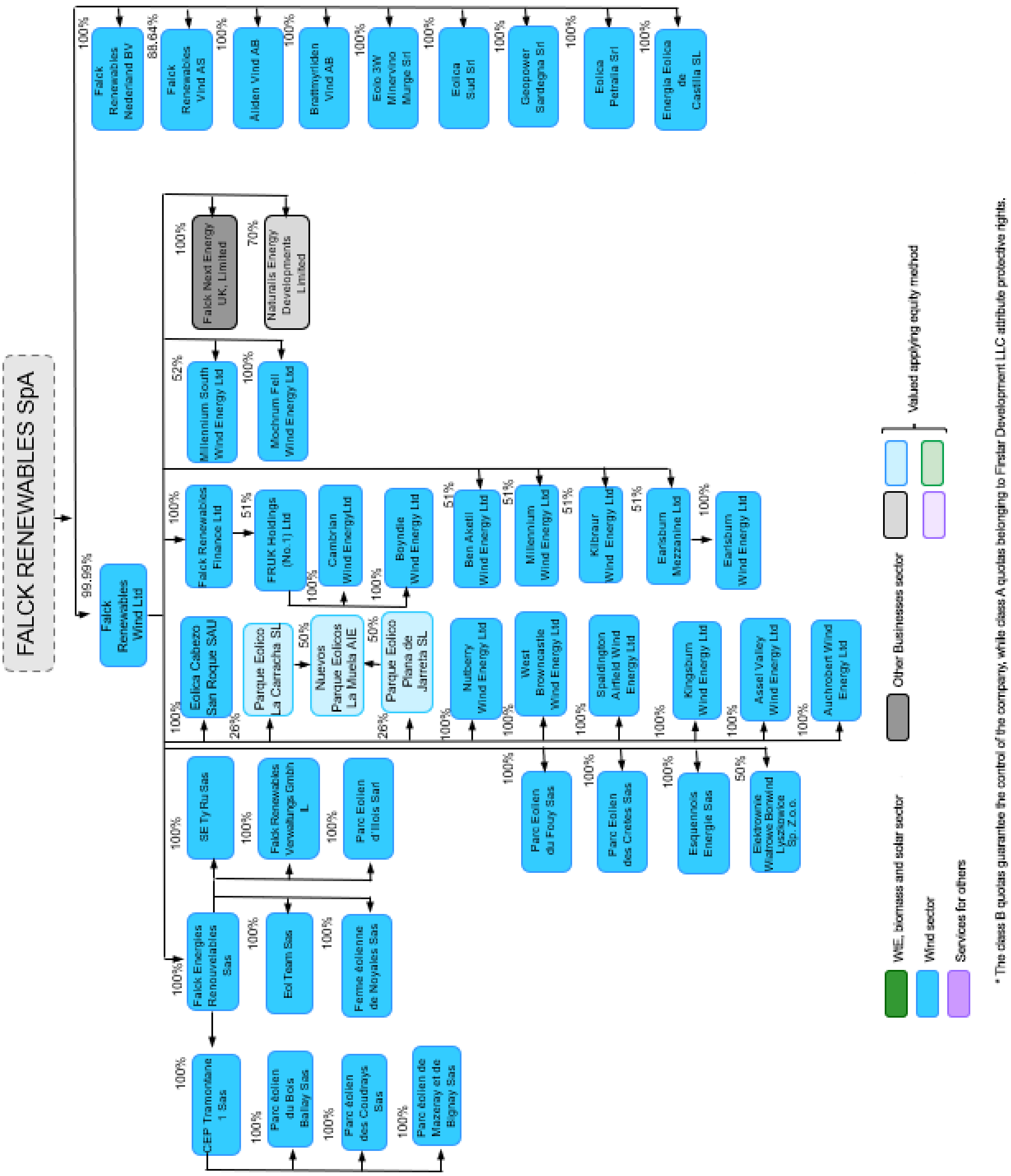

3. Consolidated financial highlights

(€ thousands)	30.06.2020	30.6.2019*	31.12.2019
Revenues from sale of goods and services	195,289	185,417	374,494
EBITDA (1)	106,251	104,935	204,011
Operating profit/(loss)	62,290	63,567	114,395
Profit/(loss) for the year	28,401	33,816	63,181
Falck Renewables SpA profit/(loss) for the year	21,283	26,344	48,436
Earnings per share (€) (2)	0.074	0.091	0.167
No. shares in circulation (annual average) in thousands	289,204	289,204	289,204
No. shares in circulation (end of the period) in thousands	289,204	289,204	289,204
- Net financial payables (credits)	39,389	(56,336)	16,270
- *“Non-recourse” project financing*	614,204	687,184	671,909
Total net financial position without derivatives (credits)	653,593	630,848	688,179
- Interest rate, commodity and exchange rate derivative financial instruments (credits)	38,887	49,298	32,587
Total net financial position with derivatives (credits)	692,480	680,146	720,766
Net financial position excluding operating leases	610,599	607,945	640,034
Net equity	646,991	561,427	607,663
Equity attributable to Falck Renewables SpA equity holders	539,343	506,958	549,582
Equity holders earnings per share (€) (2)	1.865	1.753	1.900
Investments	62,996	70,664	152,150
EBITDA/Revenues	54.4%	56.6%	54.5%
Operating profit/Revenues	31.9%	34.3%	30.5%
Profit for the period/Equity	4.4%	6.0%	10.4%
Net financial position/Equity	1.07	1.21	1.19
Total number of group employees (no.)	535	461	498

(1) EBITDA = measured by the Group as profit for the period before investment income and costs, financial income and expenses, amortisation and depreciation, impairment losses, charges to risk provisions and income tax.

(*) The figures at 30 June 2019 have been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations - related to the acquisitions of Energy Team SpA and Energia Eolica de Castilla Sl.

4. Interim Directors' report

4 Interim Directors' report

This Interim Financial Report as at 30 June 2020 has been prepared in accordance with Article 154 ter of Legislative Decree no. 58/1998 and prepared in compliance with the international accounting standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 and in particular IAS 34 - Interim Financial Reporting, as well as the measures issued in implementation of Article 9 of Legislative Decree no. 38/2005.

In preparing its interim report in accordance with IAS 34, the Falck Renewables Group has chosen to publish summary information on the condensed consolidated half-year financial statements at 30 June 2020.

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 Article 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.

4.1 Falck Renewables Group operating and financial review

4.1.1 Falck Renewables Group profile

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

During the year up to 30 June 2020, Falck Renewables SpA and its subsidiaries ("Group") operated mainly in Italy, the United Kingdom, Spain, France and the United States of America, while in Norway and Sweden ready-to-build projects were acquired, some of which are already in operation, and in the Netherlands new plant development activities were boosted.
The Vector Cuatro Group, a 100% subsidiary, also operates in Japan, Mexico, Australia and Bulgaria.
The Falck Renewables Group's activities are concentrated in the production of electricity from renewable energy sources sector through wind, photovoltaic, WtE and biomass plants, the provision of plant management services for the production of renewable energy and the development and sale of plants to third parties.

The Falck Renewables Group operates in the following business sectors:

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

- the WtE, biomass and solar energy sector, whose revenues come mainly from the sale of electricity, and from the transfer of waste for the production of WtE energy. For solar plants, significant revenues also come from incentives under the Energy Account in Italy and investment incentives in the US, while for biomass plants, revenues are mainly earned on applicable incentives (ex-"green certificates");

- the Services sector, consisting mainly of (i) the Spanish group Vector Cuatro acquired in 2014, active in the services and management of plants for the production of renewable energy, with a deep-rooted and extensive international presence, and (ii) Energy Team SpA, acquired in October 2018, a leading company in Italy for consumption monitoring and flexibility management services on the energy markets;

- the Other Activities sector composed of Falck Renewables SpA, Falck Next Energy Srl, Falck Next Energy UK, Limited and the development companies.

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

4.1.2 Regulatory framework

As a result of endorsing the Kyoto Protocol, the European Union 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.

Finally, on 11 December 2019 Ursula vor der Leyen, President of the EU Executive, 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.

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, it should be noted that most of the changes indicated below have been reported in previous financial statements, having been approved by the respective countries during 2019 or previous periods.

In general terms, it is important to note the introduction of a series of facilitating measures to deal with the Covid-19 pandemic emergency and to stem its effects on the economic system. These are emergency measures, of a temporary nature, mainly concerning the adoption of measures for the suspension of compliance and tax payments or direct relief to specific sectors most affected by the negative economic impacts of the Covid-19 epidemiological crisis. Notwithstanding the observations below in relation to the main countries in which the Group operates, these facilitative provisions have only partially affected the Group, given the limited economic impact encountered to date.

As far as Italy is concerned, the extension provided for by Article 2, paragraph 2-bis, of Legislative Decree no.119 23/10/2018, as amended by Conversion Law no. 136 of 17 December 2018, concerning the application of the reverse charge regime to supplies of gas and electricity to a taxable dealer was also applicable in 2020. This mechanism, which will remain in force until 30 June 2022, restricts certain Group companies operating in Italy from offsetting their VAT receivables against their payables, causing these companies to file claims for reimbursement in order to obtain their recovery.

Again with reference to Italy, it should also be noted that the Budget Law for 2020, in addition to providing for the repeal of the TASI and the consequent reformulation of the IMU 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, defined at 50% for 2019 and 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 facilitation measures designed to limit the negative effects of the crisis, the Relaunch Decree Law no. 34 of 19 May 2020, in order to support companies, waived the obligation to pay the balance of IRAP due for 2019 and the first instalment, equal to 40%, of the advance payment of IRAP due for 2020.
With reference to the United Kingdom, the current corporate income tax rate of 19% has been confirmed for 2020 and subsequent years. To all intents and purposes, the previous forecast of a reduction to 17% from 1 April 2020 onwards has been repealed. In any case, considering Brexit and the ongoing negotiations on economic agreements with the EU, we will need to wait for the UK Government's forthcoming decisions in the tax area.

In France, the reductions in the tax rate were confirmed, setting a rate of 28% for 2020, 26.5% for 2021 and 25% from 2022.

Meanwhile, the US passed an important tax reform on 22 December 2017 (Pub. L. no. 115-97), significantly reducing corporate income tax rates (CIT) from 35% to 21% from 2018. Among the numerous changes made, we were particularly interested in the introduction of limits to interest liability deductibility and the removal of the time limit for carrying over tax losses generated from 2018 onwards, although only up to 80% of taxable income. Moreover, the carryback option for tax losses was also removed. The implementation of the Tax Cuts and Jobs Act (TCJA) of 2017 continued during 2020 and will continue in the coming months through the publication of official circulars and guidelines by the IRS. 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 repeal of the limitation to the use of tax losses generated in 2018 and 2019 and used by 2020 (the annual limitation of 80% of taxable income will be reinstated from 2021) and the increase for 2019 and 2020 of the deductibility threshold for interest expenses. Lastly, it should be noted that, in application of the regulations in force, the reduction to 26% of the so-called Investment Tax Credit "ITC" from which solar plants whose construction began after 31 December 2019 can benefit has been confirmed, provided that the plant is put into operation by 31 December 2023. The ITC will decrease to 22% from 2021 and then further decrease to 10% in 2022 for the so-called Utility and Commercial Scale plants only, as it is no longer available for residential plants, again from 2022. To counter the effects of the Covid-19 pandemic, the IRS has extended the deadline for taking over goods eligible for the ITC regime to 30% under the 2019 provisions to 15 October 2020 from the previous March 2020.

The Netherlands, Sweden and Norway have witnessed a gradual reduction in the tax rate for corporate income determination purposes as explained below.
In the Netherlands the corporate tax rate will be 25% in 2020, and will be reduced to 21.7% for subsequent tax periods.
In Sweden, the reduction of the corporate income tax rate to 21.4% for the year 2019 and to 20.6% as from the year 2021 remains confirmed. Lastly, the Norwegian 2019 budget also reduced the corporate income tax rate (CIT) from 23% to 22%, effective from 2019.

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

The regulations on incentives for the production of electricity from renewable sources comprises 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.
The principal incentives are as follows:

a) the Incentive, formerly called Green Certificates (CVs), for renewable plants with the exception of solar energy;
b) the Energy Account governing solar plants;
c) the Energy Account for solar thermodynamic plants.

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

a) 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 in EUR by the GSE on net energy generation in addition to earnings from the exploitation 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 (accompanied by a reserve letter) were therefore signed (with the exception of Prima Srl, for which the issue of Green Certificates had 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.

Resolution no. 17/2020/R/efr determined, for the purposes of quantifying the value of the Incentive replacing the green certificate for 2020, the average value in 2019 of the electricity sale prices, equal to €53.01/MWh. The value of the Incentive for 2020 was therefore set at €99.05/MWh.

Ecosesto SpA's biomass plant, on the other hand, has an incentive as described above, increased by a multiplication coefficient applied following the issue of the certification, issued by MIPAF, which guarantees that the biomass used comes from short supply chains (i.e. within a radius of 70 km from the plant). The value of the 2020 incentive is therefore equal to €178.29/MWh.

b) Energy Account

The Energy Account is the incentive for solar plants and was originally introduced by Ministerial Decrees (MD) 28 July 2005 and 6 February 2006 (First Energy Account), which were subsequently amended by MD 19 February 2007 (Second Energy Account). 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.
More specifically, under Legislative Decree 129 of 13 August 2010, the incentive tariffs under the energy account governed by MD of 19 February 2007 continue to apply to solar systems including those that commenced operations after 31 December 2010, provided that (i) by 31 December 2010 the solar 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.

All of the Group's solar plants fall within the scope of the First and Second Energy Accounts.

Law 116/2014 establishes that, as from January 2015, the incentive tariff for energy produced by plants with a nominal power of more than 200 kW (basically all those of Falck Renewables Group), will be reformulated, choosing between 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 questioned the constitutional legitimacy of Law no. 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 Articles 3 and 41 of the Italian Constitution. On 7 December 2016, the court has declared the question of the constitutionality of Article 26, Paragraphs 2 and 3 set forth in competitiveness Law Decree no. 91/2014 ungrounded. After the

Constitutional Court rejected the findings of constitutional legitimacy, the Regional Administrative Court decided to refer the matter to the European Court.

Other major events affecting the regulatory framework governing renewable electricity production

National Energy Strategy (SEN) and National Integrated Plan for Energy and Climate (PNIEC)

An inter-ministerial decree was passed on 10 November 2017, bringing in the National Energy Strategy (SEN). Key points of the Strategy include bringing the coal phase-out up to 2025, and developing energy efficiency and renewable energy. In particular, FER targets rose to 28% of total energy use and 55% of electricity use.
In compliance with Regulation 2018/1999 on the Governance of the Energy Union, the Ministry of Economic Development published the Integrated National Plan for Energy and Climate (PNIEC) in January 2020. Unlike the SEN, the Plan has a binding legal nature that commits each Member State to a common European effort, providing corrective mechanisms and the possible imposition of penalties in case of non-compliance. 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: 55.4% in the electricity sector, 33.1% in the thermal sector (heating and cooling) and 21.6% in the transport sector.

FER1 Decree

On 9 August 2019 the FER1 Decree promoting 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 competitive procedures for auctions (>1MW) and registers (<1MW), divided into 7 calls, started on 30 September 2019 and will end on 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 (auctions or registers). The quota foreseen for the auctions dedicated to wind and photovoltaic sources is a total of 5500 MW.

Revision and reform of the Italian Electricity Market

The Authority, with Resolution 393/2015/R/eel, has initiated a process aimed at the formation of measures for the full reform of the dispatching service regulation, in accordance with the guidelines expressed by the Authority in the 2015-2018 strategic framework and with the relevant European legislation (EU Regulation 1222/15 - CACM, EU regulations on the so-called "balancing guidelines"); these procedures also included all activities and measures aimed at the implementation of the provisions of Decree 102/2014 on dispatching.
With this in mind, on 23 July 2019 ARERA also published the consultation document 322/2019/R/eel "*Testo Integrato del Dispacciamento elettrica (TIDE) - Orientamenti complessivi*". 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. The document aims to introduce a number of important new features, including the introduction of continuous trading with closure at h-1 in the intraday market, the application of negative prices on MGP and MI, the definition of nodal imbalances and the new role of the Balancing Service Provider, which should be fully implemented from the end of 2021/beginning of 2022.

On 5 May 2017, the Authority published Resolution 300/2017/R/eel detailing a first phase of pilot projects, which provides for the participation of consumers and non-authorised units (including storage), in addition to the use of the accumulation in conjunction with the relevant units enabled in order to optimise the provision of dispatching resources. Terna (Italian grid operator for electricity transmission) therefore launched the first pilot project for the involvement of dispatching services in market demand.

On 14 November 2018, Terna published the procedure for the forward procurement of dispatching resources provided by the Mixed Virtual Enabled Units (UVAM), as part of pilot projects for participating in the dispatching of renewables, demand, distributed generation, storage and electric mobility. Falck Next Energy Srl currently manages 15 UVAM, qualified during the procurement process for the period 1 January - 31 December 2020, for a total of 29.35 MW.
Furthermore, on 6 July 2020, again as part of the projects pursuant to Resolution no. 300/2017, 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 Fast Reserve service will be supplied through unique bid auctions, starting from autumn 2020, with a cap at €80,000/MW/year, to be recognized for a contractual duration equal to 5 years with delivery period starting from January 2023.

Valorisation of imbalances

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

Capacity Market

The Ministerial Decree of 28 June 2019 approved the rules governing the system of remuneration of the availability of electricity generation capacity in Italy (Capacity Market). The first auctions for the delivery period 2022 and 2023 were held in November 2019. On 28 November 2019 Falck Next Energy Srl participated in the parent auction for the 2023 delivery period, through the two projects of Mezzanelle and Cerro, both consisting of a photovoltaic system coupled to a storage system. For the two plants, qualified as significant new unauthorised production units within the meaning of the regulations, authorisation requests have been made to the Puglia Region and if the relevant authorisation process is completed within the deadline set out in the Regulation, the contract entered into with Terna will allow them to receive a premium of €75,000/MW/year for 15 years - in the period 2023-2037 - on a qualified power of 9 MW. Due to the Covid-19 epidemiological emergency that broke out at the beginning of 2020, the deadline for the submission of the authorisation certificates for the new qualified plants has been extended. The deadline of 31 December 2020 for capacity with delivery in 2023 has therefore been postponed to 23 March 2021.

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 342.9 MW. Since July 2019, Falck Next Energy Srl has also managed third party plants, with an additional capacity of 192.5 MW to date. These activities will therefore see Falck Next Energy Srl playing an increasingly active role as an operator in the wholesale energy sales market and will allow the Group to become increasingly independent in the future in the sale and valorisation of the electricity produced by its plants.
In May 2019, Falck Next Energy also joined EEX (European Energy Exchange), the leading trading platform for energy and CO2 emissions financial derivatives, and announced the launch of proprietary trading activities.

❖ ***Spain: regulatory framework in the wind sector***

In compliance with Directive 2001/77/EC, Spain established that 29% of gross electricity consumption be produced from renewable energy sources by 2020. The main regulations in Spain comprise the Royal Decrees (RD) 436/2004 and 661/2007. The latter provided for the maintenance of the "FIT" tariff regime (already provided for in RD 436/2004) and introduced a new variable price regime (Market Option), subject to a cap and

floor mechanism. The Group's wind farms have elected to apply the Market Option established by the 436/2004 Royal Decree (RD).
RD 2/2013 introduced urgent measures in respect of the electricity sector that resulted in the review of the incentives tariffs established under RD 661/2007 that had been applied up to this point. The Group's plants have therefore switched from the FiP to the FiT mechanism with a fixed tariff.
The RD 413/2014 published on 10 June 2014 redefines the system of remuneration incentives for existing plants, providing a contribution compared to market value of a minimum integration of non-recoverable costs arising from the market trading of electricity. The value of the Adjusted 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 achieve the so-called Reasonable Profitability, defined in the regulations and calculated on the basis of the yields of Spanish government bonds. As a result, we believe that the Group's two plants, started up in 2003 and 2004, have already achieved Reasonable Profitability, and therefore already lost all incentives in 2013, and are selling the energy produced exclusively at market prices.
The same scheme is applied to new plants with the only exception that the initial investment level guaranteeing Reasonable Profitability is determined by the producers themselves in response to competitive auctions organised periodically by the Spanish government, which provide maximum quotas (MW) to which will be assigned the Adjusted Retribution. This scheme applies to the Progetto Energia Eolica de Castilla, which came into operation in February 2020.

Finally, note the publication of the new Royal Decree 23/2020, in force since 25 June 2020, which affects the regulatory apparatus of the renewable sector on several occasions. In summary, the measure aims to reduce bureaucracy and review some basic mechanisms, including the introduction of auction procedures based on the price of energy.

❖ ***United Kingdom: regulatory framework in the wind sector***

The incentives system for the production of electricity from renewable sources is based almost entirely on the Renewable Obligation (RO), which gives rise to the Renewables Obligation Certificate (ROC) market. The ROC market mechanism replaced the previous "Feed-in Tariff" system (FiT - an all-inclusive system covering energy and incentive), the so-called "Non Fossil Fuel Obligation" (NFFO).

In England and Wales the previous regime for the sale of electricity generated from renewable sources was regulated under the Electricity Orders (England and Wales) of 1994, 1997 and 1998 (the NFFOEW Orders). In Scotland this regime was governed by the Electricity Orders (Non Fossil Fuel Sources) of 1994, 1997 and 1999 (NFFOS Orders).

Although the underlying legislation has been repealed, projects which commenced during this regime will continue to benefit from these incentives until the expiry of the existing NFFO contracts (fixed price long-term sales contracts) with NFPA (Non Fossil Purchasing Agency). This regime no longer applies to any Group plant, since the Cefn Croes plant, which benefitted from the NFFO contract up until the end of 2016, now falls under the ROCs system.

All the Group's UK plants benefit from the incentive scheme for renewable energy in England, Wales and Scotland, which is based on Renewables Obligation Orders (ROs). The 2006 ROs (England and Wales) and the 2007 ROs (Scotland) impose obligations on electricity suppliers to demonstrate that not less than a stipulated percentage of electricity produced was generated from renewable sources.

The Office of Gas and Electricity Markets, (OFGEM), issues ROCs and Scottish Renewable Obligations Certificates (SROCs) on behalf of the Gas and Electricity Markets Authority (GEMA). The RO system was expected to expire at the end of March 2017, however, as a result of the approval of the 2016 Energy Act, the end of this incentive system for new wind power plants was anticipated in May 2016 including, in any case, a grace period (until 31 March 2017) for projects that were already authorised before the early closure of the RO scheme was announced (which the Auchrobert plant benefitted from). Additional grace periods (linked to certain limited circumstances) have been introduced. To date, the mechanism is only valid for those operating plants that have won the participation, but is not accessible to new plants.

The ROs require electricity suppliers to source an increasing portion of their electricity supply from renewable sources. From 2009 the level of renewable energy is measured by the number of ROs per MWh of energy supplied and for the period 1 April 2019 to 31 March 2020 the minimum quota each supplier must meet is 0.484 ROCs per MWh of energy distributed in Great Britain (England, Scotland and Wales) and 0.190 in Northern Ireland.
Compliance under the ROs scheme is regulated through a certification system using ROCs and SROCs. Renewable energy generators receive ROCs or SROCs for each MWh of electricity generated depending on the technology and source of energy employed.
New ROC levels were introduced in late July 2012 in respect of new plants that will enter into service from April 2013. Onshore wind farms that commenced operations after April 2013 will be awarded 0.9 ROCs for each MWh produced.

ROCs and SROCs are tradable (and can take part in auctions organised by the NFPA), are priced in the market and traded at a premium compared to the market price of a similar quantity of energy ("Feed-in Premium" mechanism).

Wind farms connected to the local distribution grid (therefore all of the Group's wind farms with the exception of Kilbraur and Millennium) are also usually entitled to receive other incentives, known as "Embedded Benefits". In fact, since these plants are connected to the low voltage regional electricity distribution network rather than to the high voltage transmission network operated by the National Grid Electricity Transmission (NGET), they avoid (or reduce) the charges imposed to access the national transmission network TNUoS (Transmission Network Use of System).
It is worth noting that in England and Wales, grids up to 132 kV are considered distribution grids, while connections above 132 kV are considered as belonging to the transmission grid. The situation is different in Scotland where 132V grids are considered transmission grids, which also are more common in Scotland than they are in England and Wales. Furthermore, it is also of note how the transmission grids in Scotland are owned by two companies (Scottish Hydro Electricity Transmission Ltd - SHETL - and Scottish Power Transmission Ltd - SPT -) depending on the geographical location, but with the Scottish transmission system managed by NGET.
Furthermore, in order to access the electricity market the generator must enter into a Power Purchase Agreement (PPA) with an electricity supplier which collects electricity generated and sells it directly to the distribution network thus avoiding the requirement to procure electricity through the transmission network. The costs avoided by the supplier (and other costs arising from the current balancing mechanism and losses through the network) are allocated in part to the generating plant and defined Embedded Benefits (benefits arising from inclusion in the distribution network).

NGET and OFGEM held an organised consultation process begun in November 2018 to assist the overhaul of the entire tariff system and determination of Embedded Benefits, in which Falck took part. After the consultative process, on 21 November 2019, OFGEM confirmed that the Embedded Benefits will be modified, with a reduction over the next two years.

The reform of the incentives schemes available to renewable energy producers in the UK include the introduction of:

- **Feed-in Tariffs by means of Contracts for Difference (FiT-CfD)** for new plants that would benefit from ROCs or SROCs, the reform introduces a new incentive system (replacement of ROC and SROCs) which provides a Feed-in Tariff (FiT). The FiT value is established as a result of competitive bidding and is named

Strike Price. This value should reflect the appropriate return on the investment cost of the technology used. Once entitled to the right to FiT, the plant is required to sell the electricity on the market. If the average market price of wholesale electricity in the UK (Reference Price) is lower than the Strike Price, the plant receives a FiT to integrate electricity sales revenues; otherwise, if it is higher, the plant must return the difference.

- ***Capacity Market*** that is designed to guarantee a sufficient level of global investment in programmable generating capacity required to ensure security of electricity supply. The *Capacity Market* works by providing constant payment to suppliers of reliable sources of capacity in order to ensure supply meets demand.
- ***Emission Performance Standard (EPS)***: limits the level of carbon emissions from new fossil fuel plants. The level introduced will favour stations that are equipped with carbon capture and storage facilities.
- ***Carbon Price Floor***: sets a floor price for carbon emissions, integrating the European Emission Trading System price in the form of a tax (Carbon Price Support) on fossil fuels used to generate electricity.

So far only one auction has been held for the allocation of CfD to onshore wind farms and other "mature renewable technologies" (CfD POT 1). This occurred at the end of the year 2014, and CfD were awarded to numerous wind farms. None of the Falck Renewables Group's development projects participated in this tender.
Subsequent bids for CfDs took place during 2017 and May 2019 but, as anticipated, no allocations to onshore wind farms were included; on the contrary, auctions were only open to so-called "less mature renewable technologies" (CfD POT 2) - of which offshore wind farms are part. However, in 2020 the UK government announced that the next round of allocations (AR4), will include an auction open to all technologies, including onshore wind and solar, expected in 2021. In view of the auction, the government has consulted the CfD structure and, although the results are not yet known, it is expected that the current two-way system will be replaced by a three-way system, in which a channel will be reserved to offshore wind (POT 3). The first channel (POT 1) will be dedicated to consolidated technologies, such as onshore and solar wind, while the second (POT 2) will remain for "less consolidated technologies", such as tidal energy renewables and wind on smaller islands.

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

Law no. 992/2015 of 17 August 2015 ("Energy Transition Act"), in line with European guidelines on State's aid, introduces a series of changes aimed at gradually integrating the renewable plants in the electricity market. This measure envisages the gradual transition for new plants from the previous incentive system (FiT) to a new regime based on so-called "Contracts-for-Difference" (CfD). This incentive scheme requires plants to sell the electricity they produce directly or through an aggregator on the market and then receive an additional remuneration, a premium, paid on the basis of a contract with an obligatory off-taker. This additional remuneration is paid based on the M0 index, calculated each month on EPEX prices and the national wind power production profile and published by the Commission de Régulation de l'Energie, the French commission responsible for energy regulations.
In May 2016 two decrees complementary to the Energy and Transition Act (published on 18 August 2015) were published relating to the implementation of FiT and CfD. These Decrees define the general regulatory framework to allow an appropriate and complete implementation of the Energy and Transition Act.
With regard to onshore wind farms, the French government published a decree on 13 December 2016 which marks the end of the FiT system and the benefits derived from the CfD system; despite this, plants that had submitted a request for FiT by 1 January 2016 will continue to enjoy the benefits of the FiT systems as determined by the decree of 17 June 2014. Therefore, the following regime will apply for all plants that applied for the incentives system before 31 December 2016:

- CfD – according to the decree of 13 December 2016 – The decree establishes a base level for the tariff, subject to annual indexing amounting to €82/MWh for the first ten years of energy production, while the tariff for the last five years of the contract is related to the amount of energy produced in the first ten years. Low-wind sites (less than 2,400 hours of generation per year) will continue to benefit from the same tariff for the full 15 year period, whereas mid and high-wind speed sites will see a decrease in the applicable tariff in the last 5 years. In addition, the decree provides, during the 15 years of the contract, a €2.8/MWh management premium, which mainly aims to cover the variable and fixed costs related to market access and to the capacity market.

- FiT – as per the decree dated 17 June 2014 - The decree specifies a fixed tariff regime (€82/KWh subject to annual indexation) for the first ten years of generation, while the tariff for the last five years of the contract is linked to the volume of energy produced in the first ten years. Low-wind sites (less than 2,400 hours of generation per year) will continue to benefit from the same tariff for the full 15 year period, whereas mid and high-wind speed sites will see a decrease in the applicable tariff in the last 5 years.

From 2017 (as of the application date for the incentive system), these plants were only subject to a "CfD" system following the publication of (i) a decree on 10 May 2017 and (ii) a multi-year tender plan for onshore wind farms published on 5 May 2017. Given the contents of these two publications, each wind farm will benefit from the CfD system (as described above). The characteristics of this CfD regime depend on (i) the number of turbines and (ii) the nominal capacity of the turbines in the farm, as follows:

1) Plants with a maximum of 6 turbines, each with a maximum nominal capacity of 3 MW.
   The decree published on 10 May 2017 will be applied and incur benefits according to the following CfD regime:
   1. A basic level for the tariff, based on the diameter of the turbine's largest rotor, as follows:
      i. Rotor diameter ≤ 80 m – €74/MWh
      ii. Rotor diameter ≥ 100 m – €72/MWh
      iii. Rotor diameter from 80 to 100 m – On a linear scale from €74/MWh to €72/MWh;
   2. The basic level of the tariff is capped at €40/MWh, applied if the plant's annual production exceeds a certain threshold (also depending on the rotor diameter). This cap applies only to production over the established production ceiling;
   3. The CfD contract has a 20 year duration;
   4. The basic level of the tariff is subject to annual indexing;
   5. A management premium of €2.8/MWh (not subject to indexing), designed to cover fixed and variable costs for accessing the market and capacity market.

2) Wind farms with a minimum of 7 turbines.
   The multi-year tender program for onshore wind farms will be applied and incur benefits according to the following CfD regime:

a. A basic level for the tariff, as established and presented by the owner of the project for the wind farm participating in the tender. According to the plan, the maximum value of the base tariff is €74.8/MWh (this maximum value will be reduced to €70/MWh by 2020);
b. If the project involves a participatory investment (with a minimum of 40% of shares) or financing (with a minimum of 10% excluding senior debt) with local and/or private public bodies, the level of the base rate will increase as follows:
   i. participatory investment (≥ 40% of shares): €3/MWh
   ii. participatory financing (≥ 10% excluding senior debt): €1/MWh,
   iii. from 20% to 40% shares: linear scaling;
c. The CfD contract has a 20 year duration;
d. The basic level of the tariff is subject to annual indexing.

The multi-year tender program for onshore wind farms published on 5 May 2017, and modified in 2018, 2019 and 2020, aims to incentivise 3.38 GW of aggregated capacity from December 2017 to November 2020.

On 23 April 2020, the French Government issued the so-called Energy Multi Annual Programming Decree, establishing the renewable energy targets for 2023 and 2028. Given the contents of the decree, the target installed capacity for onshore wind is expected to reach a value of 24.1 GW by 2023 and between 33.2 GW and 34.7 GW by 2028. At 31 December 2019, the onshore wind capacity installed in France is equal to 16.5 GW.

❖ ***US - regulatory framework in the solar sector***

The Group has been operating in North Carolina since December 2017 with a 92 MW solar plant, and in Massachusetts since June 2018 with four solar plants (for a total of 20.5 MW).
The Group's US projects benefit from federal policies such as the Solar Investment Tax Credit (ITC), and meet environmental requirements for solar projects designed to promote the production of renewable energy. On a state level, Renewables Portfolio Standards (RPS), now available in 29 states and the District of Columbia, also require utilities to guarantee a certain percentage of energy use from solar, wind or other renewable sources.
The Group has installed a 6.6 MWh battery-powered storage system connected to its operating solar system in Middleton, Massachusetts. Middleton Electric Light Department (MELD), a Massachusetts utility, has entered into a long-term capacity agreement with Falck Renewables North America Development Services & Construction Management, LLC for the dispatching of energy accumulated during periods of high system charges. The storage plant will allow MELD to reduce these charges, generating benefits for the entire local community, which will benefit from the lower operating costs of the system.

- *Federal incentives*

Solar Investment Tax Credit (ITC)
The Solar Investment Tax Credit (ITC) is one of the key mechanisms in federal policy supporting the uptake of solar power in the US.
The ITC is a federal tax credit worth 30% of investment, granted to solar energy producers, and can be used against personal or corporate income tax due to the federal government. The ITC is based on the percentage invested in solar properties: both residential and commercial ITCs are worth 30% of the base invested in suitable properties under construction up until 2019. The ITC will then fall to 26% in 2020 and 22% in 2021. After 2021, the trade and utility credits will fall to a fixed 10%. Utility scale projects that begin construction before 31 December 2021 will continue to earn 30%, 26% or 22% ITCs if they commence activities before 31 December 2023.

- *North Carolina*

The RPS in North Carolina requires 12.5% of total energy use to be from renewable sources by 2021. 0.2% of this quota (12.5%) must come from solar sources (although 88% of the new capacity required by the RPS will presumably be solar power), while the remaining amount must be covered by new wind farms. In particular, 2016 estimates (the latest available) put wind and solar capacity as required by the RPS at 243.3 and 240.7 MW respectively.

RECs
The North Carolina RPS specifies that public utilities can purchase RECs (Renewable Energy Certificates) in order to meet the requirements of the RPS: In fact, in some areas of the US, energy from renewable sources is sold to utilities by the producers at the price that it would cost users to generate the same amount of energy (so-called 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 overall cost of the energy generated, including the REC costs, are therefore transferred to the utility clients.
The North Carolina Utilities Commission has set up the North Carolina Renewables Tracking System (NC-RETS) for issuing and monitoring the RECs. North Carolina utilities use the NC-RETS to demonstrate compliance with the RPS.
In fact, the REC market in the state is mainly driven by RPS compliance, although utilities can purchase up to 25% of their RPS requirement through qualified, out-of-state REC markets.

Renewable energy producers can register their plants with the commission. If approved, they will be able to use NC-RETS to create and sell RECs to Investor-Owned, Municipal or Cooperative Utilities that need to meet their obligatory quotas. NC-RETS uses energy production data that can be verified by the participating structures to generate a digital certificate for each MWh produced.
NC-RETS and all the relative FER energy production records are controlled by the Public Staff of the North Carolina Utilities Commission.

- *Massachusetts*

In Massachusetts, the RPS, as modified by the Green Communities Act, S.B. 2768 dated July 2008, aims to see renewable energy increase to 15% of the total energy used by 2020, and continue to increase by 1% each year thereafter.

RECs
In Massachusetts, the eligible solar systems produce Solar Renewable Energy Certificates (SRECs), which energy suppliers purchase to comply with the solar carve-out of the RPS. As a result of changes introduced to the objectives of the RPS, new SREC quotas have been created. The first program, the Solar Carve-Out Program (later called Class I SREC) was replaced by the Solar Carve-Out II Program (or Class II SREC). 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 SREC-II program was replaced in November 2018 by the new Solar Massachusetts Renewable Target (SMART). This program provides for the application of a graduated incentive differentiated by territory and type of technology. The percentages of the various SMART incentive groups decrease as each band 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 between sellers and buyers. The Massachusetts Department of Energy Resources (DOER) has sought to stabilise the value using a state-level auction scheme known as the Solar Credit Clearinghouse Auction II, with prices set on an annual basis and 5% detraction for administrative expenses. SREC producers only take part in the Solar Credit Clearinghouse Auction II if they can't manage to sell their SRECs with bilateral contracts on the free market.
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 load through renewable energy, the State of New York uses a centralised procurement model. 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 objectives.
RPS is an integral part of the Clean Energy Standard (CES), another measure that sets a state target of 6 GW of solar energy by 2025, with a progressive transition program from 2017.
The New York State RPS requires each load serving entity (LSE) - including any entity or organisation such as licensed utilities, municipalities and electricity cooperatives, necessary for the supply of energy or energy services to end customers - to provide its end customers with certificates associated with new renewable sources, called Tier 1 Renewable Energy Credits (RECs). The LSEs have several solutions to ensure compliance with the system: the purchase of Tier 1 REC from NYSERDA; the direct procurement of Tier 1 REC through agreements with renewable producers or intermediaries; the self-supply of Tier 1 REC; the payment of Alternative Compliance Payment (ACP); or a combination of these options. Unlike other countries where Tier 1 certificates are reserved for a particular set of renewable energies, ESC Tier 1 is designed to

promote technologies that qualify as new renewable sources. All qualifying installations that commenced operation after 1 January 2015 are classified as Tier 1 sources.
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.

RECs
The CES sets the amount of load that Level 1 RECs can cover annually. Following the revision introduced by the Phase 2 Implementation Plan in December 2017, utilities are expected to meet an annual first-level REC target of 0.15% by 2018, 0.78% by 2019, 2.84% by 2020 and 4.20% by 2021. Utilities meet their commitments by purchasing the required amount of RECs from NYSERDA or other sources. Since 2018, NYSERDA has been selling Tier 1 RECs to utilities on a quarterly basis, if available.

The New York Generation Attribute Tracking System (NYGATS), operated by NYSERDA, is responsible for monitoring and reporting information on electricity produced, imported and consumed within the state. NYGATS must also demonstrate LSE compliance and progress towards the CES target of 50% renewables by 2030. Utilities must register with NYGATS to create an account through which to manage their CES obligations.

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

Community Solar
"Reforming the Energy Vision" (REV), introduced by Governor Andrew M. Cuomo, outlines the energy strategy of the State of New York. The tariff structure in place before the REV was implemented for distributed resources (DER) did not adequately compensate for many of its components. In March 2017, the Public Service Commission (PSC) issued a VDER Order to properly compensate DERs with power up to 2 MWca.
On 14 May 2020, the SDC granted additional funding and extended the NYSun program to support the new target of 6 GW by 2020. The Commission is expected to approve additional funding of $573 million to support the 6 GW target and extend the program to 2025. This additional funding will be mainly divided into: 1) $290 million for the MW Block incentive program; 2) $111 million for an additional mechanism called Community Adder; 3) $135 million for projects that benefit low-income clients, affordable housing, environmental justice and disadvantaged communities; 4) $19 million for projects that meet certain criteria, such as location in derelict areas or landfills; 5) $16.8 million for client training, the New York State Cost Recovery Fee and program management.

- *Michigan*

In October 2008, Michigan passed the Clean, Renewable, and Efficient Energy Act (Public Act 295), which requires investor-owned utilities, other retail suppliers, power cooperatives and municipal utilities to generate 10% of their electricity sales from renewable sources by 2015. Senate Law SB 438, signed in December 2016, increased this requirement to 15% by 2021 and made further changes. Each utility has a specific annual obligation calculated on the basis of its portfolio of renewable source plants. Falck has begun developing four new projects within the area served by Consumers Energy, presenting the related connection requests that will be examined during 2020. Consumers Energy will conduct competitive procedures on an annual basis, through auctions managed by Enel X as an independent third party, aimed at increasing the production of renewable electricity. 1,200 MW will be allocated to new solar capacity within the quota for the period 2019-2021.

- *Customs tariffs*

The Trump administration, through the Trade Representative of the United States of America, has applied a series of duties on products imported from several countries, including China, which could be used in projects related to the production and storage of solar energy, with possible repercussions on prices. In January 2018, the Trump administration applied a 30% duty on solar panels imported from China, forecasting a 5% tariff decrease over four years, to stabilise at 15% in 2021. Other components used in renewable projects such as inverters and batteries are also likely to be affected by customs tariffs. Current customs tariffs are included in market quotations and are therefore already incorporated into project budgets. The new customs tariffs may increase the cost of new projects in the future, posing a risk if existing supply contracts include components affected by the new tariff system.

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

The Group has been present in Sweden and Norway since September 2017 with investments in "ready for construction" wind farms. In particular, two wind farms entered into operation during 2019 - Åliden Vind with a capacity of 46.8 MW and Hennøy with a capacity of 50 MW - while two other wind farms are still under construction.
Based on an agreement signed in 2011 (*"Agreement between the Government of the Kingdom Of Norway and the Government of the Kingdom Of Sweden on a Common Market For Electricity Certificates" – cd. "Electricity Certificate Act"*) between Sweden and Norway, since 1 January 2012 the two countries have set up a shared funding system for producing renewable energy, using a green certificate system.
The agreement sets a shared target of 28.4 TWh by 2020 (15.2 from Sweden and 13.2 from Norway) to be achieved using a Tradable Green Certificate (TGC) system: one certificate for each new FER MWh for 15 years, regardless of the technology used, with a value in addition to the wholesale energy price.
On 19 April 2017, the Swedish government presented a bill to parliament intended to change the certificate system. In general, the proposal would increase the target quota with an extra 18 TWh by 2030 (in addition to the 2020 target) and extend the system up to 2045 (instead of 2035).
This proposal by the Swedish government was expected following the bipartisan "Agreement on Swedish Energy Policy" reached by the government in June 2016 with moderates, centre and Christian democrat parties. The agreement sets out a shared road map towards a system entirely based on renewable energy, with a target of 100% FER by 2040.
As the certificate system is covered by the treaty with Norway, and the market is bilateral, any changes to the current system must also be approved by the Oslo government.
An agreement was therefore reached with the Norwegian government in mid-2017 ("Agreement in principle on Swedish expansion of the Electricity Certificate Regime"), stating that (i) the new target of 18 TWh by 2030 will be in addition to the target of 15.2 TWh by 2020, but that Norway will not contribute to funding this additional quota and will maintain the 13.2 TWh target in the current regime; (ii) the obligatory quota of Swedish certificates for end users will be raised between 2018 and 2020, in order to increase demand immediately; (iii) the target of 18 TWh must be achieved with a linear increase on the quota curve of 2 TWh per year from 2022 to 2030; (iv) both Swedish and Norwegian certificates must be traded on the common market up until 1 April 2046; (v) Norwegian projects must qualify by 31 December 2021 in order to be included in the regime, although they will not receive certificates after 2035; (vi) by 2020, Sweden must propose a mechanism for supporting the new 18 TWh target and guarantee operators the mechanism's continuation and stability after 2030; (vii) production of renewable energy that must be declared under the renewable energy directive 2009/28/EC must be divided equally between Norway and Sweden, until Norway achieves the 13.2 TWh target. Any surplus production capacity over the target will be attributed to Sweden. These amendments to the Electricity Certificate Act came into effect on 1 January 2018.
The target set for 2020 was reached in May 2019 and it is expected that the 2030 target will also be reached well in advance of the reference year.

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

The Group is developing some renewable energy plants in the Netherlands.
In the autumn of 2012, the Rutte-Asscher government tried to set more ambitious targets than those in the EU agreement, with renewable energy penetration of 16% by 2020.

The September 2013 Energy Agreement reflected this drive to increase FER use in the country, setting a target of 6,000 MW installed by 2020 (including the current 2,500 MW), while confirming the EU commitment of 14% by 2020 and aiming to achieve 16% by 2023. The Energy Agreement confirmed the SDE+ regime as the main tool for supporting renewables and promoting a more stable investment policy.
The SDE+ system provides energy producers with financial compensation for renewable energy generated, calculated on the difference between the cost of renewable and fossil fuel energy. SDE+ compensates producers for this difference for a certain number of years, according to the type of technology used and the location of the project. This means that the SDE+ contribution also depends on the performance of energy prices.
On 30 November 2016, given the considerable delay in achieving national emission reduction targets set by the EU, the government proposed a 33% increase in the annual budget for supporting renewable energy projects.
In May 2019 the Dutch Senate approved, among other measures, the Climate Act, with the aim of achieving a 95% reduction in greenhouse gas emissions by 2050 compared to 1990 levels, with an intermediate reduction target of 49% by 2030. In June 2019, the Climate Agreement was also published, which defines concrete measures to achieve the intermediate target of 2030 set out in the Climate Act. This agreement specifically provides for a production target of at least 35 TWh/year from large-scale onshore renewables (>15kW) to be achieved by 2030 (mainly solar photovoltaic and wind), combined with a growth in decentralised renewables. The 2019 Climate Agreement also provides for the introduction of a new support scheme for renewables, the so-called SDE++, which is scheduled to enter into force on 1 January 2020. The revised mechanism expands the pool of eligible technologies compared to the previous SDE+, which allowed only solar, onshore wind, biomass, geothermal and hydropower.

4.1.3 Performance

The Group uses the following alternative performance indicators:

- EBITDA is measured by the Group as profit for the period before investment income and expenses, financial income and expenses, amortisation and depreciation, impairment losses, allocations to risk provisions and income tax;
- 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;
- Net financial position without operating leases: for the purposes of calculating the Financial Ratio, the financial payables for operating leases recorded in accordance with IFRS 16 are not included in the calculation of the Consolidated Net Financial Debt as defined above in the Corporate Loan Agreement.

In the first half of 2020, Falck Renewables Group **revenues** amounted to €195,289 thousand, an increase of €9,872 thousand (+5%) on the 2019 first half.

The increase in **revenues** is due to: (i) approximately €5.5 million for the commissioning of the wind farms in Hennøy (Norway) and Åliden (Sweden) in late December 2019, with a grid capacity of 96.8 MW, and the Spanish wind farm Energia Eolica de Castilla in early February 2020, with a grid capacity of 10 MW; (ii) approximately €3.1 million for the change in the scope of consolidation due to the 2019 acquisitions of the 5 French wind farms, with a grid capacity of 56 MW; (iii) the fall in electricity sales prices compared with last year of about €11.6 million, mainly attributable to the United Kingdom, Italy and Spain. The transfer prices of the Waste to Energy plant in Trezzo sull'Adda, on the other hand, contributed around €0.7 million; (iv) around €8.3 million to higher production in the wind power sector in the UK and France, partially offset by lower production in Italy and Spain; (v) the decrease of approximately €1.7 million resulting from lower production in the Waste to Energy, biomass and solar energy sector due to the scheduled maintenance shutdown of the Rende biomass plant, only partially offset by higher solar energy volumes in Italy and the United States; (vi) approximately €5.8 million, deriving from the higher volumes of energy sold to third parties by Falck Next Energy Srl; (vii) approximately €0.4 million in lower revenues from the Services sector.

The GWh generated in the wind sector in the first half of 2020 amounted to 1,275 compared to 982 recorded in the 2019 first half (+30% compared to the same period in 2019). The overall GWh generated globally by all of the Group's technologies totalled 1,464 compared to 1,177 in the first half of 2019 (+24% compared to the same 2019 period).

As expected, electricity sales prices fell during the first half of 2020 compared to the first half of 2019, including the incentive component, in Italy, for wind farms by 6% including price risk hedging, for solar farms by 7%, for WtE farms by 12%, in Spain for wind farms by 31% and in the UK for wind farms by 11%.
In Italy, on the other hand, electricity prices for biomass plants increased by 3% due to the incentive component and prices for the waste disposal and treatment service by 7%, while in France the Feed-in tariff mechanism neutralised the price fluctuation (+1%).

With reference to production in the UK, there was also an average devaluation of the pound sterling against the euro of 0.1% in the first half of 2020 compared to the same period of the previous year.

The following EUR-GBP exchange rates were used in conversions:

	Euro/GBP
End of period exchange rate 30 June 2020	0.9124
End of period exchange rate 30 June 2019	0.8966
End of period exchange rate 31 December 2019	0.8508
Average exchange rate 30 June 2020	0.8746
Average exchange rate 30 June 2019	0.8736
Average exchange rate 31 December 2019	0.8778

				(€ thousands)
		30.06.2020	30.6.2019*	31.12.2019
Revenues		195,289	185,417	374,494
Operating profit		**62,290**	**63,567**	**114,395**
EBITDA		**106,251**	**104,935**	**204,011**
Profit before tax		**40,673**	**44,991**	**77,963**
Profit for the period		**28,401**	**33,816**	**63,181**
Profit for the period attributable to owners of the parent		**21,283**	**26,344**	**48,436**
Invested capital net of provisions		1,339,471	1,241,573	1,328,429
Total Group and third party equity		646,991	561,427	607,663
Net financial position - indebtedness/(asset)		**692,480**	**680,146**	**720,766**
of which "non-recourse" project financing		614,204	687,184	671,909
Investments		**62,996**	**70,664**	**152,150**
Personnel at the period-end	(no.)	535	461	498
Ordinary shares	(no.)	291,413,891	291,413,891	291,413,891

(*) The figures at 30 June 2019 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.

Revenues for the first half of 2020 are broken down by sector as follows:

				(€ thousands)
	30.6.2020	%	30.6.2019	%
WtE, biomass and solar sector	31,844	16	33,121	18
Wind sector	130,009	67	124,563	67
Services sector	20,224	10	21,222	11
Other Businesses	34,343	18	37,064	20
Partial total	216,420	111	215,970	116
Elimination of intra-group revenues	(21,131)	(11)	(30,553)	(16)
Total	**195,289**	**100**	**185,417**	**100**

Against growth in revenues of approximately €9.9 million, costs were up by approximately €15.5 million and other income rose by €4.3 million, resulting in a fall in operating income of €1.3 million, due to the following trends:

- **Other income** increased by €4,328 thousand, mainly due to (i) €1,874 thousand in increased revenues from services provided mainly to Novis Renewables LLC, and (ii) the capital gain of €3,989 thousand realised following the sale by the Group of 50% of the equity investment in Novis Renewables LLC (and therefore joint control) to Eni New Energy US Inc, leading to their deconsolidation and the first recognition at fair value of the remaining 50% equity investment. The effect was partially offset by lower insurance compensation of €1,204 thousand compared to the previous period;

- the item **Direct costs and expenses** increased by €8,627 thousand, mainly: (i) the purchase of energy from the market by Falck Next Energy Srl, (ii) higher costs and depreciation due to the increased installed capacity, and (iii) higher maintenance costs for the biennial shutdown of the biomass plant;

- **Personnel costs** increased by €2,918 thousand mainly due to the average increase in the workforce (+70 units) compared to the first half of 2019. The increase in the average number of employees is mainly due to a growth in internal personnel as the main functions have been structured to cope with the development of new initiatives envisaged in the business plan. Compared to 2019, higher Long Term Incentive Plan costs of €527 thousand (of which €448 thousand for one-off costs of the 2017-2019 plan) also had an impact on personnel costs;

- **General and administrative expenses** increased by €4,075 thousand compared to the same period of 2019, mainly due to costs associated with development activities in the various businesses (assets, services and digital asset management), the previously mentioned increase in the scope of consolidation, higher allocations to funds, higher Long Term Incentive Plan costs for the CEO of Falck Renewables SpA of €628 thousand (of which €526 thousand for one-off costs under the 2017-2019 plan) and costs in favour of the local communities and territories in which the Group operates in support of the "Covid-19" emergency of approximately €700 thousand.
  These higher costs were partially offset by greater use of the risk provisions compared to the previous period.

The effect of the above trends is that in the first half of 2020 **EBITDA** reached €106,251 thousand (€104,935 thousand in the first half of 2019) and **Operating income** amounted to €62,290 thousand (€63,567 thousand in the first half of 2019).

EBITDA for the first half of 2020 increased compared to the first half of 2019 due to: (i) the change in the scope of consolidation due to the 2019 acquisitions of the 5 French wind farms; (ii) the commissioning at the end of December 2019 of the wind farms in Hennøy (Norway) and Åliden (Sweden) and the Spanish wind farm Energia Eolica de Castilla at the beginning of February 2020; (iii) the higher production in the wind energy sector in the UK and France, partially offset by the lower production in Italy and Spain in the wind energy sector, and the biomass plant shut down for scheduled maintenance; (iv) the increase in prices relating to the waste disposal and treatment service for the WtE plant at Trezzo sull'Adda; and (v) the capital gain realised following the sale by the Group of 50% of the shares in Novis Renewables LLC 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. On the other hand, the decrease in electricity sales prices compared to last year, mainly attributable to the United Kingdom, Italy and Spain, had a negative impact. By contrast, the transfer prices of the Waste to Energy plant in Trezzo sull'Adda made a positive contribution.

Net financial expenses increased by €1,343 thousand compared to the first half of 2019. The increase is due to the write-down of financial receivables from companies with which development agreements have been entered into, higher costs for sureties in support of Business Development, higher exchange rate losses partially offset by lower financial charges relating to a lower average non-recourse loan debt and management actions aimed at making financial costs more efficient.

In the first half of 2020 the Falck Renewables Group recorded a **profit before tax and before minority interests** of €40,673 thousand, a decrease of €4,318 thousand compared to the first half of 2019.

Income tax at 30 June 2020 amounted to €12,272 thousand (€11,175 thousand in the first half of 2019).

This figure was adversely affected mainly by: (i) the one-off adjustment of deferred taxes in the United Kingdom for a total of €2.7 million, following the failure to reduce the income tax rate (previously approved and subsequently repealed) to 17%; and (ii) the lower consolidation income recorded in 2020 for approximately €0.6 million.

As a result, **net profit** amounted to €28,401 thousand, down €5,415 thousand compared to 30 June 2019.

The **profit/(loss) attributable to owners of the parent**, amounting to €21,283 thousand, decreased by €5,061 thousand compared to the first half of 2019 (€26,344 thousand). Without the one-off effect of deferred taxes in the UK, the profit attributable to owners of the parent for the period would have been €22,990 thousand (down €3,354 thousand compared to the first half of 2019).

The **net financial position, including the fair value of derivatives**, amounts to €692,480 thousand compared with €720,766 thousand at 31 December 2019. This includes:

- non-recourse financing of €614,204 thousand, down €57,705 thousand on the balance at 31 December 2019;
- the liability for operating leases, which in accordance with IFRS 16 is classified under financial liabilities, amounting to €81,881 million. Net of this amount, the net financial position would have been €610,599 thousand, an improvement compared to 31 December 2019.
- net financial debt of €108,051 thousand relating to projects under construction and development which, at 30 June 2020, had not yet generated full year revenues; net of this amount, the fair value of derivatives (€38,887 thousand at 30 June 2020 compared with €32,587 thousand at 31 December 2019) and financial debt under operating leases, the net financial position would have been €463,661 thousand.

The components affecting the change in the net financial position are as follows: cash generation from operating activities amounts to approximately €43.3 million, offset by net investments made during 2020 of approximately €63 million. The write-down of the pound sterling against the euro positively affected net financial debt by €23.6 million, and the change in the fair value of derivatives had a negative effect of €5 million on the net financial position. The sale of assets in the USA, net of investments in the development company Novis Renewables LLC, generated a positive effect of €55.6 million. The adjustment of existing rights of use in accordance with IFRS 16 resulted in an increase in the net financial position of approximately €4 million. Finally, the payment of dividends, net of the contribution from minorities, amounted to approximately €22.2 million.

Moreover, 67% of Gross debt, amounting to €753,999 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 €505,725 thousand.

The net financial position (excluding the fair value of derivatives and the debt under operating leases, amounting to €571,712 thousand) is also hedged against interest rate fluctuations by fixed-rate loans and interest rate swaps for an amount equal to 88% of financial debt.

The following table shows a series of information designed to illustrate the composition and policy of the Falck Renewables Group interest rate hedges:

Total Gross Debt without Fair Value of Derivatives and operating leases	753,999
of which Project Gross Debt (Project GD)	614,204
% GD Project/GD	81%

Total Gross Debt without Fair Value of Derivatives and operating leases	753,999
Total hedged against interest rate fluctuations	505,725
% Hedged/GD	67%

Total NFP without Fair Value of Derivatives and operating leases	571,712
Total hedged against interest rate fluctuations	505,725
% Hedged	88%

During the first half of 2020 total investments amounted to €62,996 thousand.

Investments on property, plant and equipment amounted to €57,943 thousand and mainly related to the construction of the Brattmyrliden (€48,610 thousand) and Aliden (€260 thousand) wind farms in Sweden, Falck Renewables Vind (€1,870 thousand) in Norway and Energia Eolica de Castilla (€1,908 thousand) in Spain, maintenance work on the plants of Ecosesto SpA (€1,056 thousand), Actelios Solar SpA (€360 thousand), the capitalisation of rights of use not allocated to plants under construction (€3,160 thousand) and the purchase of office furniture and investments (€719 thousand).

Investments in intangible fixed assets amounted to €5,053 thousand and refer to operating software and licensing expenses of €3,460 thousand and €1,593 thousand in development costs.

As of June 30, 2020, the **workforce** was composed as follows:

			(Number)
	30.06.2020	30.6.2019	31.12.2019
Managers	58	54	55
White-collar staff	446	373	410
Blue-collar staff	31	34	33
Total personnel working in consolidated companies	**535**	**461**	**498**

The increase is mainly due to internal growth as the main functions, in continuity with 2019, are structuring themselves to cope with the development of the new initiatives envisaged in the business plan. The following table provides a breakdown of the workforce by sector:

			(Number)
	30.6.2020	30.6.2019	31.12.2019
WtE, biomass and solar sector	65	67	68
Wind sector	26	26	28
Services sector	332	280	301
Other Businesses	112	88	101
Total	**535**	**461**	**498**

The table below shows the **installed capacity** compared to previous periods:

			(MW)
Technology	30.6.2020	30.6.2019	31.12.2019
Wind	932.7	825.9	922.7
WtE	20.0	20.0	20.0
Biomass	15.0	15.0	15.0
Photovoltaic	128.6	128.6	128.6
Total	**1,096.3**	**989.5**	**1,086.3**

The installed capacity increased by 106.8 MW compared to 30 June 2019.

At the end of December 2019, the wind farms in Hennøy (Norway) and Åliden (Sweden) came into operation for a total of 96.8 MW. In addition, in the month of February 2020, the Spanish plant of Energia Eolica de Castilla came into operation, increasing the installed capacity of the Group by 10 MW.

4.1.4 Non-financial performance indicators

The following are the main non-financial indicators:

	Unit of measurement	30.6.2020	30.6.2019
Gross electricity generated	GWh	1,464	1,177
Total waste handled	Ton/000	74	74

4.1.5 Share price performance

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

In the first two months of 2020, the share performance confirmed the growth trend that began in the last part of 2018, coinciding with the progressive spread of the Covid-19 emergency, a sharp correction in line with the performance recorded by the entire equity sector, both Italian and worldwide. The stock has reacted vigorously since mid-March 2020, almost entirely recovering the gap compared to the highs at the end of February and recording an increase of 14% at the end of June 2020 compared to the end of December 2019, reaching a price of €5.44 per share.
The digital presentation of the new business plan (Roadmap 2025), which took place on 12 March 2020, was an opportunity, even in the most intense period of the coronavirus, to give the market a perspective on the Group' s objectives up to 2025, namely: increasing its installed capacity, expanding services and accelerating the process of digitization. The mechanism underlying the dividend policy with a floor and a cap is confirmed and applied over the period of the plan.
During the first half of 2020, we continued to communicate the main issues emerging from the presentation of the business plan to the market, despite the difficulties encountered in organizing meetings due to the Covid-19 emergency. Precisely for this reason we made a special effort to increase the number of meetings with potential investors both in Italy (initially in Milan, through in-person meetings in January) and internationally, organising digital roadshows and taking part in events organised by brokers and specialised companies.
One of the most important events was the European Renewables Conference hosted by Jeffries, the Renewable Energy Forum jointly organised at the end of June by Oddo BHF and Natixis, and the first edition of the Pan European ESG Conference organised by Kepler Cheuvreux, where the company had the opportunity to meet some important institutional investors.
At the beginning of June, JP Morgan Asset Management Holdings INC announced that it had fallen below the threshold of 5%, which is defined as the first limit for the disclosure of relevant holdings in the event that the issuer is an SME.

As well as communicating the strategic objectives, we continued throughout the half-year with our usual focus on shareholders or potential shareholders, privileging an approach based mainly on one-to-one meetings and on sending reports and clarifications, also via email or telephone contacts. The Company also attends conventions and discussions both regarding financial matters organised by Borsa Italiana, enterprises or financial institutions and concerning the regulatory framework to contribute in better organising 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: this has contributed to increasing the Group's visibility with investors. These indexes are updated each quarter.

In addition to the website www.falckrenewables.eu, which meets all of the criteria for companies listed on the STAR segment, from 2012 the Company is also active on Twitter with the account @falckrenewables which provides the latest news regarding the Group in real-time.

4.1.6 Performance of the business sectors

The Falck Renewables Group operates in the following business sectors:

- WtE and waste treatment, biomass and solar;
- wind;
- services;
- other business.

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.

❖ **WtE, biomass and solar sector**

The key financial highlights of this sector may be summarised as follows:

(€ thousands)

		30.06.2020	30.6.2019	31.12.2019
Revenues		31,844	33,121	68,026
EBITDA		**20,356**	**16,298**	**33,846**
Operating profit/(loss)		**12,765**	**8,619**	**13,786**
Profit/(loss) for the period		**9,532**	**5,708**	**10,072**
Profit/(loss) attributable to owners of the parent		**8,165**	**5,390**	**9,413**
Intangible assets		**285**	**313**	**301**
Property, plant and equipment		**239,301**	**247,513**	**244,541**
Net financial position - indebtedness/(asset)		**93,220**	**149,214**	**153,610**
of which non-recourse project financing		59,950	54,466	59,823
Investments		**1,416**	**1,298**	**6,488**
Personnel at the period-end	(no.)	65	67	68

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.

On 20 March 2020 Eni New Energy US Inc. ("ENE US") and Falck Renewables North America Inc. ("FRNA") completed the strategic agreement announced on 20 December 2019. This agreement provides for the creation of an equal platform for the development, construction and financing of new renewable energy projects such as solar, onshore wind and storage. At the same time, under the terms of the agreement, FRNA transferred to ENE US 49% of the shares in the installations currently operating in the United States, maintaining control. These quotas concern a total portfolio of 112.5 MW. The total value paid by ENE US to FRNA is approximately $71 million.

Furthermore, with effect from June 2020, five employees of Falck Renewables North America LLC were transferred to Novis Renewables LLC, an associate company of the Group dedicated to the joint development of renewable projects with Eni New Energy US Inc.

Revenues in the sector decreased by €1,277 thousand compared to the first half of 2019, a drop of 4%. The main effect was due to the scheduled maintenance shutdown of the Rende Biomass plant and the consequent decrease in production (-20% compared to the previous period). The lower electricity sale prices recorded in Italy impacted the solar plants and to a limited extent the Biomass plant and the Waste to Energy plant thanks to the coverage strategy decided at the beginning of the year. This reduction was partially offset by the increase in the incentive component for the biomass plant and by the better prices for the transfer of waste at the Waste to Energy plant in Trezzo sull'Adda.
Lastly, the positive contribution made by solar power plants in the United States compared to the previous period (production +7% compared to the previous year) is also due to the entry into operation of the storage system at the Middleton plant and a positive exchange rate effect (+2.5%).

EBITDA amounted to €20,356 thousand and increased by €4,058 thousand compared to the first half of 2019: compared to revenues, it stood at 63.9% (49.2% in 2019).
The increase in EBITDA was mainly due to the capital gain of €3,989 thousand realised following the sale by the Group of 50% of the shares in Novis Renewables LLC 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.

Owing to the above trends, the operating result increased by €4,146 thousand and amounted to €12,765 thousand.

During the first half of 2020, investments in tangible and intangible fixed assets amounted to €1,416 thousand and related to maintenance work on the plants of Ecosesto SpA (€1,056 thousand), Actelios Solar SpA (€360 thousand).

The net financial position, which shows a debit balance of €93,220 thousand, decreased by €55,994 thousand compared to 30 June 2019 mainly due to the proceeds from the sale of the shares in Novis Renewables Holdings LLC and Novis Renewables LLC to Eni New Energy US Inc. and the cash generation of operating plants net of investments.

The net financial position includes non-recourse project financing of €59,950 thousand (€54,466 thousand at 30 June 2019) and negative fair value of interest rate risk hedging derivatives of €344 thousand (€2,982 thousand at 30 June 2019).

In compliance with IFRS 12, the data required as at 30 June 2020, relating to subsidiaries with significant minority interests, are shown below:

	Registered offices	Currency	Share capital	% direct ownership	% indirect holding	Parent company
Novis Renewables Holdings LLC	Delaware (USA)	USD			51.000	Falck Renewables North America LLC
Falck Renewables IS 42 LLC	Delaware (USA)	USD			100.000	Novis Renewables Holdings LLC
NC 42 LLC	Delaware (USA)	USD			100.000	Falck Renewables IS 42 LLC
NC 42 Solar LLC	Delaware (USA)	USD			100.000	NC 42 LLC
NC 42 Energy LLC	Delaware (USA)	USD			100% class B*	NC 42 Solar LLC
Innovative Solar 42 LLC	North Carolina (USA)	USD			100.000	NC 42 Energy LLC
Falck Middleton LLC	Delaware (USA)	USD			100.000	Novis Renewables Holdings LLC
Falck Middleton Generation LLC	Delaware (USA)	USD			100% class B*	Falck Middleton LLC
HG Solar Development LLC	New York (USA)	USD			100.000	Falck Middleton Generation LLC
Falck Renewables DLP MA LLC	Delaware (USA)	USD			100.000	Novis Renewables Holdings LLC
SPME Dartmouth Holdings LLC	Delaware (USA)	USD			100.000	Falck Renewables DLP MA LLC
Fisher Road Solar I LLC	Delaware (USA)	USD			100.000	SPME Dartmouth Holdings LLC
SPME Holdings 2015 LLC	New Jersey (USA)	USD			100% class B*	Falck Renewables DLP MA LLC
Syncarpha Massachusetts LLC	Delaware (USA)	USD			100.000	SPME Holdings 2015 LLC
Syncarpha Palmer LLC	Delaware (USA)	USD			100.000	SPME Holdings 2015 LLC

(*) Class B shares guarantee the control of the company.

Main financial data:

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Novis Renewables Holdings Group	196,236	31,876	117,979	103,997	6,136

Main economic data:

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the year
Novis Renewables Holdings Group	6,578	3,164	1,759	1,759

❖ Wind sector

The key financial highlights of this sector may be summarised as follows:

(€ thousands)

		30.06.2020	30.6.2019	31.12.2019
Revenues		130,009	124,563	247,080
EBITDA		**96,960**	**96,560**	**186,663**
Operating profit/(loss)		**64,109**	**67,425**	**127,512**
Profit/(loss) for the period		**31,900**	**37,250**	**72,916**
Profit/(loss) attributable to owners of the parent		**26,136**	**30,072**	**58,787**
Intangible assets		**97,758**	**98,117**	**101,211**
Property, plant and equipment		**1,019,418**	**941,846**	**1,020,884**
Net financial position - indebtedness/(asset)		**447,143**	**528,487**	**501,441**
of which non-recourse project financing		554,254	632,718	612,086
Investments		**53,357**	**67,652**	**133,847**
Personnel at the period-end	(no.)	26	26	28

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.

At the end of December 2019 the wind power plants in Hennøy (Norway) and Åliden (Sweden) went into operation and in February 2020 the Spanish wind power plant Energia Eolica de Castilla went into operation for a total increase of the Group's installed capacity of 106.8 MW.

The increase in revenues (€5,446 thousand) was mainly due to: (i) the increase in production capacity following the entry into operation of the wind farms in Hennøy (Norway), Åliden (Sweden) and the Spanish plant of Energia Eolica de Castilla, (ii) the excellent windiness recorded in the United Kingdom and France, which more than offset the lower production in Italy and Spain, and (iii) the fact that the sector enjoyed the energy production of the 5 French wind farms for the entire half year, an acquisition completed in March 2019.
The positive effects mentioned above were partly offset by the decrease in electricity sales prices.

In fact, electricity sales prices decreased in the first half of 2020, compared to the first half of 2019, in Italy by 8% before the price risk hedges which are recorded in the "Other Activities" sector, in Spain by 31% and in the United Kingdom by 11%, while in France the Feed-in tariff mechanism neutralized the price fluctuation (+1%).

The GWh generated in the wind sector in the first half of 2020 amounted to 1,275 compared to 982 recorded in the 2019 first half (+30% compared to the same period in 2019). The contribution from the plants in Hennøy (Norway), Åliden (Sweden) and Energia Eolica de Castilla (Spain) was about 173 GWh.

With reference to revenues in the United Kingdom, the average devaluation of the pound sterling against the euro was 0.1% in the first half of 2020 compared to the same period of the previous year.
EBITDA amounted to €96,960 thousand, an increase of €400 thousand over the same period last year and equal to 74.6% of revenues (2019: 77.5%).

The increase in EBITDA is mainly due to revenues dynamics partially offset by higher maintenance costs, higher grid connection costs and higher insurance costs compared to the previous half-year.

As a result of the above trends, operating income decreased by €3,316 thousand compared to the first half of 2019 and is equal to 49.3% of revenues (54.1% in 2019).

The operating result was also affected by the higher amortisation and depreciation due to the increase in production capacity for €1.8 million and higher provisions for risks and charges and higher write-downs of receivables for a total of €2.1 million.

During the first half of 2020, investments in tangible and intangible assets amounted to €53,357 thousand and mainly related to the construction of the Brattmyrliden (€48,927 thousand) and Åliden (€260 thousand) wind farms in Sweden, Falck Renewables Vind in Norway (€1,886 thousand) and Energia Eolica de Castilla in Spain (€1,908 thousand).

The net financial position amounted to €447,143 thousand, including non-recourse project financing of €554,254 thousand and the negative fair value of derivatives hedging interest rate, exchange rate and commodity risk for €39,023 thousand, a decrease of €81,344 thousand compared with 30 June 2019 due to the cash generated by operating plants net of investments.

In compliance with IFRS 12, the data required as at 30 June 2020, relating to subsidiaries with significant minority interests, are shown below:

	Registered offices	Currency	Share capital	% direct holding	% indirect holding	Parent company
FRUK Holdings (No.1) Ltd	London (UK)	GBP	1		51.000	Falck Renewables Finance Ltd
Boyndie Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Cambrian Wind Energy Ltd	London (UK)	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Earlsburn Mezzanine Ltd	London (UK)	GBP	1,000		51.000	Falck Renewables Wind Ltd
Earlsburn Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Earlsburn Mezzanine Ltd
Ben Aketil Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd
Kilbraur Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd
Millennium Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd

Main financial data:

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
FRUK Holdings (No.1) Ltd	16,683	18,251	5,470	22,076	7,388
Boyndie Wind Energy Ltd	8,751	1,193	2,933	2,997	4,014
Cambrian Wind Energy Ltd	18,341	9,071	9,168	5,971	12,273
Earlsburn Mezzanine Ltd	45,885	3,052	28,206	19,669	1,062
Earlsburn Wind Energy Ltd	20,937	4,685	7,687	10,618	7,317
Ben Aketil Wind Energy Ltd	19,840	4,289	2,647	12,370	9,112
Kilbraur Wind Energy Ltd	52,343	8,548	15,085	39,367	6,439
Millennium Wind Energy Ltd	53,958	7,469	14,529	38,962	7,936

Main economic data:

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the year
FRUK Holdings (No.1) Ltd		(17)	4,200	4,314
Boyndie Wind Energy Ltd	2,208	1,194	1,151	852
Cambrian Wind Energy Ltd	10,734	4,046	3,983	3,089
Earlsburn Mezzanine Ltd		(16)	2,037	2,063
Earlsburn Wind Energy Ltd	5,820	3,682	3,582	2,625
Ben Aketil Wind Energy Ltd	4,727	3,043	2,594	1,895
Kilbraur Wind Energy Ltd	10,568	4,606	3,961	2,458
Millennium Wind Energy Ltd	9,421	4,058	3,351	2,023

❖ **Services sector**

The key financial highlights of this sector may be summarised as follows:

				(€ thousands)
		30.06.2020	30.6.2019 (*)	31.12.2019
Revenues		20,224	21,222	43,713
EBITDA		**1,411**	**2,550**	**6,045**
Operating profit/(loss)		**(997)**	**(878)**	**(1,528)**
Profit/(loss) for the period		**(1,168)**	**(1,043)**	**(452)**
Profit/(loss) attributable to owners of the parent		**(1,168)**	**(1,043)**	**(453)**
Intangible assets		**45,557**	**46,774**	**43,205**
Property, plant and equipment		**2,846**	**2,795**	**3,211**
Net financial position - indebtedness/(asset)		**673**	**1,042**	**(581)**
of which non-recourse project financing				
Investments		**4,542**	**625**	**1,756**
Personnel at the period-end	(no.)	332	280	301

(*) The figures at 30 June 2019 have been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations - related to the acquisition of Energy Team SpA.

The sector consists mainly of the Spanish group Vector Cuatro, Energy Team SpA, Falck Next Srl and Nuo Srl. This sector 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, Japan, Mexico, and the United Kingdom.
Vector Cuatro also offers engineering and consulting services in the development of projects to generate electricity principally using solar and wind energy.
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.

In July 2019, a business unit transfer from Vector Cuatro Srl to Falck Renewables Sviluppo Srl was completed. The business unit comprised three Business Development employees and goodwill from intellectual capital.

Furthermore, during January 2020 a contribution in kind of Nuo Asset Management software was made by Falck Renewables SpA to Nuo Srl following the resolution to increase the latter's share capital.

The sector shows a decrease in revenues of €998 thousand due to both lower intercompany activities and the slowdown in the period of the lockdown by Energy Team SpA of technical activities for the sale and installation of measurement products and service. The above mentioned sale of branch of business in 2019 and the transfer of other resources to Nuo Slu resulted in a consequent reduction of intra-group revenues, which were present in 2019.
On the other hand, asset management activities in favour of third parties showed a slight increase, mainly due to the commercial efforts made in the second half of 2019.

EBITDA declined by approximately €1,139 thousand to 7.0% of revenues (12.0% in 2019) due to: i) the decrease in turnover described above, ii) the start-up activities and costs of the newly incorporated company Nuo Srl, active in digital asset management services, and iii) the higher development costs of Falck Next Srl.
During the first half of 2020, investments in tangible and intangible assets amounted to €4,542 thousand and mainly concerned software development by Nuo Srl (€3,846 thousand), and office furniture and investments.

The net financial position was negative for €673 thousand, an improvement of €369 thousand compared to 30 June 2019 due to the cash generated by service activities, mainly by Energy Team SpA.

❖ **Other Businesses**

The key financial highlights of this sector may be summarised as follows:

				(€ thousands)
		30.06.2020	30.6.2019	31.12.2019
Revenues		34,343	37,064	72,378
EBITDA		**(10,962)**	**(10,639)**	**(21,907)**
Operating profit/(loss)		**(12,231)**	**(11,954)**	**(26,350)**
Profit/(loss) for the period		**7,828**	**380**	**27,185**
Profit/(loss) attributable to owners of the parent		**7,841**	**380**	**27,192**
Intangible assets		**12,580**	**3,523**	**12,111**
Property, plant and equipment		**5,334**	**1,947**	**2,648**
Net financial position - indebtedness/(asset)		**234,748**	**84,401**	**149,408**
of which non-recourse project financing				
Investments		**7,058**	**2,104**	**12,111**
Personnel at the period-end	(no.)	112	88	101

The sector is mainly composed of the parent company Falck Renewables SpA, the energy management company Falck Next Energy Srl and some companies dedicated to development.

In July 2019, a business unit transfer from Vector Cuatro Srl to Falck Renewables Sviluppo Srl was completed. The business unit comprised three Business Development employees and goodwill from intellectual capital.

Furthermore, during January 2020 a contribution in kind of Nuo Asset Management software was made by Falck Renewables SpA to Nuo Srl following the resolution to increase the latter's share capital.

Revenues from this sector derive almost exclusively from the management and sale of energy by Falck Next Energy Srl. The overall decrease compared to last year, amounting to approximately €2,721 thousand, was due to the lower volumes managed in relation to the Group's plants, while revenues from the same management activity carried out for third parties increased.

Operating income fell by €277 thousand. This fall was mainly due to higher asset development and digital asset management costs, and the strengthening of some staff structures.

Capital expenditure for the period amounted to €7,058 thousand, of which €3,874 thousand relating to intangible assets (software, licences and development costs), €492 thousand relating to hardware components and €2,692 thousand relating to the capitalisation of user rights.

This table sets out the data for the sector:

			(€ thousands)		
		FKR	Other companies	Eliminations	**Sector**
Revenues		40	34,328	(25)	**34,343**
EBITDA		(9,230)	214	(1,946)	**(10,962)**
Operating profit/(loss)		(10,419)	80	(1,892)	**(12,231)**
Intangible assets		7,164	5,416		**12,580**
Property, plant and equipment		5,334			**5,334**
Net financial position - indebtedness/(asset)		246,940	(12,192)		**234,748**
of which non-recourse project financing					
Investments		5,859	1,199		**7,058**
Personnel at the period-end	(no.)	106	6		**112**

Note: FKR is Falck Renewables SpA; Other companies mainly comprise Falck Next Energy Srl, Falck Renewables Sviluppo Srl and Falck Renewables Sicilia Srl.

The financial position in the sector (primarily Falck Renewables SpA) showed a net debt of €234,748 thousand, compared with a net debt of €84,401 thousand at 30 June 2019. The increase in the financial position compared to 30 June 2019 is due to capital increases in companies in Italy, Norway, Sweden and the USA to support the development and construction of new plants and the distribution of dividends to shareholders net of dividends received.

We remind you that 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; as of 30 June 2020 the new loan was used for an amount of €90 million.

The net financial position includes the positive fair value of foreign exchange and commodity hedging derivatives for €480 thousand (negative for €2,419 thousand at 30 June 2019).

4.1.7 Review of business in the first half of 2020

On 30 January 2020 Falck Renewables Vind AS signed a 10-year Power Purchase Agreement (PPA) for the sale of 70% of the electricity produced by its wind farm in Hennøy (Norway) to one of the most important energy players in Europe.

On 7 February 2020, the Spanish wind power plant Energia Eolica de Castilla started operation, which increased the Group's installed capacity by 10 MW. The plant was built in collaboration with Ascia Renovables SL. The company has signed a long-term contract (Power Purchase Agreement, PPA) with Holaluz, a Spanish energy supplier, which will allow a stable revenues stream.

On 20 March 2020 Eni New Energy US Inc. ("ENE US") and Falck Renewables North America Inc. ("FRNA") completed the strategic agreement announced on 20 December 2019. This agreement provides for the creation of an equal platform for the development, construction and financing of new renewable energy projects such as solar, photovoltaic, onshore wind and storage. At the same time, under the terms of the agreement, FRNA transferred to ENE US 49% of the shares in the installations currently operating in the United States. These quotas concern a total portfolio of 112.5 MW. The total value paid by ENE US to FRNA is approximately $71 million.

On 27 March 2020 Falck Renewables SpA completed the purchase of the shares held by Ascia Renovables Sl in Energia Eolica de Castilla Sl. As a result of this transaction Falck Renewables SpA holds 100% of the shares in the company whose plant commenced operations in February 2020.
On 22 April 2020 Falck Renewables SpA launched an international support programme to alleviate the impacts of the Covid-19 pandemic with targeted actions in favour of local communities and the territories in which it operates for a total value of €720 thousand.

On 7 May 2020, the Falck Renewables SpA Shareholders' Assembly approved the launch of the treasury share purchase program. The Company may purchase a maximum of 3,000,000 ordinary shares of Falck Renewables, corresponding to 1.0295% of the Company's share capital, and, taking into account the treasury shares already held by the Company as at 7 May 2020 (2,210,000 ordinary shares, equal to 0.7584% of the share capital), up to 1.7878% of the Company's share capital, in compliance with the legal and regulatory requirements as well as the accepted market practices in force at the time, where applicable.
The Company may purchase its own shares, on one or more occasions, until 7 November 2021.
The purchase of shares must take place at a unit price that will be determined on a case-by-case basis for each transaction, it being understood that (i) it may neither be 20% higher nor lower than the reference price recorded by the share in the stock exchange session on the day prior to each individual transaction and (ii) it may in any case not be higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer on the trading venue where the purchase is made. Purchases may be made within the limits of distributable profits and available reserves resulting from the latest regularly approved financial statements (including interim ones), capped at €24 million.
The Programme also provides that (i) the quantity of shares purchased on each day must not exceed 25% of the average daily volume of the Company's shares traded on the MTA (Mercato Telematico Azionario); (ii) purchases may be made on regulated markets in compliance with and in accordance with the provisions of laws and regulations, including European regulations, in force from time to time.
The buy-back program is mainly aimed at fulfilling the obligations deriving from the "Stock grant plan 2020 - 2022" as well as at carrying out possible acts of disposition of treasury shares for the realization of industrial projects or corporate operations and/or financing and/or extraordinary finance in compliance with the laws and regulations in force.

On 7 May 2020 the Shareholders' Assembly of Falck Renewables SpA approved the "Stock grant plan 2020-2022" for the Chief Executive Officer and executives and employees holding key roles within the Company and its subsidiaries.
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 the Company, equal to a maximum of approximately 0.6177% of the Company's 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.

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 Company and its shareholders. The plan will be implemented with company treasure shares already in the portfolio or purchased under Article 2357 of the Italian Civil Code.

4.1.8 Environment, health and safety

The Falck Renewables Group is constantly committed to integrating the principles of sustainable development in all its activities worldwide.

Aware of its responsibilities and duties towards its shareholders and stakeholders, the Falck Renewables Group is committed to achieving: a) a constant improvement of its QHSE performance and b) the implementation of internationally recognised management systems such as ISO standards and the use of best practices.

The Group works to prevent and manage hazards, improving procedures and implementing management systems commensurate with risk assessment. Hazards and impacts are identified by calculating the risks in order to identify corrective and preventive measures to minimise them to ensure the safety and health of its workers.

This continued to be our approach in managing the impact of the pandemic caused by the spread of Covid-19. From the end of February, all the staff at the headquarters in Sesto San Giovanni (Group headquarters), began working from home in advance of what was later prescribed by ministerial decrees and protocols. This measure was subsequently extended to all the staff functions in Italy, and rolled out to the Group's foreign offices in mid-March.

For facilities considered essential and requiring in-person presence, QSHE immediately implemented security protocols to contain the spread of Covid-19 and protect personnel. The protocols introduced already contained all the security measures identified by the agreement signed on 14 March 2020 between the Italian Government and businesses.

In particular, Falck Renewables Group is committed to training its personnel, improving its management by enhancing professional and managerial skills, promoting diversity, managing employees, motivating them and adhering to the ethical principles established in its Code of Ethics. During the year, remote training courses were stepped up.

Inspections in Italy and abroad for regulatory compliance for system management and maintenance contracts by the Internal Auditing Team, set up within the Corporate Structure, were also carried out remotely due to lockdown.

The updated certifications are as follows:

Company	**Management system**	**Location**
Falck Renewables SpA	Safety management system OHSAS 18001-2007	Headquarters
Ambiente 2000 Srl	Quality management system UNI EN ISO 9001:2015 Environmental management system UNI EN ISO 14001:2015 Safety management system OHSAS 18001:2007	Trezzo sull'Adda WtE plant
Prima Srl	Quality management system UNI EN ISO 9001:2015 Environmental management system UNI EN ISO 14001:2015 EMAS registration	Trezzo sull'Adda WtE plant
Ecosesto SpA	Environmental management system UNI EN ISO 14001:2015 Safety management system ISO 45001:2018	Rende biomass plant

Falck Next	Environmental management system UNI EN ISO 14001:2015 Quality management system UNI EN ISO 9001:2015 Safety management system ISO 45001:2018	Offices
Vector Cuatro Slu	Asset Management System UNI EN ISO 55001:2015 Quality management system UNI EN ISO 9001:2015	Vector Spain

In Italy, Eolica Sud Srl and Eolo 3W Minervino Murge Srl have Environmental Management Systems certified according to UNI EN ISO 14001: 2015 and, for Eolo 3W Minervino Murge Srl, also with EMAS registration, namely:

Company	**Management system**	**Location**
Eolo 3W Minervino Murge Srl	Environmental management system UNI EN ISO 14001:2015 EMAS registration	- Minervino Murge wind farm
Eolica Sud Srl	Environmental management system UNI EN ISO 14001:2015	- San Sostene wind farm

During the first six months of 2020 there was only one incident, but it did not result in loss of days of work. In addition, in April 2020, there was a fire at a production site in the United Kingdom involving no injuries with loss of working days.

4.1.9 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, spending €905 thousand in the first half of 2020.

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 2020.

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

4.1.10 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, the 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 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 counterparts. By nature, commercial customers are low-risk: most of the exposure to third-party customers (not related parties) is, in fact, to electricity service or utility and off-taker operators and the degree of concentration of customers can be considered average, but they are customers with good creditworthiness. Moreover, for most off-takers, Group companies require credit risk mitigation tools by issuing bank guarantees and/or parent company guarantees.
Energy dispatching is managed in Italy within the Group through Falck Next Energy Srl.
It should be noted that the Spanish group Vector Cuatro and Energy Team SpA, although characterised by a broad third-party customer base, have not yet substantially changed the Group's trade credit risk profile.
The credit risk attributable to the counterparties with which the derivative financial instruments are negotiated is also contained as the derivatives are negotiated with leading financial institutions.
With reference to the Group, the liquidity present in the companies subject to project financing conditions is deposited with the bank account (which is generally one of the Lender Banks of the project financing).

With particular reference to the situation of some Italian and foreign banks, it should be noted that the Group closely monitors the creditworthiness trends of these banks.

2. Liquidity risk

The Falck Renewables Group has a centralised 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 (the latter may not participate in the system due to the "without recourse" financing mechanisms).
The Group companies also settle intercompany commercial positions through netting regulated by specific correspondence accounts. The 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 for the entire Group.
The revolving pool loan agreement for Falck Renewables SpA ("Corporate Loan") - amended on 30 July 2018 - of €325 million was partially utilised at 30 June 2020 for an amount of €90 million. 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 based on this interim financial report.

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 Falck Renewables SpA parent company). While waiting to receive financing, it occasionally falls back on working capital, the remaining Corporate Loan 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.
The Corporate Loan of €325 million will support the Group's financial needs and the development of its activities. The "revolving" nature of this loan, which was obtained at favourable market conditions, makes it particularly flexible and available for use until its expiry (on 31 December 2023).

4. *Interest and exchange rate risks*

- **Interest rate risk**

The Falck Renewables Group adopts a policy for managing the risk of interest rate fluctuations on Non-current third-party loans, which provides for coverage of no less than 70% on average, unless otherwise specifically requested by the Lender Institutions.

The Group follows established operating practices aimed at monitoring risk and avoiding speculative transactions.

The type and suitability of hedging instruments is evaluated for each individual 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.
The operations and conditions of the Project Financing require IRS hedges to mitigate the risks of the Lenders and, if the conditions for operations to hedge interest rate risk are met, they recorded in accordance with the rules of hedge accounting. Consequently, changes in the fair value of these derivatives follow the general rule applied to trading derivatives, and are charged directly to profit or loss with a direct impact on profit for the period. The Group had hedged a significant portion of the net debt against increases in interest rates through IRS hedging at 30 June 2020.

- **Foreign exchange risk**

Foreign exchange risk arises on the Group's operations outside the "Euro zone", principally in the UK, US, Norway, Sweden, and 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 derives from the fluctuation in exchange rates between the date of the commercial/financial transaction in foreign currency and the settlement date (receipt/payment). This risk, which has a direct impact on the result for the period, is determined for the accounting currency of each Group company.
The Group strives to minimise exposure to transaction risk ("currency balance") through appropriate hedging with plain vanilla derivatives, typically forward purchases or sales of foreign currency against the account 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 EUR. 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. Also during the same year, third-party plant dispatching management was started up, an activity that should be expanded in subsequent years, allowing the Group to diversify its portfolio at a zonal and/or territorial level.
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 special structure was set up within the Energy Management Department, acting in accordance with a specific Energy Risk Policy approved at the Group level, to perform hedging activities (price fixing strategies for the physical volumes underlying the portfolio), trading (strategies designed to achieve margins by exploiting price volatility) and market analysis using statistical models. In order to optimise the execution process of its hedging and trading activities, in 2019 Falck Next Energy Srl completed the onboarding process on the European Energy Exchange (EEX) market platform, which giving it real-time access to the derivative contracts of the electricity markets listed on the Exchange. In the first half of 2020, the Group was active in the continental gas markets (TTF and others) and Henry hub (US gas) on the ICE and CME Nymex Exchanges respectively.
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 policies and the monitoring and reporting tools used (ETRM). Specifically, these activities are governed by the Energy Risk Policy, which requires specific risk limits to be applied in terms of risk capital and the use of financial derivatives commonly used on the market, in order to keep exposure within the established limits. During 2019, the Trading Policy was finalised, defining the Group' s acceptable risk profile, the limits in terms of Risk Capital, VaR and Stop Loss and the escalation processes that regulate the Trading activities carried out by the Energy Management structure.

1. Volume risk

Exposure to volume risk can lead to over/under-hedging in relation to the amount of production forecast in the budget, and to differences between the binding day-ahead market program, which are then offset by other sessions on the intraday market, and the amount of energy actually fed into the network, with a potential impact in terms of increased balancing costs. Short-term volume risk management strategies involve daily optimisation of production programs on the day-ahead and intraday markets using 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 thresholder 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, through the intermediation of the energy management function, make it possible to carry out fixing operations for SPVs holding the assets, guaranteeing the pricing for volumes produced regardless of the location of the plants and the production profile. In order to improve the price risk mitigation process, in 2020 the Energy Management and Risk Management structures will review the Hedging Policy calibrated to the technical characteristics and geographical location of the production fleet, in order to minimise the variability of the group's financial results deriving from the volatility of electricity prices. The hedging operations will be governed by the Hedging Policy in line with the principles of the Energy Risk Policy.

3. Operating risk

In order to manage and identify adequate measures to minimise operating risk in relation to the company'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 eliminate operational risk during unmanned market hours.

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 incentive scheme, the Group is negotiating Renewable PPA contracts at a fixed price whose duration is generally longer than 5 years in order to mitigate price risk, stabilising the project cash flows also to facilitate access to project financing systems for such projects. 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 contact, late payments and financial difficulties, etc.).
Counterparty risk management is therefore one of the main elements in establishing the financial viability of a project.
In 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

Sicilian Projects:

During 2020, work continued on the liquidation of the project companies and the management of the following disputes:

- **EPC Sicilia Srl/Falck/Falck Renewables**

On 28 November 2018 EPC Sicilia Srl ("EPC"), as successor in title to Pianimpianti Srl, a shareholder of Tifeo, PEA and Platani, served a writ of summons on Falck SpA, Falck Renewables SpA and their pro tempore representatives for alleged unlawful conduct in the management of the agreement with the Regional Agency for Waste and Water of the Sicily Region ("ARRA") dated 28 April 2009, entered into by the Sicily Project companies and the subsequent settlement agreements signed by the Sicily Project companies with ARRA on 8 May 2015. The alleged liability of Falck and Falck Renewables, by virtue of the alleged management and coordination of the Sicilian project companies, is of causing those companies to breach the provisions of the aforementioned agreements of 2009 and the subsequent waiver of the claims and related litigation always by the Sicilian project companies against ARRA following the signing of the 2015 Settlement Agreement. EPC is claiming €10,588 thousand in compensation for the alleged damages suffered for various reasons, as well as €507 thousand for the alleged loss of value of its shareholdings in the Sicilian project companies, both amounts without prejudice to any greater damages that will be quantified in the course of the proceedings. Falck and Falck Renewables appeared before the court promptly and at the same time entered into negotiations with the counterparty. On 14 May 2020 the parties signed a settlement agreement and by order of 4 June 2020 the Judge declared the proceedings closed.

- **Sicily Regional defence team in arbitration vs Tifeo - Elettroambiente - Zurich**

By appeal pursuant to Article 702-bis of the Italian Criminal Code, filed on 17 March 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 Article 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 case, the professionals in question refused to waive their rights under article 13, section 8 of Law 247/2012. Tifeo and Elettroambiente asked for permission to request that the Sicily Region indemnify them against the claim, in application of Article 7 of the settlement. By order of 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 regional authorities, Tifeo, Elettroambiente and Zurich, jointly and severally, to pay those amounts, (iv) ordered the regional authorities to reimburse Tifeo, Elettroambiente and Zurich all amounts paid to Russo by them, (v) ordered the regional authorities 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). Following the order on 19 March 2020, an agreement was concluded between the parties to the proceedings on how to comply with the terms of the order and regulate their internal relations, as well as with the Presidency of the Sicilian Region.
On 20 June 2020, lawyers Russo and Stallone filed an appeal with the Supreme Court against the order, claiming Stallone's lack of passive 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. The defensive structure is currently being evaluated.

Considering the difficulty of recovering the amounts paid, in the event of a negative outcome of the recovery action against the Sicily Region, an adequate fund has been set up.

- **Legal defence team Region of Sicily vs. Elettroambiente and Platani**

On 1 June 2020, the Russo and Stallone lawyers (representing the Siciliy Region) filed an appeal pursuant to article 702 of the Italian Code of Criminal Procedure against Elettroambiente and Platani, requesting that they be sentenced to pay the fees they would have accrued to the Presidency of the Sicilian Region and the Department, in relation to the activities carried out in the following administrative proceedings: (i) Sicily Regional Administrative Court, Palermo, section II, General Register 1969/2009 (ii) Supreme Court, Unified Sections, General Registter 10681/2013, and (iii) Administrative Justice Council of the Siciliy Region, General Register 706/2013. The appeal is based on the claim that the litigation pending in the administrative proceedings 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). The hearing has been set for 15 December 2020, with a deadline for filing in the proceedings at least 10 days before the hearing (i.e. 4 December 2020). The agreement that Falck Group has recently signed with Zurich does not apply to this request, as Zurich was not a party to the pending administrative proceedings against the Region of Sicily. Further investigations are in progress for consideration in court. The Company has not currently set up a risk provision, as it considers the case has not yet reached the stage where a risk assessment can be made.

Other:

- **Falck SpA-Falck Renewables Wind Ltd ("FRWL") vs. GEO Mbh (Arbitrage)**

On 29 May 2015, GEO Gesellschaft für EneR.G.ie und Oekologie Mbh ("GEO"), Mr. Franz-Josef Claes and Mr. Roberto Giuseppe Schirru have filed a request for arbitration against Falck SpA and Falck Renewables Wind Limited ("FRWL") in relation to the contract dated 20 May 2005 by which GEO, Mr. Claes and Mr. Schirru (in their capacity as "Sellers") sold the entire share capital of Geopower Sardegna Srl to FRWL, as well as corporate collateral up to a maximum of EUR 3,621 thousands issued by Falck SpA in favour of GEO alone. The request concerned the payment of additional sums by way of compensation under the contract (€536 thousand) and settlement (for €2,490 thousand). FRWL and Falck SpA (the latter in relation to the profiles that relate mentioned corporate collateral) have filed the arbitration appointment letter which, in addition to rejecting the claims posed by the counterparty, files a counter-claim for the refund of the sums already paid by FRWL. With award communicated on 31 January 2017, the Arbitration Court ruled by majority as follows:

- condemned the Sellers, jointly and severally with each other, to pay FRWL the sum of Euro 4,734 thousand and Falck SpA the sum of €1,900 thousand, plus interest; Falck SpA, if paid, must cede the amount to FRWL.
- condemned GEO to restore the collateral issued by Falck on 3 April 2009 to the latter.

In addition, with regard to the claims filed by the plaintiffs against FRWL and Falck SpA, the Arbitration Court:

- rejected the plaintiffs' claims to award them payment of any amount as settlement;
- accepted, however, the plaintiffs' claim to order FRWL to pay the amount of € 904 thousand plus interest as settlement of the fee due for the "authorised and installable" plant MW as compensation with the higher amounts due by the plaintiffs to FRWL.

The Group companies have therefore filed to recover the amounts set out in its favour by the ruling. The Group has not recorded any contingent assets in relation to the above.
On 29 March 2017, the Sellers filed an appeal against the Arbitration ruling. By its ruling no. 1146/2019 of 15 March 2019, the Milan Court of Appeal dismissed the appeal against the arbitration award brought by GEO and Mr. Claes and Mr. Schirru and ordered the appellants to pay the costs of the proceedings in favour of Falck SpA

and Falck Renewables Wind Ltd. Following the ruling, the arbitration decision has therefore been confirmed in full. The applicants were also ordered to return to Falck the original guarantee issued in 2009. The judgment of the Court of Appeal has become final. Meanwhile, on 25 March 2019 Falck SpA and Falck Renewables Wind Ltd sent the counterparty a request for payment of the ruling and the ruling of the Court of Appeal. Pending receipt of a response from the counterparty, the Companies are currently evaluating whether any enforcement action should be taken.

- **Eolica Petralia vs. Curione**

In 2016, the company was notified a summons with which Mr. Curione requested payment of € 784 thousand for the alleged work performed in relation to the Petralia Sottana wind farm. By judgement no. 2012 of 1 October 2019, the General Court of Monza rejected in full the claims brought by Mr. Curione, ordering him to pay the costs of the proceedings, which amounted to €29 thousand, and to pay the costs of technical consultancy fees (approximately €10 thousand).
On 10 December 2019 Mr. Curione filed an appeal against the ruling. The Company has responded within the deadline and the hearing is scheduled for 22 September 2020. The Company had not set up a provision for risks and at the moment does not believe it will be necessary, as there are no new elements regarding the risk of loss.

Relations with the Ministry of Economic Development, ARERA and GSE:

- **Ecosesto SpA**

By appeal filed on 23 April 2010, Ecosesto 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 time limit for any appeal expired on 19 May 2020. The company has filed an appeal before the Council of State within the terms of the law and is awaiting the setting of the hearing.

- **Ecosesto SpA**

With letter dated 11 March 2015, GSE has informed the company of the process to redefine the incentive tariff and recover sums received following the exclusion from the 2005 ISTAT revaluation of the above incentive tariff subsequent to implementation of the ruling of Plenary Meeting 9 of the Italian Council of State on 4 May 2012, that declared the amendments made to MD 6 February 2006 to MD 28 July 2005 to be legitimate, annulling the rulings of the Court of First Instance that had upheld this revaluation (ruling which subsequently formed the Council of State in decision of 30 July 2013). This notification was challenged by the company that requested a positive outcome for the process and the non-recovery of the sums received in respect of the ISTAT revaluation from 2007 on. In the definitive ruling issued on 23 November 2015 and received on 7 December 2015, the GSE rejected all of the challenges raised by the company and notified that steps had been taken to recover the higher sums received in respect of the ISTAT revaluation amounting to € 529 thousand. On 20 January 2016, the Company notified the appeal against the measure and, since the hearing date was not set, has provided, on 5 April 2016, to submit withdrawal/joint discussion motion for all the associated cases with the same scope. Following the suspension of payments by the GSE, the Company filed a new request for withdrawal on 14 October 2017 for a hearing on the merits. While awaiting progress, the Company has set aside the sum requested by the GSE in previous years, amounting to approximately €529 thousand.

- **Actelios Solar SpA**

With letter dated 7 April 2015, GSE has informed the company of the start the process for the recalculation of the incentive tariff and the recovery of sums in the meantime received following the exclusion of the ISTAT 2005 revaluation by the aforementioned incentive tariff, pursuant to State Council plenary meeting judgement no. 9 of 4 May 2012, which considered the changes made to MD 6 February 2006 to MD 28 July 2005 to be legitimate, annulling the rulings of the Court of First Instance that had upheld this revaluation (ruling which subsequently formed the Council of State in decision of 30 July 2013). This notification was challenged by the company that requested a positive outcome for the process and the non-recovery of the sums received in respect of the ISTAT revaluation from 2007 on. In the definitive ruling issued on 30 November 2015 and received on 7 December 2015, the GSE rejected all of the challenges raised by the company and notified that steps had been taken to recover the higher sums received in respect of the ISTAT revaluation amounting to € 19 thousand. On 20 January 2016, the Company notified the appeal against the measure and, since the hearing date was not set, has provided, on 5 April 2016, to submit withdrawal/joint discussion motion for all the associated cases with the same scope. In a letter dated 27 February 2016, GSE asked the company to pay the greater amount earned by way of ISTAT revaluation. The Company has submitted additional pleas in law to the pending action (R.G. 1355/2016) against the communication of 27 February 2016. Following the suspension of payments by the GSE, the Company filed a new request for withdrawal on 14 October 2017 for a hearing on the merits. The date of the hearing is pending. The Company has already set aside the sum of €40 thousand in previous years.

- **Prima Srl**

By resolution announced on 16 December 2016, the Regulatory Authority for Energy, Networks and Environment ("ARERA", ex-"AEEGSI") approved the GSE proposal made on 24 March 2016 aimed to recalculate former Cip 6/92 incentives for the 2007-2014 recognised and already paid to the company for net electricity produced by the Trezzo sull'Adda plant on the assumption that the energy for incentives has been overestimated. Against this decision, the company filed an appeal on 14 February 2017 along with a request of stay. Following the precautionary hearing for the appeal held on 16 March, the Regional Court rejected the cautionary petition used to present the appeal. 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 the information provided by its legal counsel, has accrued in previous years an amount equal to €6,638 thousand, relating to the risk of a probable loss depending on the provisions of the above-mentioned resolution.

- **Ecosesto SpA-Eolica Petralia Srl-Eolica Sud Srl-Eolo 3W MM Srl-Geopower Sardegna Srl and Prima Srl**

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 articles 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 abovementioned decision. The companies - with the exception of Prima Srl - filed an appeal within the deadline. The date of the hearing is pending.

Companies consolidated at equity:

- **Frullo Energia Ambiente Srl ("FEA") vs Ministry of Economic Development**

Subsidiary FEA filed an action with the TAR in Lazio in relation to the Granarolo dell'Emilia WtE plant requesting cancellation of: (i) the Ministry of Economic Development Decree of 20 November 2012, (ii) the Resolution of the Italian Regulatory Authority for Electricity and Gas of 29 April 2010 - PAS 9/10, where this is also extended to "selected initiatives" defined in article 3, paragraph 7 of Law 481 of 14 November 1995; (iii) the correspondence from GSE of 18 December 2012, protocol P20120229091, addressed to Frullo Energia Ambiente Srl regarding the "*Adjustment of prices applicable to electricity sold to GSE in 2010, 2011 and 2012 under sales agreements governed pursuant to CIP 6/92*". The first instance of the proceedings was closed with a ruling published on 17 September 2014, by which the Lazio Regional Administrative Court rejected the appeal by the FEA. The decision was challenged before the Council of State, which has not yet scheduled a hearing to discuss the merits. The Company set up a provision for the amount requested by the GSE in previous periods.

- **Frullo Energia Ambiente Srl ("FEA") vs. GSE**

With an appeal filed with the Regional Administrative Court of Lombardy, FEA challenged with suspension request, the Resolution no. 527/2016 by which the ARERA, ex-AEEGSI, endorsed the findings contained in the GSE Communication GSE/P20150105503 of 28 December 2015 and therefore ordered the Fund for energy and environmental services (CSEA) to proceed with the administrative recovery from FEA of sums which, according to the provider, would have been wrongly earned in relation to electrical energy produced by the incinerator located in Granarolo and from this fed into the grid and entitled to incentives as produced by a plant powered by renewable sources. According to GSE's claim, the 4.9% attributable to ancillary services, although foreseen by agreement, would be not representative of the amount of electricity absorbed by the auxiliary services, transformation losses and transport as all plant electrical utilities must be classified as ancillary services. Consequent to this erroneous reasoning, the electricity produced by the plant and entitled to incentives under the Cip 6/92 Convention was overestimated. In particular, GSE's assumption according to which all the electrical utilities underlying the connection point are classifiable as ancillary services appears questionable since the determination of the equipment to consider as plant ancillary services and the proportion of energy to be attributed to such equipment were verified by the provider at that time, excluding services not functional to the production of electrical energy from ancillary services, which today, by contrast, were included in the calculation of the amounts to be recovered from FEA. At the hearing on 17 January 2017, at the suggestion of the presiding judge, it was decided to proceed by filing a request for withdrawal in order to set the hearing in the near future, with the possibility, pending, to introduce precautionary action where the CSEA should proceed with the recovery of the incentive considered in excess. On 2 May, FEA presented an appeal on additional grounds, along with a motion to suspend the payment notification no. 2266 dated 1 March 2017 from the CSEA for € 4,916 thousand for surplus incentives paid according to the ARERA calculations, which we believe are incorrect. 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 case has therefore been referred to the Lombardy Regional Administrative Court, in a different composition, for a decision on the additional grounds on which the aforementioned Regional Administrative Court had not ruled. FEA has set aside the amount requested by the GSE.

- **Frullo Energia Ambiente Srl (“FEA”) vs. GSE**

With appeal filed with the Regional Administrative Court of Lombardy, FEA challenged, requesting cancellation, the provisions of GSE prot. GSE/P20160092819 24 November 2016, concerning “Control activities through verification and inspection carried out 28-29 May 2015 pursuant to Article 42 of Legislative Decree no. 28/2011 on the power plant powered by waste called “CTV2” - IAFR 2160. Outcome Communication”, prot. GSE/20160099808 of 15 December 2016, entitled “Control activities through verification and inspection carried out on 28-29 May 2015 pursuant to Article 42 of Legislative Decree 28/2011 on the power plant powered by waste called “CTV2” and identified with the number IAFR 2160, and prot. GSE/P20160041049 6 April 2016, concerning “Control activities through verification and inspection carried out 28-29 May 2015 pursuant to Article 42 of Legislative Decree no. 28/2011 on the power plant powered by waste called “CTV2” - IAFR 2160. Request for observations and documentation of evidence discovered”. In particular, the GSE with the provision prot. GSE/P20160092819 informed FEA of the distribution of 11,898 excess Green Certificates that would have been unduly received by FEA in the period 2006-2014, while provision prot. GSE/20160099808 quantified the value of the Green Certificates as € 1,134 thousand, requesting FEA return it. The Lombardy Regional Administrative Court issued a provision referring the matter to the territorial jurisdiction of the Lazio - Rome Regional Administrative Court (TAR). FEA has resumed the case before the latter Court. The hearing for the discussion of the merits has been set for 18 November 2020. FEA has set aside the amount requested by GSE as a provision for doubtful accounts.

d) Tax litigation:

- **Palermo Energia Ambiente ScpA in liquidation (“PEA”)**

On 22 July 2011 the Tax Office enforced the 12 December 2007 performance bond for €1,111 thousand, issued by Unicredit in PEA’s interest in favour of the tax authorities in relation to the request for repayment of the 2006 VAT credit (amounting to €1,008 thousand). On 29 July 2011, PEA was notified of a tax assessment issued by the Tax Office whereby it requested repayment of the refund as it allegedly did not recognise the reason for exclusion from being defined a so-called shell company. An appeal was filed with the Provincial Tax Commission of Palermo against the above assessment on 13 October 2011. In its ruling of 13 June 2012 the Provincial Tax Commission of Palermo admitted the appeal filed by the company. The Tax Office filed an appeal with the Regional Tax Commission. The company has consequently filed specific counter-arguments.
On 23 October 2018, the Regional Tax Commission for Sicily met and, on the same date, rejected the appeal filed by the Tax Office and upheld the ruling of the contested Provincial Tax Commission. Subsequently, since the Tax Office challenged decision no. 4869/14/18 of the Palermo Regional Tax Commission before the Supreme Court, the Company filed a counter-claim with the Supreme Court on 14 June 2019.
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. PEA challenged the rejections and filed an appeal with the Provincial Tax Commission of Palermo (“CTP”). In its ruling of 28 December 2011, the Provincial Tax Commission of Palermo admitted the appeals and agreed to settle the refund claims. The Tax Office filed an appeal with the Regional Tax Commission. The appeal hearings were held on 6 July 2015. In a ruling filed on the same date, the Regional Tax Commission of Palermo has rejected the appeal filed by the Tax Office. The company has already notified the operative part of sentence to the Tax Office. The Tax Office has notified the Company of the appeal to the Supreme Court on 25 July 2016. The company has therefore notified its defence to the Tax Office dated 30 September 2016 and filed at the Supreme Court on 12 October 2016. Given the complexity of the disputes mentioned above, the constant attitude of the tax authorities with regard to them and the claims for refunds for VAT credits accrued, together with the approaching closure of the settlement procedure, in previous years it was deemed appropriate to write down in full the VAT credits mentioned above, as well as the VAT credit requested for refund for 2009 (about €489 thousand) and the existing VAT credit accrued that is not the subject of a refund request for the portion that is currently estimated not to be offset by the date scheduled for the closure of the settlement procedure (about €710 thousand).

- **Tifeo Energia Ambiente ScpA (in liquidation)**

On 26 May 2016 the Tax Office notified its refusal to the VAT credit refund claim for 2008 filed in 2009 for EUR 2,206 thousand. On 22 July 2016, the Company consequently filed an appeal against the denial with the Provincial Commission of Palermo, which met on 13 February 2019 to discuss the dispute. On that date, the Commission rejected the appeal filed by the Company. On 7 October 2019, therefore, the Company filed an appeal against the decision of the Provincial Tax Commission of Palermo.
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 during previous years.
Moreover, 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 notification is in relation to the payment of taxation on the ruling filed in 11 September 2014 in which the Court of Enna closed the litigation between Tifeo and Gulino, ordering Tifeo to perform the sale agreement for the land in Enna and Assoro.
In September 2017, the Company received the outcome of the previously submitted Self-defence Request, in which the Tax Office refused the Company's requests.
The Company, supported by its consultants, therefore filed a specific request to the taxpayer's Guarantor claiming that the tax assessment by the Tax Office is entirely ungrounded. The Guarantor decided to close the case, given the dispute yet to be resolved.
On 11 January 2019, the Provincial Tax Commission of Enna met and upheld the appeal filed by Tifeo, ordering the Tax Office to pay the costs of the proceedings.
The Office appealed against the abovementioned judgment at first instance, contesting the findings of the judgment at first instance. Consequently, the Company acted by notifying its counter-arguments to the Regional Tax Commission for Sicily on 13 June 2019. On 25 November 2019, the Regional Tax Commission for Sicily rejected the Tax Authorities' appeal and upheld the Provincial Commission's decision. On 4 February 2020, the Avvocatura Generale dello Stato notified the appeal to the Supreme Court against the judgement issued by the Regional Tax Commission. The Company then filed its defence with the Supreme Court on 13 March 2020.
Given the rigidity of the position of the tax authorities, which rejected the request for self-protection presented by the Company and submitted specific defensive briefs, the Taxpayer's Guarantor only referred to the Tax Office' response to the request for self-protection; given the relative position, the uncertainty about the outcome of the dispute, and the approaching closure of the liquidation procedure, we decided to write down the registration tax credit previously recorded for €528 thousand.

- **Platani Energia Ambiente ScpA (in liquidation)**

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 Provincial Tax Commission of Palermo 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 an appeal against the decision of the Provincial Tax Commission of Palermo.
Given the complexity of the litigation proceedings relating to these credits, the constant attitude of the Tax Authorities to them and the requests to repay VAT credits earned, together with the upcoming closure of the liquidation procedure, during previous financial periods we decided to write down the abovementioned VAT credits along with the VAT credits earned that have not been claimed for the part that we currently believe will not be subject to compensation within the date set for closing the liquidation procedure (approx. €510 thousand).

Companies consolidated at equity:

- **Frullo Energia Ambiente Srl (ICI/IMU) vs. Unione dei Comuni Terre di Pianura**

On 30 March 2016, the Unione dei Comuni Terre di Pianura notified the related company Frullo Energia Ambiente Srl, a 49% subsidiary of Falck Renewables SpA and which is consolidated in accordance with the

equity method, inviting it to attend a cross-examination in accordance with Article 5 of Italian Legislative Decree 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).
The contested total for the 2010 - 2015 years amounts to approximately €29.2 million.
In October 2018, the Unione dei Comuni Terre di Pianura and the Company carried out an in-depth mediation procedure, after which they agreed, solely for the purposes of conciliation and without this constituting in any way recognition of their reciprocal adverse positions, to consider the tax due for the years subject to assessment, calculated in accordance with the principles for calculating the land registry income of the factories in line with the regulations in force for the years 2010 to 2015. Following this settlement agreement, the Company agreed to pay a total of €4,530 thousand (last instalment to be paid in April 2023) in instalments for the above years, partly offset by the contribution agreed with Herambiente (€2,250 thousand).
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.

e) Operating risks

The risks relating to operating plants principally relate to the efficiency of the workforce and the operation and maintenance of the Group's proprietary plants to harness the optimum capacity and efficiency of each plant over the relevant useful life. The management and safety of the Falck Renewables Group's plants is carried out in compliance with the Integrated Environmental Authorisation and authorisations required by law in the various countries in which the Group operates and is under the supervision of the QHSE/Compliance division. In the event that plant management, technology and/or materials used were no longer efficient, some, or all, of the Group's owned plants may suffer a drop in the volume of electricity produced with a consequent negative impact on the Group's results, state of affairs and financial position. The Group actively monitors these potential risks by ensuring continuous monitoring of Operation and Maintenance activities, also by means of 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 guarantees both complete compliance with the applicable regulations and the maximum possible efficiency and effectiveness in the operation phase of the plants.

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 "non-programmable" 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 a fall in the volume of electricity generated and 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 trend of data relating to historical series both for plants already operational and for the identification of 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 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. The Group cannot guarantee that the technology and materials currently used in its plant portfolio will allow them to function effectively and efficiently over time in order to keep up with competition and developments in the regulatory framework. 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. To control this potential risk aspect, the Group implements, among other things, talent identification processes and has completed the preliminary process of analysis of the distinctive skills of "critical" internal resources aimed at defining the training plan to cover any gaps in skills and succession plans for the same resources: the analysis in question will be deepened and progressively updated both with reference to the evolution of business activities and on the basis of new organisational needs. A new training plan is currently being drafted for the entire Group.
The Shareholders' Assembly on 7 May 2020 approved, at the end of a process that also involved the Remuneration committee, the "2020-2022 stock grant plan" (the "Share Plan") addressed to the Chief Executive Officer and to managers and employees with key roles within the Company and its subsidiaries as per Article 114-bis of Legislative Decree no. 58 of 24 February 1998 ("TUF").
The Share Plan, which has a three-year duration, involves granting a maximum of 1,800,000 ordinary shares of 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.

The Share Plan that is part of the Long Term Incentive Plan is in line with that announced during 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 Company and its shareholders.
The plan will be implemented with company treasure shares already in the portfolio or purchased under Article 2357 of the Italian Civil Code.
At 30 June 2020 the Share Plan was in place for the CEO of Falck Renewables SpA for 600,000 share rights and 417,000 share rights to certain Group managers and the Cash Plan, relating to the CEO and certain Group managers, for a total of approximately €1.8 million.
The Long Term Incentive Plan for 2017-2019 expired on 11 March 2020 and all targets were met. The share rights have been converted into cash for all those entitled.

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, thus allowing it to implement the best solutions. The directives and regulations on renewables issued both at European 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 and self-production and self-consumption systems must also be considered.
It is appropriate to emphasise the risks associated with the progressive change in the renewable energy market scenario, always monitored by the Group, which appears to be characterised by a process of increased competition and gradual reduction of the advantages offered to the sector itself. Combined with this scenario, it should also be considered that despite enjoying several incentives, the renewables sector is also subject to potential decreases in energy prices due to differing and concurring factors (for example macroeconomic and regulatory).
In Italy, the situation is constantly evolving, and the electricity market is likely to be reviewed and reformed in upcoming years. In fact, on 23 July 2019, the Authority published the consultation document on the new Integrated Text on Electric Dispatching (TIDE), which introduces a series of measures aimed at identifying the main lines of action for the *evolution of the dispatching service in the new market context"* and integrating *"Italian markets with those of other European countries"*. One of the various proposals is to introduce negative prices in the PGM and MI markets, probably from 2021 onwards, which will have an impact on both operating plants and future projects. The TIDE also illustrates the Authority's guidelines on the exploitation of imbalances as consistently as possible with the temporal, spatial and commodity dimensions that distinguish the value of energy in real time.
Moreover, by publishing resolution 922/2017/R/eel, the Authority has completed the reform of the general system fee tariff structure for non-residential clients. This reform, along with the reform of energy-intensive use, changes the weight of the fixed and variable parts of the general system fees from 1 January 2018, and will affect energy efficiency measures and self-provision initiatives, whose remuneration structures depend on the structure of the bills issued to end users.
Finally, on 28 November 2019 Falck Next Energy Srl participated, again in Italy, in the parent auction of the Capacity Market for the 2023 delivery period, presenting its bid for the two projects of Mezzanelle and Cerro, both consisting of a photovoltaic system coupled to a storage system. The premium is subject to the completion of the authorisation process by 23 March 2021, under penalty of enforcement of the guarantee paid.
Note that the regulations relating to the processes of authorisation and connection of storage systems have several shortcomings and are still generic and, in part, defined only temporarily. This lack of regulatory and regulatory framework creates an uncertain context for the operation of the stakeholders.

In other countries, the incentive systems for new plants, as has already happened in Italy, are moving towards the competitive bidding mechanism with respect to incentive schemes based on a "Feed-in" system. In France for example, following the publication of the "Energy and Transaction Act" dated 18 August 2015, the incentive scheme (FiT) was phased out in favour of the new one based on so-called "Contracts for differences", which involves the recognition of a premium for the producer compared to the market price on the basis of a contract with an obligated off-taker. In the UK, the ROC (Renewable Obligation Certificate) is no longer issued to new projects and has now been replaced with a Contracts for Differences (CfD) mechanism that involves a competitive auction process held periodically to allow projects to stipulate long term contracts for the sale of electricity at a strike price set by the government based on the technology in question. However, the only CfD auction held in 2017 was only open to "less established technologies" such as offshore wind, therefore excluding onshore wind and solar projects from participating. In the first half of 2020 the UK government announced a new auction for 2021 that will be open to all technologies, including onshore wind and solar.

In November 2018 OFGEM (Office of Gas and Electricity Markets) launched a consultation on the Targeted Charging Review (TCR) in relation to the reform of network charges. The TCR aimed to address the main changes that have occurred since the entry into force of the existing scheme, reproducing more faithfully the current and future generation mix, in order to ensure a level playing field for all producers, as well as a long-term solution for the small producers reduction mechanism that applies to plants below 100 MW connected to 132 kV in Scotland. The related final decision was published by OFGEM on 21 November 2019, essentially removing the benefit deriving from the application of some embedded benefits (respectively the Transmissions

residual charges from 2021 and the distribution charges from 2022). Further updates are also planned over the coming months. This will result in lower revenues for embedded systems.
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 30 June 2020 the 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. Please also remember that of the twelve plants in operation in the UK, six plants, with a total of 273 MW, were subject to 49% transfer in March 2014 to CII Holdco (share 134 MW).

Given the importance of the Falck Renewables Group presence in the UK, we note the potential risks relating to the result of the referendum held on 23 June 2016, in which the majority of voters were in favour of the UK leaving the European Union ("Brexit").
After more than three years of negotiations with the European Union, from 1 February 2020, the United Kingdom is no longer considered a member of the European Union. In fact, on 29 January the European Parliament approved the agreement on Brexit which had been negotiated by the British Government and the European Commission in October 2019 and preliminarily approved by the British Parliament and the other European institutions involved, the Commission and the Council, between December 2019 and January 2020, following the new British parliamentary elections, held on 12 December 2019, which confirmed a broad consensus for the incumbent Prime Minister, leader of the Conservatives, Boris Johnson, awarding a strong majority in the newly constituted Parliament.
Since 1 February, therefore, the United Kingdom has formally left the European Union and a transition period has begun which will last at least until 31 December 2020, although the Parties confirm that there is a risk that the new negotiations will last a few years. During this transition period the UK will technically remain in the European Union but without participating in its decision-making bodies and in the interim parties will have to deal with very complex and sensitive trade agreements, which until now have been left open, including the system of tariffs which will affect thousands of products, the new competitive relationship between British and European companies, the system of movement of people and the treatment of each other's citizens. The European negotiators' proposal should move towards an agreement without duties or quotas on any kind of product, provided that the UK commits to a number of conditions on labour rights, high European environmental standards and state aid rules. The negotiators' fear, however, is that in order to revive its economy after Brexit, the United Kingdom could offer particularly favourable conditions for multinationals, such as minimum wages, favourable tax systems, or low environmental regulatory standards, to compete with European companies.
Nonetheless, the final outcome of the negotiations remains uncertain and the risk of no deal cannot be excluded. This prevents operators from speculating as to what the geo-political, economic, financial, fiscal and industrial scenarios might be, also with reference to the British electricity market and the development and incentive policies for renewable energy following Brexit.
It is therefore impossible to exclude the risk of volatility on the financial markets in the near future, including interest rates and the exchange rate for the pound sterling, with knock-on effects on the demand for electricity and a tightening of the credit market; for the moment, however, there is no sign of the above, given the openness towards clean energy by some members of the British government and the liquidity of the credit market.
Furthermore, it cannot be ruled out that financial effects may also spread to other EU Member States, especially to those countries that have strong government debt exposures or banking sectors with strong exposures or weaker economies, in a climate that is not particularly favourable for the European Monetary Union, and that they may lead to an economic slowdown that, in addition to affecting the United Kingdom, may extend to other countries, with an effect on exchange rates, interest rates but also on prices and electricity tariffs.

More specifically, with reference to the Falck Renewables Group's 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 the last two 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 concerned about the negative effects that may result from the continuation and expansion of the "Covid-19" pandemic and the emergency health situation that has affected most countries at both European and global level since the end of 2019, causing an unprecedented upheaval in the approach to personal social relations, including within the company's life, as well as the global macro-economic effects.

The directives and measures issued by the countries involved in the crisis in order to contain the spread of contagion have imposed increasingly restrictive regulations on the mobility of people and goods, reducing/suspending production activities in areas at greater risk of contagion (so-called lockdown), with consequent negative impacts on production activities in all industrial sectors and on trade at national and international level.

This situation caused some negative effects on the Group's activities in the first half of 2020, mainly limited to:
- the drop in electricity sales prices on the Italian market and on the other markets in which the Group operates (as regards the component produced exposed to the volatility of spot prices on the electricity markets), correlated to a decrease in electricity demand and liquidity in the markets, as the main effect of the prolonged lockdown in March and April. The negative effects were partially countered by the Group thanks to the hedging activities under the 2020 Portfolio, which made it possible to minimise the exposure related to the increasing volatility of the markets;
- a temporary contraction in the services provided by Group companies (e.g. Energy Team and Vector Cuatro) directly at customers' plants (e.g. energy audit and monitoring services, sale and installation of components for energy efficiency, asset management and technical services) due to a forced absence of personnel, reduced mobility on national and international territory and closure of customers' production activities due to lockdown.

These effects 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.

In the face of this scenario, the Group has, since the very early stages of the pandemic, implemented all the analysis activities and continuity strategies set out in its operational plans to better manage the effects described above, as well as reduce the risk of contagion of its staff in the workplace. On this last point, it is important to underline that more than 90% of the staff in all the Italian and foreign offices, right from the first days of the crisis, have been encouraged to use remote work for a widespread and prolonged period of time (so-called "Smart Working"), which continues to allow 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.

Considering the current situation of the pandemic, which continues to spread worldwide, it is not possible to exclude the risk of new waves of contagion and restrictive "lockdown" measures in the countries in which the Group operates for the second half of the year. However, the negative effects of these measures remain difficult to quantify as they are closely linked to the protraction and/or expansion of the health emergency and the global macro-economic emergency.

To date, further areas of the Group that could be impacted by new crises include:
- possible delays in the development, construction and commissioning of the plants (in terms of the timing and management of the administrative procedures for the issue of the necessary authorisations for the plants under development by the public bodies concerned, or the procurement and supply of the various components, both wind and solar);
- 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 in-personpresence is required, or to operational limitations related to biomass supply, waste disposal and waste disposal activities, or in maintenance activities, planned or otherwise, however managed through the activation of the applicable business continuity plans).

4.1.11 Significant events after the end of the period

On 22 July 2020 Brattmyrliden Vind AB signed a Corporate Power Purchase Agreement ("PPA") with Ball Corporation, a leading multinational aluminium packaging supplier.
The contract, with a duration of 10 years, will cover the supply of about 70% of the electricity produced by the wind farm. The Virtual PPA will cover about 39% of the energy needs of Ball Corporation's beverage packaging production facilities in Europe, excluding Russia, from 2021.

4.1.12 Management outlook and going concern

The Group's results for the year 2020 will benefit from: (i) the commissioning of the wind farms in Åliden (Sweden), Hennøy (Norway) and Carrecastro (Spain) for a total of 106.8 MW; (ii) the production of the companies holding a portfolio of 5 wind farms in operation in France for a total grid capacity of 56 MW for the entire year, which made an important contribution in the first half of 2020.

With reference to the "Coronavirus (or Covid-19) crisis", there is currently greater serenity in the financial and energy markets. With particular reference to short-term electricity prices, these are slightly higher than the minimum prices in March and April 2020. Forward prices for the remaining part of 2020 and 2021 are lower than the business plan presented in March 2020. There is also a gradual restart of relations with industrial customers in the downstream business.

The Company reserves the right to update the management outlook within the next reporting period, should the "Coronavirus (or Covid-19) crisis" reoccur and generate material impacts on the Group's economic and financial indicators.

Some dossier investments in the geographical areas of interest included in the Business Plan are currently under evaluation.

4.2 Operating and financial review of Falck Renewables SpA

4.2.1 Financial highlights

(€ thousands)

		30.06.2020	30.6.2019	31.12.2019
Revenues		40	49	88
Operating profit/(loss)		**(10,419)**	**(11,746)**	**(26,409)**
Profit before taxation		**8,186**	**(2,000)**	**22,457**
Profit/(loss) for the year		**11,157**	**702**	**27,314**
Net financial position (credit)/debit		**246,940**	**99,580**	**164,563**
Investments		**5,859**	**1,863**	**7,689**
Personnel at the period-end	(no.)	106	88	96
Ordinary shares	(no.)	291,413,891	291,413,891	291,413,891

4.2.2 Performance and review of business

Falck Renewables SpA reported a net profit of €11,157 thousand for the year to 30 June 2020 (€702 thousand in the first half of 2019).
This result is mainly the result of higher income from equity investments (€10,161 thousand), higher income from non-current operations (€2,528 thousand, mainly due to a gain on the sale of the Nuo software to Nuo Srl) and higher releases of provisions for risks compared with the previous year (€1,509 thousand), partially offset by higher service costs (€1,502 thousand), higher personnel costs (€951 thousand - mainly due to higher Long Term Incentive Plan costs) and lower financial income and expense (€1,074 thousand).

The financial position showed a debit balance of €246,940 thousand, compared with a debit balance of €99,580 thousand at 30 June 2019.
The increase in the financial position compared to 30 June 2019 is due to capital increases in companies in Italy, Norway, Sweden and the USA to support the development and construction of new plants and the distribution of dividends to shareholders net of dividends received.

We remind you that 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; as of 30 June 2020 the new loan was used for an amount of €90 million.

The net financial position also includes the negative fair value of the derivatives to hedge interest rate and foreign exchange risks for €2,365 thousand.

4.2.3 Personnel

The total number of Company personnel at 30 June 2020 was 106, comprising 28 managers and 78 white collar workers, representing an increase of 10 compared to the total at 31 December 2019.

4.2.4 Investments

Investments for the period amounted to €5,859 thousand, of which €2,675 thousand relating to software licences for management system developments, €492 thousand relating to hardware components and €2,692 thousand relating to the capitalisation of rights of use.

4.2.5 Corporate checks

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. The reference shareholder is Falck SpA which directly holds 60% of the share capital. The remaining shares are held by Shareholders with shares of less than 5%. 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 Code of Self Discipline;
- 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 Procedure for the discipline of Related Party Transactions;
- guidance on the accumulation of assignments.

The Company is administered 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, also powers of extraordinary administration.
The Company adheres to the Code of Self Discipline drawn up by the Corporate Governance Committee of Borsa Italiana SpA; the Board of Directors has, therefore, set up the Remuneration Committee and the Risk Control Committee with advisory and propositional functions, as well as the Sustainable Strategy Committee with advisory, preliminary and support functions regarding 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.

4.2.6 Relations and transactions with parent companies, subsidiaries, associates and joint ventures

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 common services and know-how and the application of common financial policies.
In particular, the relations concerned some specific activities including:

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

In addition to the above transactions, following the non-renewal of participation in the national tax consolidation scheme with the consolidating company Falck SpA, Falck Renewables SpA opted to set up its own regime from the 2019 tax year with the majority of the Italian parent companies.

Relations with the parent company Falck SpA

At 30 June 2020 the Company was 60.00% owned directly by Falck SpA, which in turn is 65.96% owned by Finmeria Srl, with which no economic and financial relationships exist.

Falck Renewables SpA performs professional services and manages shared services for the parent company Falck SpA. A contract is also in place governing use of the Falck trademark.

The Company also participates in the Group VAT return with its parent company Falck SpA. 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 the majority of its Italian subsidiaries.

Subsequent to CONSOB's communication issued on 24 September 2010 detailing the position on related party transactions pursuant to CONSOB regulation 17221 of 12 March 2010 and ensuing amendments, the board of directors of Falck Renewables SpA approved the procedure governing related party transactions on 12 November 2010.

4.2.7 Direction and coordination activities

In accordance with article 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. The relations with the parent company are of a commercial nature, as mentioned above, and have had a positive impact on the result for the year for a total of €83 thousand in revenues from management services. Charges made by Falck SpA for a total of €674 thousand for the use of the Falck trademark negatively impacted the operating result.

We confirm compliance with the requirements of Article 37 of CONSOB Regulation no. 16191/2007, letters a), b), c) and d).

4.2.8 Holding of own shares or parent company shares

In compliance with Article 2428, paragraph 3, point 3 of the Italian Civil Code, the company declares that at 30 June 2020 it held 2,210,000 own shares with a nominal value of €2,210,000 representing 0.7584% of share capital.

The carrying value 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 30 June 2020, either through trust companies or third parties.

On 7 May 2020, the Board of Directors of Falck Renewables SpA announced the launch of the treasury share purchase program in execution of the authorisation approved by the Shareholders' Assembly on the same date.
The Company may purchase a maximum of 3,000,000 ordinary shares of Falck Renewables, corresponding to 1.0295% of the Company's share capital, and, taking into account the treasury shares currently held by the Company (2,210,000 ordinary shares, equal to 0.7584% of the share capital), up to 1.7878% of the Company's share capital, in compliance with the legal and regulatory requirements as well as the accepted market practices in force at the time, where applicable.
The Company may purchase its own shares, on one or more occasions, until 7 November 2021.

4.2.9 Purchase and sale of own shares or parent company shares during the period

In accordance with the provisions of Article 2428, paragraph 2, point 4, of the Italian Civil Code, we inform you that during the first six months of 2020 the company did not purchase or sell its own shares.

4.2.10 Stock option and stock grant plans

The Shareholders' Assembly on 7 May 2020 approved, at the end of a process that also involved the Remuneration committee, the "2020-2022 stock grant plan" (the "Share Plan") addressed to the Chief Executive Officer and to managers and employees with key roles within the Company and its subsidiaries as per Article 114-bis of Leg. Dec. 58 of 24 February 1998 ("TUF").
The Share Plan, which has a three-year duration, involves granting a maximum of 1,800,000 ordinary shares of 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.

The Share Plan that is part of the Long Term Incentive Plan is in line with that announced during 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 Company and its shareholders.
The plan will be implemented with company treasure shares already in the portfolio or purchased under Article 2357 of the Italian Civil Code.
In May 2020, the incentive plan for the CEO of Falck Renewables SpA was put into effect with 600,000 shares.
Also in May 2020, 417,000 share rights were assigned to some managers of the Group.
At 30 June 2020, a total of 1,017,000share rights had been assigned to Group managers and the CEO.

4.2.11 Corporate governance and Code of Self Discipline

Falck Renewables SpA complies and conforms to the Code of Self Discipline drawn up by the Corporate Governance Committee of Borsa Italiana SpA, as most recently amended in July 2018 to reflect recommendations therein and updated to reflect the Group's particular circumstances.
The report on Corporate Governance and Corporate Structure (the Report) provides an overview of the Group's adopted corporate governance model and discloses information regarding the ownership structure and compliance with the Code of Self Discipline, comprising 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 website www.falckrenewables.eu in the *Ethics and Governance - Corporate Governance - Documents section*.

4.2.12 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 Articles 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.

4.2.13 Legislative decree 231/2001

The Company has adopted an Organisation and Operations Manual 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.

On behalf of the board of directors
The Chairman
Enrico Falck

Milan, 4 August 2020

5. Condensed interim consolidated financial statements at 30 June 2020

5.1 Consolidated financial statement

	Notes	30.06.2020	of which related parties	31.12.2019	of which related parties
Assets					
A **Non-current assets**					
1 Intangible assets	(1)	155,893		156,457	
2 Property, plant and equipment	(2)	1,262,006		1,266,641	
3 Investments and securities	(3)	2,561		2,318	
4 Investments accounted for using the equity method	(4)	29,123		22,931	
5 Non-current financial receivables	(5)	7,636	7,180	8,622	8,505
6 Deferred tax assets	(8)	20,879		22,857	
7 Other receivables	(7)	2,674		3,273	
Total		**1,480,772**		**1,483,099**	
B **Current assets**					
1 Inventories	(9)	30,354		30,128	
2 Trade receivables	(6)	67,367	1,668	93,530	1,261
3 Other receivables	(7)	52,259	10,872	42,398	8,102
4 Current financial receivables	(5)	9,161	1,645	7,681	1,700
5 Securities	(3)	926		852	
6 Cash and cash equivalents	(10)	173,457		131,232	
Total		**333,524**		**305,821**	
C **Non-current assets held for sale**					
Total assets		**1,814,296**		**1,788,920**	
Liabilities					
D **Net equity**					
1 Share capital		291,414		291,414	
2 Reserves		226,646		209,732	
3 Retained earnings 4 Profit for the period		21,283		48,436	
Equity attributable to owners of the parent	(11)	**539,343**		**549,582**	
5 Non-controlling interest		107,648		58,081	
Total equity	(11)	**646,991**		**607,663**	
E **Non-current liabilities**					
1 Non-current financial liabilities	(14)	779,900	20,090	773,608	20,108
2 Trade payables	(15)	2,088		2,321	
3 Other payables	(16)	53,846	1,407	55,389	1,884
4 Deferred tax liabilities	(8)	46,058		43,612	
5 Provisions for risks and charges	(12)	92,951		96,093	
6 Staff leaving indemnity (TFR)	(13)	5,165		4,812	
Total		**980,008**		**975,835**	
F **Current liabilities**					
1 Trade payables	(15)	53,667	530	70,620	708
2 Other payables	(16)	30,796	6,228	40,109	10,601
3 Current financial liabilities	(14)	102,834	676	94,693	1,858
4 Provisions for risks and charges	(12)				
Total		**187,297**		**205,422**	
G **Liabilities attributable to non-current assets held for sale**					
Total liabilities		**1,814,296**		**1,788,920**	

For details of "related party transactions", see page 91.
There were no significant transactions during the first half of 2020.

5.2 Consolidated income statement

5.2 Consolidated income statement

						(€ thousands)
			30.6.2020		30.6.2019 (*)	
		Notes		*of which related parties*		*of which relate parties*
A	Revenues	(17)	195,289	861	185,417	
	Direct costs		(103,320)	(186)	(94,693)	
	Personnel costs	(18)	(22,615)		(19,697)	
	Other income	(20)	9,506	2,179	5,178	214
	Administrative expenses	(21)	(16,666)	(682)	(12,591)	(548)
	Net margin from trading activities		96		(47)	
B	**Operating profit/(loss)**		**62,290**		**63,567**	
	Financial income/(expenses)	(22)	(20,806)	(669)	(19,463)	(84)
	Investment income and expenses	(23)	(31)			
	Share of profit of investments accounted for using the equity method	(24)	(780)	(780)	887	887
C	**Profit/(loss) before tax**		**40,673**		**44,991**	
	Income tax expense	(25)	(12,272)		(11,175)	
D	**Profit/(loss) for the year**		**28,401**		**33,816**	
E	Profit attributable to non-controlling interests		7,118		7,472	
F	**Profit/(Loss) attributable to owners of the parent**		**21,283**		**26,344**	
	Earnings per share attributable to owners of the parent (€)	(11)	0.0736		*0.091*	
	Diluted earnings per share attributable to owners of the parent (€)	(11)	0.0734		*0.091*	

(*) The figures at 30 June 2019 have been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations - related to the acquisitions of Energy Team SpA and Energia Eolica de Castilla Sl.

For details of "related party transactions", see page 105
There were no significant transactions during the first half of 2020.

5.3 Consolidated statement of comprehensive income

							(€ thousands)
		30.6.2020			30.6.2019*		
		Gross	Tax	Net	Gross	Tax	Net
A	**Profit for the period**	**40,673**	**(12,272)**	**28,401**	**44,991**	**(11,175)**	**33,816**
	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	(19,144)		(19,144)	(262)		(262)
	Fair value adjustment of financial assets held for sale						
	Share of other comprehensive income of investments related to associates and joint ventures accounted for using the equity method				16		16
	Fair value adjustments of derivatives designated as cash flow hedges	(5,020)	1,035	(3,985)	(3,563)	323	(3,240)
B	**Total other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax**	**(24,164)**	**1,035**	**(23,129)**	**(3,809)**	**323**	**(3,486)**
	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	1		1	(19)		(19)
	Balance of actuarial gains/(losses) on personnel defined benefit plans						
C	**Total other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax**	**1**		**1**	**(19)**		**(19)**
B+C	**Other comprehensive income/(loss)**	**(24,163)**	**1,035**	**(23,128)**	**(3,828)**	**323**	**(3,505)**
A+B+C	**Total comprehensive income/(loss)**	**16,510**	**(11,237)**	**5,273**	**41,163**	**(10,852)**	**30,311**
	Attributable to:						
	- Owners of the parent			2,908			23,428
	- Non-controlling interests			2,365			6,883

(*) The figures at 30 June 2019 have been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations - related to the acquisitions of Energy Team SpA and Energia Eolica de Castilla Sl.

5.4 Consolidated statement of cash flows

5.4 Consolidated statement of cash flows

(€ thousands)

	Notes	30.6.2020	of which related parties	30.6.2019*	of which related parties
Cash flow from operating activities					
Profit for the period		28,401		33,816	
Adjusted for:					
Amortisation of intangible assets	(19)-(21)	2,039		1,764	
Depreciation of property, plant and equipment	(19)-(21)	38,539		36,272	
Impairment/(revaluation) of intangible assets	(19)-(21)	101		1,128	
Impairment/(revaluation) of property, plant and equipment	(19)-(21)				
Write-down of non-current assets					
Staff leaving indemnity provision	(18)	597		545	
Stock grant plan costs	(18)-(21)	1,358		285	
Fair value of investments and other securities					
Financial income	(22)	(16,799)	(186)	(15,132)	(242)
Financial expenses	(22)	37,605	855	34,595	301
Dividends					
Share of profit of investments valued using equity method	(24)	780	780	(887)	(887)
(Gain)/loss on sale of intangibles	(20)				
(Gain)/loss on disposal of property, plant and equipment	(20)			(822)	
Investment (income)/expenses					
Other changes		(4,101)		(102)	
Capital grants		(1,000)		(953)	
Income tax (income statement)	(25)	12,272		11,175	
Operating income before changes in net working capital and provisions		**99,792**		**101,684**	
Change in inventories	(9)	(226)		(1,897)	
Change in trade receivables	(6)	25,710		(3,927)	
Change in trade payables	(15)	(17,187)		(1,397)	
Change in other receivables/payables		(23,515)		(3,297)	
Net change in provisions	(12)	(3,920)		2,035	
Change in personnel funds - staff leaving indemnity paid during year	(13)	(261)		(349)	
Cash flow from operating activities		**80,393**		**92,852**	
Interest paid		(29,786)	(53)	(24,438)	(100)
Tax paid/collected		(9,642)		(2,933)	
Payments for stock grant plan		(5,700)			
Net cash flow from operating activities (1)		**35,265**		**65,481**	
Cash flow from investing activities					
Dividends					
Proceeds from sale of property, plant and equipment		16		346	
Proceeds from sale of intangible assets					
Proceeds from sale of investment activities				1,849	
Purchases of intangible assets	(1)	(5,053)		(3,319)	
Purchases of property, plant and equipment	(2)	(53,867)		(41,421)	
Acquisition of investments		(7,897)	(7,623)	(839)	
Disposals of equity investments with loss of control		2,006			
Purchase of own shares	(11)				
Purchase of subsidiaries net of cash				(33,733)	(2,360)
Interest received		16,790	186	17,293	242
Net cash flow from investing activities (2)		**(48,005)**		**(59,824)**	
Cash flow from financing activities					
Dividends paid	(11)	(25,142)	(17,480)	(27,566)	(20,686)
Proceeds from share capital increase and capital contribution net of expenses		745	745	2,057	2,057
Net change in financial receivables		790	790	768	768
New borrowings		68,500		1,115	
Loans granted		(757)	(757)		
Repayment of borrowings		(47,825)	(1,057)	(45,554)	
Sale of investments without loss of control		62,186			
Net cash flow from financing activities (3)		**58,497**		**(69,180)**	
Net (decrease)/increase in cash and cash equivalents (1+2+3)		**45,757**		**(63,523)**	
Cash and cash equivalents at 1 January		131,232		218,188	
Translation (loss)/gain on cash and cash equivalents		(3,532)		(169)	
Cash and cash equivalents at the end of the period	(10)	**173,457**		**154,496**	

(*) The figures at 30 June 2019 have been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations - related to the acquisitions of Energy Team SpA and Energia Eolica de Castilla Sl.

5.5 Consolidated statement of changes in equity

(€ thousands)

	Share capital	Reserves	Profit for the period	Equity atributable to owners of the parent	Non controlling intrests	Total Equity
At 31.12.2018*	**291,414**	**165,851**	**43,658**	**500,923**	**54,696**	**555,619**
Appropriation of 2018 profit		43,658	(43,658)			
Dividends paid		(18,220)		(18,220)	(9,498)	(27,718)
Other comprehensive profit items included in equity **		(2,916)		(2,916)	(589)	(3,505)
Purchase of own shares						
Other movements		827		827	2,388	3,215
Profit for the period at 30 June 2019 **			26,344	26,344	7,472	33,816
At 30.6.2019 *	**291,414**	**189,200**	**26,344**	**506,958**	**54,469**	**561,427**
Dividends paid					(3,814)	(3,814)
Other comprehensive profit items included in equity **		19,581		19,581	3,121	22,702
First-time application of IFRS 9						
Purchase of own shares						
Other movements		951		951	(2,968)	(2,017)
Profit for the period at 31 December 2019 **			22,092	22,092	7,273	29,365
At 31.12.2019	**291,414**	**209,732**	**48,436**	**549,582**	**58,081**	**607,663**
Allocation of profit		48,436	(48,436)			
Dividends paid		(19,377)		(19,377)	(5,922)	(25,299)
Other comprehensive profit items included in net equity **		(18,375)		(18,375)	(4,753)	(23,128)
Purchase of own shares						
Stock grant plan fair value		(3,542)		(3,542)		(3,542)
Effects from the sale of US minority companies		11,610		11,610	47,694	59,304
Other movements		(1,838)		(1,838)	5,430	3,592
Profit for the period at 30 June 2020 **			21,283	21,283	7,118	28,401
At 30.06.2020	**291,414**	**226,646**	**21,283**	**539,343**	**107,648**	**646,991**

(*) The figures at 31 December 2018 and 30 June 2019 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.

5.6 Explanatory and supplementary notes to the financial report

5.6.1 Basis of preparation of the consolidated financial statements

The condensed interim consolidated financial statements for the period 1 January 2020 - 30 June 2020 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

The consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS), and the relevant interpretations (Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC) endorsed by the European Union and the provisions pursuant to Article 9 of Legislative Decree 38/2005.

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 Article 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 accounting standards adopted for the preparation of the interim condensed consolidated financial statements are in line with those used for the preparation of the consolidated financial statements at 31 December 2019.

As this interim report does not provide all the information required for the preparation of the annual consolidated financial statements, it must be read together with the consolidated financial statements at 31 December 2019.

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

- ***Consolidated financial statement***
  The Consolidated financial statement 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 before tax;
  - profit for the period;
  - profit attributable to non-controlling interests
  - profit 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 for the period including income and expenses recognised directly in equity.

- ***Consolidated statement of cash flows***
  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 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.

All figures in the report are shown in EUR and the balances and notes are expressed in thousands of EUR, unless specifically indicated otherwise.

These condensed interim consolidated financial statements as of 30 June 2020 will be up for approval and authorisation for publication by the board of directors' meeting on 4 August 2020.

They are subject to a limited audit by PricewaterhouseCoopers SpA in accordance with the assignment conferred by the Shareholders' Assembly resolution of 15 April 2019.

5.6.2 Scope of consolidation

The condensed interim consolidated financial statements for the year ended 30 June 2020 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.

The Falck Renewables Group consists of 122 companies, of which 104 are consolidated on a line-by-line basis, and 18 are consolidated applying the equity method.

During the first six months of 2020, the following companies were set up:

- Novis Renewables Holdings LLC (formerly EF Columbus Energy Holdings LLC) is 51% owned by Falck Renewables North America Inc and is fully consolidated;
- Novis Renewables LLC (formerly EF Columbus Renewables LLC) 50% owned by Falck Renewables North America Inc and consolidated using the equity method.

EF Columbus Renewables LLC changed its name to Novis Renewables LLC with effect from 22 April 2020, and EF Columbus Energy Holdings LLC changed its name to Novis Renewables Holdings LLC with effect from 22 May 2020.

Moreover, with effect from 3 April 2020, the following new US companies have been incorporated, 100% owned by Novis Renewables LLC and therefore consolidated using the equity method:

- EF NY CDG 001 LLC
- EF NY CDG 002 LLC
- EF NY CDG 003 LLC
- EF NY CDG 004 LLC
- EF NY CDG 005 LLC
- EF NY CDG 006 LLC
- EF NY CDG 007 LLC
- EF NY CDG 008 LLC
- EF NY CDG 009 LLC

- EF NY CDG 010 LLC
- EF NY CDG 011 LLC

On 20 March 2020 Eni New Energy US Inc. ("ENE US") and Falck Renewables North America Inc. ("FRNA") completed the strategic agreement announced on 20 December 2019. This agreement provided for the creation of an equal platform, through Novis Renewables LLC, for the development, construction and financing of new renewable energy projects such as solar, photovoltaic, onshore wind and storage. At the same time, under the terms of the agreement, FRNA sold its 49% stake in Novis Renewables Holdings LLC, owner of the plants currently operating in the United States, to ENE US for a total capacity of 112.5 MW.

In March 2020 Falck Renewables SpA completed the purchase of the shares held by Ascia Renovables Sl in Energia Eolica de Castilla Sl. As a result of this transaction Falck Renewables SpA holds a 100% stake.

In April 2020 Falck Renewables SpA, following a share capital increase, increased its shareholding in Falck Renewables Vind AS from 80% to 88.64%.

In May 2020 Elettroambiente SpA in liquidation completed the purchase of the shares held by Epc Sicilia Srl in Tifeo Energia Ambiente ScpA in liquidation. As a result of this transaction Elettroambiente SpA in liquidation holds a 100% stake.

Furthermore, with effect from 12 June 2020, CEF Vento Sas was merged into Falck Energies Renouvelables Sas, which held 100% of the company.

Definitive Purchase Price Allocation

During the third quarter of 2019, the Group completed the Purchase Price Allocation of Energy Team SpA and Energia Eolica de Castilla Sl that had been presented as provisional at 31 December 2018, 31 March 2019 and 30 June 2019. The Balance Sheet and Income Statement with the final allocations at 30 June 2019 are shown below.

5.6 Explanatory and supplementary notes to the financial report

	30.06.2019	IFRS 3	30.06.2019
	Provisional allocation		Final allocation
Assets			
Non-current assets			
Intangible assets	142,220	6,453	148,673
Property, plant and equipment	1,190,028		1,190,028
Investments and securities	2,054		2,054
Investments accounted for using the equity method	21,237		21,237
Non-current financial receivables	9,161		9,161
Trade receivables			
Deferred tax assets	17,534		17,534
Other receivables	3,072		3,072
Total	**1,385,306**	**6,453**	**1,391,759**
Current assets			
Inventories	7,725		7,725
Trade receivables	102,084		102,084
Other receivables	40,875		40,875
Current financial receivables	4,294		4,294
Securities	936		936
Cash and cash equivalents	154,496		154,496
Total	**310,410**		**310,410**
Non-current assets held for sale			
Total assets	**1,695,716**	**6,453**	**1,702,169**
Net equity			
Share capital	291,414		291,414
Reserves	189,701	(501)	189,200
Retained earnings			
Profit for the period	27,323	(979)	26,344
Equity attributable to owners of the parent	**508,438**	**(1,480)**	**506,958**
Non-controlling interest	54,469		54,469
Total equity	**562,907**	**(1,480)**	**561,427**
Non-current liabilities			
Non-current financial liabilities	759,494	(154)	759,340
Trade payables	2,464		2,464
Other payables	56,432		56,432
Deferred tax liabilities	35,730	8,245	43,975
Provisions for risks and charges	81,902		81,902
Staff leaving indemnity (TFR)	4,512		4,512
Total	**940,534**	**8,091**	**948,625**
Current liabilities			
Current trade payables	48,011		48,011
Other payables	55,507	(158)	55,349
Current financial liabilities	88,757		88,757
Provisions for risks and charges			
Total	**192,275**	**(158)**	**192,117**
Total liabilities	**1,695,716**	**6,453**	**1,702,169**

	30.06.2019	IFRS 3	30.06.2019
	Provisional allocation		Final allocation
Revenues	185,417		185,417
Direct costs	(93,275)	(1,418)	(94,693)
Personnel costs	(19,697)		(19,697)
Other income	5,112	66	5,178
Administrative expenses	(12,591)		(12,591)
Net margin from trading activities	(47)		(47)
Operating profit/(loss)	**64,919**	**(1,352)**	**63,567**
Financial income/(expenses)	(19,463)		(19,463)
Investment income/(expenses)			
Share of profit of investments accounted for using the equity method	887		887
Profit/(loss) before tax	**46,343**	**(1,352)**	**44,991**
Total income tax	(11,548)	373	(11,175)
Profit/(loss) for the year	**34,795**	**(979)**	**33,816**
Profit attributable to non-controlling interests	7,472		7,472
Profit/(Loss) attributable to owners of the parent	**27,323**	**(979)**	**26,344**

5.6.3 Accounting principles and consolidation techniques

The accounting policies used for the preparation of the condensed interim consolidated reports are in line with those applied for the consolidated financial statements at 31 December 2019, with the exception of the policies applicable from 1 January 2020. 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 entered into force for the first time since 1 January 2020, as required by the EU during its approval

With reference to the accounting standards, interpretations or improvements in force from 1 January 2020, compared to those applicable to 2019, the following amendment could have significant effects on the consolidated financial statements of the Group:

<u>Amendment IFRS 3 - Definition of a business activity</u>

By Regulation (EU) 2020/551 the European Parliament amended IFRS 3 Business Combinations to clarify the definition of business activities (hereinafter also Business) and facilitate its practical implementation. The distinction between acquisition of a business and acquisition of a group of assets is, in fact, fundamental for the correct accounting treatment of the transaction.

The new definition establishes that a business activity is an integrated set of activities and assets that can be conducted and managed for the purpose of providing goods or services to clients and that generates investment income (such as dividends or interest) or other income from ordinary activities. The three elements of a business activity are defined as follows:
a) Production factors (Input): any economic resource that creates production or is able to contribute to the creation of production when one or more processes are applied to it.
b) Process: any system, standard, protocol, convention, or rule that, when applied to inputs, creates output or is capable of contributing to the creation of output.
c) Production (Output): the result of inputs and processes applied to inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities.

To be considered a business activity, an integrated set of assets and goods must include, as a minimum, a substantial input and process that together contribute significantly to the ability to create output.

The principle also clarifies that the assessment of what is a business activity must be made from a market participant perspective and is therefore not relevant:

- if before the acquisition, the seller was managing this integrated set of assets and activities as a business;
- if after the acquisition, the buyer intends to manage this integrated set of assets and activities as a business.

Companies should apply the changes, at the latest, from the commencement date of their first financial year beginning on or after 1 January 2020.

These amendments have not had any impact on the Group's consolidated half-year financial statements.

The following accounting standards, interpretations or improvements are also in force from 1 January 2020:

- Amendment to IFRS 9, IAS 39 and IFRS 17: *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8: *Definition of Material*
- Amendment to *References to the Conceptual Framework in IFRS Standards*

New principles issued but not yet in force as not yet endorsed by the EU

The following new principles, interpretations or improvements have been issued but are not yet in force:

- Amendment to IFRS 16 *Rent Concession Covid-19*

The assets and liabilities in the financial statements of subsidiaries denominated in foreign currencies are translated to € applying the year-end exchange rate. The income statements of the financial statements of subsidiaries denominated in foreign currencies are translated to € 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 restated in €.
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 for the year.

The following exchange rates were used to translate the financial statements:

	Average change first half of 2020	Average change first half of 2019	Final change at 30.06.2020	Final change at 31.12.2019
British Pounds (GBP)	0.8746	0.8736	0.9124	0.8508
US Dollars (USD)	1.1020	1.1298	1.1198	1.1234
Polish Zloty (PLN)	4.412	4.2920	4.4560	4.2568
Mexican Pesos (MXN)	23.843	21.6543	25.9470	21.2202
New Bulgarian Lev (BGN)	1.9558	1.9558	1.9558	1.9558
Japanese Yen (JPY)	119.2668	124.2836	120.660	121.94
Chilean Peso (CLP)	895.57	763.3900	918.72	844.86
United Arab Emirates Dirham (AED)	4.0473	4.1491	4.1125	4.1257
Norwegian Krone (NOK)	10.7324	9.7304	10.9120	9.8638
Swedish Krona (SEK)	10.6599	10.5181	10.4948	10.4468
Australian Dollar (AUD)	1.6775	1.6003	1.6344	1.5995

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 effects 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.
Lastly, the following paragraph "Impairment Test" reports that an impairment test was performed in accordance with IAS 36 to take into account the global situation due to the pandemic, which did not indicate the need to write down the carrying amount of property, plant and equipment and intangible assets.
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.

5.6.4 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 the 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		Other Businesses		Elimination		Consolidated	
Operations	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019*	30.6.2020	30.6.2019	30.6.2020	30.6.2019	30.6.2020	30.6.2019*
Revenues	31,844	33,121	130,009	124,563	20,224	21,222	34,343	37,064	(21,131)	(30,553)	195,289	185,417
Direct costs	(21,545)	(22,360)	(56,918)	(51,560)	(9,490)	(10,296)	(33,149)	(36,152)	17,782	25,675	(103,320)	(94,693)
Personnel costs	(3,418)	(2,755)	(1,639)	(1,601)	(10,668)	(10,035)	(6,863)	(5,485)	(27)	179	(22,615)	(19,697)
Other income	7,038	3,262	1,573	1,610	491	565	5,003	3,351	(4,599)	(3,610)	9,506	5,178
Administrative expenses	(1,154)	(2,649)	(8,916)	(5,587)	(1,554)	(2,334)	(11,661)	(10,685)	6,618	8,664	(16,667)	(12,591)
Net margin from trading activities							96	(47)			96	(47)
Operating profit/(loss)	**12,765**	**8,619**	**64,109**	**67,425**	**(997)**	**(878)**	**(12,231)**	**(11,954)**	**(1,356)**	**355**	**62,290**	**63,567**
Financial income/(expenses)	(2,474)	(2,185)	(18,176)	(17,743)	(366)	(115)	373	1,713	(163)	(1,133)	(20,806)	(19,463)
Investment income/(expenses)							18,198	7,872	(18,229)	(7,872)	(31)	
Share of profit of investments accounted for using the equity method	1,137	882				5	(1,917)				(780)	887
Profit/(loss) before tax	**11,428**	**7,316**	**45,933**	**49,682**	**(1,363)**	**(988)**	**4,423**	**(2,369)**	**(19,748)**	**(8,650)**	**40,673**	**44,991**
Tax	(1,896)	(1,608)	(14,033)	(12,432)	195	(55)	3,405	2,749	57	171	(12,272)	(11,175)
Profit/(loss) for the year	**9,532**	**5,708**	**31,900**	**37,250**	**(1,168)**	**(1,043)**	**7,828**	**380**	**(19,691)**	**(8,479)**	**28,401**	**33,816**
Profit/(loss) attributable to non-controlling interests	1,367	318	5,764	7,178			(13)			(24)	7,118	7,472
Profit/(loss) attributable to owners of the parent	**8,165**	**5,390**	**26,136**	**30,072**	**(1,168)**	**(1,043)**	**7,841**	**380**	**(19,691)**	**(8,455)**	**21,283**	**26,344**

(*) The figures at 30 June 2019 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.

												(€ thousands)
	WTE, biomass, solar		Wind		Services		Other Businesses		Elimination		Consolidated	
Financial position	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.201	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Intangible assets	285	301	97,758	101,211	45,557	43,205	12,580	12,111	(287)	(371)	155,893	156,457
Property, plant and equipment	239,301	244,541	1,019,418	1,020,884	2,846	3,21	5,334	2,648	(4,893)	(4,643)	1,262,006	1,266,64
Net financial position	93,220	153,610	447,143	501,44	673	(581)	234,748	149,408	(83,304)	(83,112)	692,480	720,766
Investments in the period	1,416	6,488	53,357	133,847	4,542	1,756	7,058	12,111	(3,377)	(2,052)	62,996	152,15

5.6.5 Balance sheet contents and movements

Assets

A Non-current assets

1 Intangible assets

Movements in the period were as follows:

(€ thousands)

		Balance at 31.12.2019	Additions	Foreign exchange variation	Reclassifications	Disposals	Other transactions	(impairment) Revaluation	Amortisation	Balance at 30.6.2020
1.1	Industrial patent rights and intellectual property rights	783			2,987				(293)	3,477
1.2	Concessions, licences, trademarks and similar rights	7,790	9						(179)	7,620
1.3	Goodwill	96,399		(3,477)						92,922
1.4	Other intangibles	28,493	1						(1,481)	27,013
1.5	Rights of use	444							(86)	358
1.6	Assets under construction and advance payments	22,548	5,043		(2,987)			(101)		24,503
Total		**156,457**	**5,053**	**(3,477)**				**(101)**	**(2,039)**	**155,893**

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:

- Actelios Solar SpA (solar plants in Sicily)
- Åliden Vind AB (grant for the wind farm at Örnsköldsvik)
- 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)
- Brattmyrliden Vind AB (grant for the wind farm at Örnsköldsvik)
- Cambrian Wind Energy Ltd (Cefn Croes wind farm)
- Julia (Eol Team SAS, Ferme Eolienne de Noyales, Parc Eolien du Bois Ballay, Parc Eolien de Mazeray et de Bignay, Parc Eolien des Coudrays plants)
- Earlsburn Wind Energy Ltd (Earlsburn wind farm)
- Ecosesto SpA (Rende hybrid plant)
- Ecosesto SpA (Rende solar plant)
- Energy Team SpA (services)
- Energia Eolica de Castilla SL (wind farm in Carrecastro)
- Eolica Cabezo San Roque Sau (Cabezo wind farm)
- Eolica Petralia Srl (Petralia Sottana wind farm)

- Eolica Sud Srl (San Sostene wind farm)
- Eolo 3W Minervino Murge Srl (Minervino Murge wind farm)
- Esquennois Energie Sas (Oise wind farm)
- Falck Renewables Wind Ltd (wind sector parent company)
- Falck Renewables Vind AS (grants for the wind farms in Okla and Hennøy)
- Fisher Road Solar I LLC (solar plant in Dartmouth, Massachusetts)
-Frullo Energia Ambiente Srl (Granarolo dell'Emilia WtE plant)
- Geopower Sardegna Srl (Buddusò-Alà dei Sardi wind farm)
- Vector Cuatro group (services)
- HG Solar Development LLC (solar plant in Middleton, Massachusetts)
- Innovative Solar 42 LLC (solar farm in Fayetteville, North Carolina)
- 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)
- Parc Eolien du Fouy Sas (Maine et Loire wind farm)
- Parc Eolien des Cretes Sas (Maine et Loire wind farm)
- Prima Srl (Trezzo sull'Adda WtE plant)
- Solar Mesagne Srl (Mesagne solar plants)
- Spaldington Airfield Wind Energy Ltd (Spaldington wind farm)
- Syncarpha Massachusetts LLC (solar plant in Leominster, Massachusetts)
- Syncarpha Palmer LLC (Palmer, Massachusetts solar plant)
- Ty Ru Sas (Plouigneau wind farm)
- West Browncastle Wind Energy Ltd (West Browncastle wind farm)

Goodwill at 30 June 2020 comprised:

Goodwill	(€ thousands)
	Book value at 30.06.2020
Energy Team SpA	9,119
Geopower Sardegna Srl	16,246
Cambrian Wind Energy Ltd	12,168
Falck Renewables Wind Ltd	10,222
Ben Aketil Wind Energy Ltd	9,586
Earlsburn Wind Energy Ltd	9,442
Millennium Wind Energy Ltd	9,150
Vector Cuatro SLU	5,624
Boyndie Wind Energy Ltd	4,007
Kilbraur Wind Energy Ltd	3,643
Eolica Sud Srl	1,967
Eolo 3W Minervino Murge Srl	1,748
Total	**92,922**

5.6 Explanatory and supplementary notes to the financial report

Investments in intangible fixed assets amounted to €5,053 thousand and refer to operating software and licensing expenses of €3,460 thousand and €1,593 thousand in development costs.

2 Property, plant and equipment

Movements in the period were as follows:

	Balance at 31.12.2019	Additions	Reclassifications	Effect of variation	Disposals and impairments	Other movements	(Impairment) revaluations	Depreciation
Gross values								
2.1 Land	7,607			(22)				
2.2 Industrial buildings	1,863			(11)				
2.3 Plants and machinery	1,717,353	667	18,884	(41,941)	(4,247)	(405)		
2.4 Industrial and office equipment	2,109	3						
2.5 Other assets	5,557	53	54	(27)	(49)	(1)		
2.6 Assets operated under concession	94,354							
2.7 Rights of use	83,484	3,349		(2,829)		3,262		
2.8 Assets under construction and advances	52,517	53,871	(18,938)		(13)			
Total gross value	**1,964,844**	**57,943**		**(44,830)**	**(4,309)**	**2,856**		
Accumulated depreciation								
2.1 Land								
2.2 Industrial buildings	(1,153)			1				(29)
2.3 Plants and machinery	(607,428)			16,820	4,247	113		(32,737)
2.4 Industrial and office equipment	(1,643)							(68)
2.5 Other assets	(3,967)			25	46			(241)
2.6 Assets operated under concession	(77,804)							(2,255)
2.7 Rights of use	(6,208)			249		743		(3,209)
Total depreciation	**(698,203)**			**17,095**	**4,293**	**856**		**(38,539)**
Net book amounts								
2.1 Land	7,607			(22)				
2.2 Industrial buildings	710			(10)				(29)
2.3 Plants and machinery	1,109,925	667	18,884	(25,121)		(292)		(32,737)
2.4 Industrial and office equipment	466	3						(68)
2.5 Other assets	1,590	53	54	(2)	(3)	(1)		(241)
2.6 Assets operated under concession	16,550							(2,255)
2.7 Rights of use	77,276	3,349		(2,580)		4,005		(3,209)
2.8 Assets under construction and advances	52,517	53,871	(18,938)		(13)			
Total property, plant and equipment	**1,266,641**	**57,943**		**(27,735)**	**(16)**	**3,712**		**(38,539)**

Investments on property, plant and equipment amounted to €57,943 thousand and mainly related to the construction of the Brattmyrliden (€48,610 thousand) and Aliden (€260 thousand) wind farms in Sweden, Falck Renewables Vind (€1,870 thousand) in Norway and Energia Eolica de Castilla (€1,908 thousand) in Spain, maintenance work on the plants of Ecosesto SpA (€1,056 thousand), Actelios Solar SpA (€360 thousand), the capitalisation of rights of use not allocated to plants under construction (€3,160 thousand) and the purchase of office furniture and investments (€719 thousand).

Property, plant and equipment at 30 June 2020 did not include amounts relating to revaluations carried out in accordance with local monetary revaluation legislation or arising from economic revaluations.

During the year, financial expenses charged to property, plant and equipment amounted to €7 thousand and were entirely attributable to wind farms under construction.

Impairment tests

During the first half of the year, no specific events occurred at Group level that would alter or compromise the production capacity of the assets, which continued regular production without interrupting activity for Covid-19. Nevertheless, in light of the particular global situation caused by the pandemic, a review was carried out, following the procedure required by IAS 36. In particular, the amount recoverable from the individual cash generating units was determined on the basis of an operating cash flow plan discounted at a rate representative of the weighted average cost of the specific capital employed, 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. With reference to the main basic assumptions used for the projection of flows, note that:

- expected production values of the wind/solar and waste to energy/biomass plants based on historic productivity figures. These prospective outputs are substantially the same as those used in the financial statements at December 31, 2019 because, given the type of business, the future estimate is mainly based on long-term studies and surveys;

- sales prices and incentives calculated on the basis of short-term market projections, support from internationally recognised external providers for the medium/long term and developed by the internal Energy Management department. With specific reference to this point, the Energy Management function revised the energy price curve downwards (compared to the financial statements at 31 December 2019) in the short/medium period, also taking into account forward prices, while maintaining the long-term curves substantially in line with the financial statements at 31 December 2019 and the Business Plan presented to the market last March; moreover, the presence of long-term PPAs (Power Purchase Agreements) for some plants, the residual period of fixed incentive tariffs (Feed in Tariffs) for others and the mechanism for calculating the incentive for others, had a stabilising effect with respect to the reduction in prices expected in the short term, thus mitigating the impact;

- other industrial factors such as waste transfer prices, biomass costs, plant operating costs and related investments have been updated selectively, taking into account the most recent information available;

- with specific reference to the United Kingdom, a tax rate of 19% has been applied to prospective flows (in place of the previous 17% used in the financial statements at December 31, 2019), as the UK Government has publicly announced that the progressive reduction in the tax rate, provided for in the last budget law, will be abolished when the next tax reform is enacted with effect from 1 April 2020.

Management also confirmed the medium/long-term assumptions relating to the Services sector, with particular reference to residual goodwill recorded in relation to the Vector Cuatro Group and Energy Team. As already highlighted, given the type of business, a terminal value component is also envisaged for these activities when calculating flows. The related goodwill will be checked again on the occasion of the scheduled year-end review of the Business Plan.

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 3.9% to 4.2%
Wind sector UK:	from 3.7% to 4.1%
Wind sector Italy:	from 4.3% to 4.8%
Wind sector Spain:	from 3.1% to 4.2%
Services Spain/Italy:	from 5.6% to 6.4%
Wind sector France:	from 3.3% to 3.8%
Nordic Wind Power (Sweden and Norway):	from 3.5% to 3.7%
Solar sector US:	from 5.0% to 5.3%
Photovoltaic Italy:	from 4.4% to 4.7%

Rates are generally up compared to the financial statements at 31 December 2019.

<u>Results</u>

As anticipated, the update of the above mentioned factors confirmed the recoverability of the carrying amounts of goodwill, intangible assets and property, plant and equipment related to the cash generating units.

3 Investments and securities

These are Energy Team securities for a total of €1,020 thousand (of which €926 thousand short-term), the 1.807% stake in Fondo Italiano per l'Efficienza Energetica SGR SpA for a total of €2,367 thousand and the options to purchase equity investments in Norway for a total of €100 thousand.
During the first half of 2020, 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 31.12.2019	Additions	Revaluation (Impairment)	Adjustment to total equity	Dividends	Other movements	At 30.6.2020
Frullo Energia Ambiente Srl	22,912		1,137	1	(2,646)		21,404
Parque Eolico La Carracha Sl							
Parque Eolico Plana de Jarreta Sl							
Naturalis Energy Developments Ltd					479		479
Nuevos Parque Eolicos La Muela AIE							
Novis Renewables Group		1,994	(1,917)		7,144	(1)	7,220
Vector Cuatro Servicios SL	19			1			20
Total	**22,931**	**1,994**	**(780)**	**2**	**4,977**	**(1)**	**29,123**

These are the shareholdings in Frullo Energia Ambiente Srl 49%, Parque Eolico La Carracha Sl and Parque Eolico Plana de Jarreta Sl, both 26% owned, each of which owns 50% of the capital of Nuevos Parque Eolicos La Muela AIE, Vector Cuatro Servicios Sl, 50% owned, in Naturalis Energy Developments Limited, 70% owned, and in the Novis Renewables group, 50% owned.

Parque Eolico La Carracha Sl and Parque Eolico Plana de Jarreta Sl shares were fully written down.
In compliance with IFRS 12, the required data, as at 30 June 2020, related to associated companies and joint ventures valued at equity are shown below:

	Registered offices	Currenre capital		% Direct	% Indirect	Parent company
Frullo Energia Ambiente Srl	Bologna	EUR	17,139,100	49.000		
EF NY CDG 001 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 002 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 003 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 004 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 005 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 006 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 007 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 008 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 009 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 0010 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 0011 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
Naturalis Energy Developments Ltd	London (UK)	GBP	100		70.000	Falck Renewables Wind Ltd
Novis Renewables LLC	Delaware (USA)	USD			50.000	Falck Renewables North America Inc
Nuevos Parque Eolicos La Muela AIE	Zaragoza (Spain)	EUR	10,000		50.000	Parque Eolico La Carracha SL
Parque Eolico La Carracha Sl	Zaragoza (Spain)	EUR	100,000		26.000	Falck Renewables Wind Ltd
Parque Eolico Plana de Jarreta Sl	Zaragoza (Spain)	EUR	100,000		26.000	Falck Renewables Wind Ltd
Vector Cuatro Servicios SL	Madrid (Spain)	EUR	30,000		50.000	Vector Cuatro SLU

Main financial data:

(€ thousands)

	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Frullo Energia Ambiente Srl	57,289	16,687	43,832	10,650	19,494
Novis Renewables Group	1,655	11,802	11,775		1,682
Naturalis Energy Developments Ltd	352	513	(175)	655	385
Nuevos Parque Eolicos La Muela AIE	2	105	38		69
Parque Eolico La Carracha Sl	9,515	1,615	3,871	6,328	931
Parque Eolico Plana de Jarreta Sl	9,442	1,664	2,606	7,664	836
Vector Cuatro Servicios SL		40	40		

Main economic data:

(€ thousands)

	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Result equity
Frullo Energia Ambiente Srl	11,972	3,068	3,049	2,307
Novis Renewables Group		(4,225)	(4,225)	(4,225)
Naturalis Energy Developments Ltd		(746)	(755)	(611)
Nuevos Parque Eolicos La Muela AIE	254			
Parque Eolico La Carracha Sl	912	(488)	(621)	(466)
Parque Eolico Plana de Jarreta Sl	865	(526)	(662)	(497)
Vector Cuatro Servicios SL	20	(1)	(1)	(1)

5 Financial receivables

As at 30 June 2020, this item is broken down as follows:

(€ thousands)

	30.6.2020			31.12.2019			Changes		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	8,772	7,180	1,592	10,284	8,505	1,779	(1,512)	(1,325)	(187)
Amounts owed by associates and joint ventures	58		58				58		58
Derivative financial instruments	7,967	456	7,511	6,019	117	5,902	1,948	339	1,609
Total	**16,797**	**7,636**	**9,161**	**16,303**	**8,622**	**7,681**	**494**	**(986)**	**1,480**

Financial receivables are disclosed net of the provision for doubtful accounts of €2,068 thousand.

Non-current amounts owed by third parties relate to the loan to Verus Energy Oak for €721 thousand that has been written down to nil in previous years, following a decision not to continue the investment.
The item financial receivables from associated companies and joint ventures includes financial receivables from Parque Eolico La Carracha Sl for €231 thousand and Parque Eolico Plana de Jarreta Sl for €446 thousand, which were totally written down in previous years, and Naturalis Energy Developments Limited written down for €670 thousand.

In order to hedge against commodity risk, hedging derivative instruments were activated, with a fair value at 30 June 2020 of €7,251 thousand (€5,365 thousand at 31 December 2019).

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 €716 thousand at 30 June 2020 (31 December 2019 – €585 thousand).

Please note that the fair value of non-current derivatives at 30 June 2020 has been checked for counterparty risk (CVA - Credit Valuation Adjustment) in line with IFRS 13.

The analysis carried out both by rating and by sector did not reveal any adjustments to be made. In detail:

(€ thousands)

	Fair value risk free	Fair value - Credit Valuation adjusted	Delta
Rating			
S&P A+	55	55	
S&P A-	401	401	
Total	**456**	**456**	
Sector			
Banks	55	55	
Other	401	401	
Total	**456**	**456**	

5.6 Explanatory and supplementary notes to the financial report

6 Trade receivables

As at 30 June 2020, this item is broken down as follows:

(€ thousands)

	30.06.2020			31.12.2019			Changes		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by clients	65,726		65,726	92,521		92,521	(26,795)		(26,795)
Amounts owed by associates and joint ventures	839		839	81		81	758		758
Amounts owed by parent company	766		766	837		837	(71)		(71)
Amounts owed by other Falck Group companies	36		36	91		91	(55)		(55)
Total	**67,367**		**67,367**	**93,530**		**93,530**	**(26,163)**		**(26,163)**

The decrease in trade receivables compared to 31 December 2019 is due to the decrease in revenues during the second half of the first half of 2020.

The analysis of trade receivables by geographical location is as follows:

(€ thousands)

	30.06.2020
Italy	37,321
United Kingdom	16,496
Germany	5,567
United States	2,396
Spain	1,236
France	1,089
Japan	729
Mexico	420
Other	472
Total	**65,726**

These receivables are stated net of the provision for doubtful accounts recognised to adjust them to their estimated realizable value, which amounted to €1,581 thousand at 30 June 2020.

7 Other receivables

As at 30 June 2020, this item is broken down as follows:

(€ thousands)

	30.6.2020			31.12.2019			Changes		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	2,721	245	2,476	1,693	280	1,413	1,028	(35)	1,063
Amounts owed by associates and joint ventures	5,106		5,106	2,450		2,450	2,656		2,656
Amounts owed by parent company	5,766		5,766	5,300		5,300	466		466
Amounts owed by other Falck Group companies									
Advances	88		88	87		87	1		1
Tax credits	30,640		30,640	24,202		24,202	6,438		6,438
Guarantee deposits	1,001	837	164	1,149	988	161	(148)	(151)	3
Accrued income and prepayments	9,611	1,592	8,019	10,790	2,005	8,785	(1,179)	(413)	(766)
Total	**54,933**	**2,674**	**52,259**	**45,671**	**3,273**	**42,398**	**9,262**	**(599)**	**9,861**

Other receivables are shown net of the provision for doubtful accounts recorded to adjust them to their estimated realisable value which, at 30 June 2020, amounted to €9,269 thousand, mainly relating to tax receivables.

Other receivables increased mainly for receivables from associated companies and joint ventures and tax receivables. The amounts owed by parent company principally relate to tax income due from Falck SpA in relation to the Group consolidated tax regime and the sale of VAT recoverable under the Group VAT return.

The item related to associated companies and joint ventures mainly refers to the previous dividends resolved by the shareholders of Frullo Energia Ambiente Srl, but not yet paid, for €5,096 thousand.

The item due from Falck Group companies includes a receivable from Sesto Siderservizi for € 1,636 thousand that was fully written down.

Current tax receivables mainly relate to VAT due from investments made by Group companies and requested as a refund.

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 assets at 30 June 2020 amounted to €20,879 thousand and showed a decrease of €1,978 thousand compared to 31 December 2019.

Deferred tax payables, which amounted to €46,058 thousand, increased by €2,446 thousand with respect to 31 December 2019.

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.

B Current assets

9 Inventories

Inventories at 30 June 2020 consisted of the following:

			(€ thousands)
	30.6.2020	31.12.2019	Changes
Raw materials and consumables	4,355	4,298	57
Semi-finished goods			
Work in progress			
Finished goods	25,999	2,785	23,214
Advances		23,045	(23,045)
Total	**30,354**	**30,128**	**226**

Raw, ancillary and consumable materials are related to the stocks of biomass of Ecosesto SpA and raw materials of Ambiente 2000 Srl and Energy Team SpA. Finished products, on the other hand, include the stocks of Ecosesto SpA, the tools of Energy Team SpA and the photovoltaic panels of Novis Renewables LLC, whose use will be defined as part of the strategic agreements with ENI.

10 Cash and cash equivalents

			(€ thousands)
	30.6.2020	31.12.2019	Changes
Current bank and post office deposits	173,445	131,217	42,228
Cash in hand	12	15	(3)
Total	**173,457**	**131,232**	**42,225**

Current account balances of the companies funded using project financing schemes are restricted by the obligations under the project financing contracts. This liquidity amounted to €108,486 thousand, of which €103,957 thousand relating to the Wind sector and €4,529 thousand to the WtE, biomass and solar segments.

The cash balances linked to project financing contracts analysed by company at 30 June 2020 were as follows:

(€ thousands)

Actelios Solar SpA	3,724
Innovative solar 42 LLC	805
Total WtE, biomass and solar sectors	**4,529**
FRUK Holdings (no.1) Ltd	5,574
Cambrian Wind Energy Ltd	2,936
Boyndie Wind Energy Ltd	350
Earlsburn Mezzanine Ltd	396
Earlsburn Wind Energy Ltd	2,546
Ben Aketil Wind Energy Ltd	1,544
Millennium Wind Energy Ltd	3,849
Kilbraur Wind Energy Ltd	5,099
Nutberry Wind Energy Ltd	3,148
West Browncastle Wind Energy Ltd	4,516
Spaldington Wind Energy Ltd	1,976
Kingsburn Wind Energy Ltd	4,720
Assel Valley Wind Energy Ltd	5,537
Auchrobert Valley Wind Energy Ltd	6,014
Eolica Sud Srl	11,697
Eolo 3W Minervino Murge Srl	6,630
Geopower Sardegna Srl	23,048
Eolica Petralia Srl	3,265
SE Ty Ru Sas	1,126
Parc Eolien du Fouy Sas	1,156
Parc Eolien des Crêtes Sas	1,014
Esquennois Energie Sas	1,486
CEP Tramontane 1 SAS	3,972
Ferme Eolienne de Noyales SAS	1,816
Parc Eolien du Bois Ballay SAS	62
Parc Eolien des Coudrays SAS	423
Parc Eolien de Mazeray et de Bignay SAS	57
Total Wind sector	**103,957**
Total cash balances linked to project financing	**108,486**

Lastly, we note that the cash held by the parent Falck Renewables SpA amounted to €5,555 thousand.

Please see the consolidated cash flow statement for further information on the change in cash and cash equivalents.

Liabilities

D Equity

11 Share capital

Share capital consists of 291,413,891 issued and fully paid ordinary shares, with a face value of € 1 each.
At 30 June 2020, the parent company Falck Renewables SpA had 2,210,000 own shares for a face value of EUR 2,210,000, representing 0.7584% of total share capital.
The carrying value of own shares held is €2,924,259 corresponding to an average share price of €1.3232.

The Shareholders' Meeting of the parent company on 7 May 2020 authorised the purchase and distribution of treasury shares and start of the share buyback program. The Company may purchase its own shares, on one or more occasions, until 7 November 2021.
The Company may purchase a maximum of 3,000,000 ordinary shares of Falck Renewables, corresponding to 1.0295% of the Company's share capital, and, taking into account the treasury shares already held by the Company as at 7 May 2020 (2,210,000 ordinary shares, equal to 0.7584% of the share capital), up to 1.7878% of the Company's share capital, in compliance with the legal and regulatory requirements as well as the accepted market practices in force at the time, where applicable.

Changes in all shareholders' equity accounts in 2019 and the first half of 2020 are as follows:

(€ thousands)

		Reserves									
	Share capital	Share premium reserves	Reserves from spin off under common control	Reserves from con version	Cash flow hedgeing reserves	Actuarial profit (loss) reserves	Other reserves	Result for the period	Group net equity	Third party net equity	Total
At 31.12.2018*	**291,414**	**470,335**	**(371,598)**	**(1,731)**	**(35,554)**	**(690)**	**105,089**	**43,658**	**500,923**	**54,696**	**555,619**
Allocation of the 2018 result							43,658	(43,658)			
Dividends paid							(18,220)		**(18,220)**	(13,312)	**(31,532)**
Other comprehensive profit items included in equity				13,111	3,690	(136)			**16,665**	2,532	**19,197**
Purchase of own shares											
Stock grant plan fair value							611		**611**		**611**
Other movements							1,167		**1,167**	(580)	**587**
Profit for the period								48,436	**48,436**	14,745	**63,181**
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**

* 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.

	Share capital	Reserves: Share premium reserves	Reserves from spin off under common control	Reserves from conversion	Cash flow hedgeing reserves	Actuarial profit (loss) reserves	Other reserves	Result for the period	Group net equity	Third party net 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)**	(5,922)	**(25,299)**
Other comprehensive profit items included in equity				(14,781)	(3,595)	1			**(18,375)**	(4,753)	**(23,128)**
Purchase of own shares											
Stock grant plan fair value							(3,542)		**(3,542)**		**(3,542)**
Effects from the sale of US minority companies							11,610		**11,610**	47,694	**59,304**
Other movements							(1,838)		**(1,838)**	5,430	**3,592**
Profit for the period								21,283	**21,283**	7,118	**28,401**
At 30.06.2020	**291,414**	**470,335**	**(371,598)**	**(3,401)**	**(35,459)**	**(825)**	**167,594**	**21,283**	**539,343**	**107,648**	**646,991**

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 30 June 2020, the average weighted number of shares in circulation was increased to take account of the diluting effect of the stock grant plan.

The data used to calculate basic earnings per share were as follows.

	30.6.2020	31.12.2019
Weighted average number of ordinary shares in issue (number)	289,203,891	289,203,891
Profit attributable to ordinary equity holders of the parent (€ thousands)	21,283	48,436
Profit/(loss) per base share (€ per share)	**0.074**	**0.167**

	30.6.2020	31.12.2019
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)	841,367	1,086,398
Weighted average number of ordinary shares in issue (number) following diluted profit	290,045,258	290,290,289
Profit attributable to ordinary equity holders of the parent (€ thousands)	21,283	48,436
Diluted profit/(loss) per share (€ per share)	**0.073**	**0.167**

12 Provisions for risks and charges

(€ thousands)

	Balance at 31.12.2019	Change in scope of consolidation	Allocations	Utilizations/ Payments	Other movements	Foreign exchange difference	Balance at 30.6.2020
Non-current provisions for risks and charges							
- environmental provision	74,693			(45)	778	(1,737)	73,689
- other risks provision	21,400		2,195	(4,139)		(194)	19,262
Total non-current provisions for risks and charges	**96,093**		**2,195**	**(4,184)**	**778**	**(1,931)**	**92,951**

Group provisions have been classified as non-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 €2,195 thousand mainly related to provisions related to wind farms for the risk of recharging work and penalties due to the grid operator in the UK and for tax risks.

The amount of €4,139 thousand mainly related to the use and release of provisions for the settlement of disputes related to the Sicily Project companies in liquidation.

13 Staff leaving indemnity

(€ thousands)

	Balance 31.12.2019	Allocations	Other movements	Utilizations and payments	Balance 30.6.2020
Managers	643	147		(128)	662
White and blue-collar staff	4,169	450	17	(133)	4,503
Total	**4,812**	**597**	**17**	**(261)**	**5,165**

The provision for Employee Severance Indemnity (TFR) reflects the discounted debt to employees.

14 Financial liabilities

As at 30 June 2020, this item is broken down as follows:

(€ thousands)

	30.6.2020			31.12.2019			Changes		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	139,729	122,564	17,165	76,964	66,058	10,906	62,765	56,506	6,259
"Non-recourse" project financing	614,204	538,161	76,043	671,909	595,325	76,584	(57,705)	(57,164)	(541)
Financial leasing debts	81,947	76,621	5,326	80,821	75,809	5,012	1,126	812	314
Derivative financial instruments	46,854	42,554	4,300	38,607	36,416	2,191	8,247	6,138	2,109
Total	**882,734**	**779,900**	**102,834**	**868,301**	**773,608**	**94,693**	**14,433**	**6,292**	**8,141**

On 12 June 2015, a Corporate Loan contract was signed by Falck Renewables SpA and a pool of primary credit institutions. The contract was for a revolving credit line for €150 million, with expiry set on 30 June 2020.
On 30 July 2018 the parent company Falck Renewables SpA signed an agreement to amend the Corporate Loan relating to:

- the revolving credit line was 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. Falck Renewables SpA had utilised €90 million of this loan at 30 June 2020.

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 £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 30 June 2020 based on these financial reports.

Liabilities supported by real guarantees include all project financing contracts, which are secured by pledges on the shares of the financed companies.

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.

In order to hedge the interest rate risk on project financing and to convert the rate from variable to fixed, the companies under project financing have entered into interest rate swaps (IRS) for the portion of the interest linked to project financing, at conditions that are substantially in line with market rates.
Details of Falck Renewables Group's outstanding interest rate and forex hedging agreements at 30 June 2020 are disclosed in the note "Additional disclosures on financial instruments in accordance with IFRS 7".

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. These checks did not identify any breach of the defined parameters.
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.

At 30 June 2020, the financial parameters of all Group companies were over the minimum default level.

Financial payables to third parties increased mainly due to the use of the Corporate Loan by €90,000 thousand compared to €35,000 thousand at 31 December 2020.

15 Trade payables

Trade payables at 30 June 2020 compared to the previous year are as follows:

(€ thousands)

	30.6.2020			31.12.2019			Changes		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	55,354	2,088	53,266	72,386	2,321	70,065	(17,032)	(233)	(16,799)
Amounts due to parent company	401		401	555		555	(154)		(154)
Total	**55,755**	**2,088**	**53,667**	**72,941**	**2,321**	**70,620**	**(17,186)**	**(233)**	**(16,953)**

Amounts due to the parent company comprise amounts due to Falck SpA for use of the Falck trademark.

Trade payables to third parties decreased mainly due to the payment of payables to suppliers for the construction of the plants.

16 Other payables

Other payables at 30 June 2020 compared to 31 December 2019 are as follows:

(€ thousands)

	30.6.2020			31.12.2019			Changes		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	24,909	1,524	23,385	35,911	2,204	33,707	(11,002)	(680)	(10,322)
Amounts due to parent company	3,051		3,051	3,363		3,363	(312)		(312)
Advances	28		28	113		113	(85)		(85)
Accrued expenses and deferred income	56,654	52,322	4,332	56,111	53,185	2,926	543	(863)	1,406
Total	**84,642**	**53,846**	**30,796**	**95,498**	**55,389**	**40,109**	**(10,856)**	**(1,543)**	**(9,313)**

Amounts due to third parties may be detailed as follows:

(€ thousands)

	30.06.2020	31.12.2019
Tax payables	8,379	11,414
Other amounts due to employees and holiday pay	5,603	8,712
Debts to partners and shareholders in the consolidated tax regime	3,999	4,602
Payables for the purchase of companies	3,275	4,119
Social security payables	1,391	1,412
Dividends payable	452	1,052
Payables for capital increases to be approved		2,780
Other smaller payables	1,810	1,820
Total	**24,909**	**35,911**

The payable for the purchase of companies refers to the payable to the previous shareholders of Åliden Vind AB, Brattmyrliden Vind AB, Energy Team SpA, Big Fish SPV Srl, Falck Renewables Vind AS and Windfor Srl including accrued interest. This payable decreased mainly due to payments made during the half-year to the previous shareholders of Energia Eolica de Castilla SL.

The item accrued expenses and deferred income is mainly composed of capital grants recognised using the indirect method, i.e. grants pursuant to Law no. 488 and ITC (Investment Tax Credit) grants. In detail:

(€ thousands)

	30.06.2020	31.12.2019
ITC contributions (*Investment Tax Credit*)	46,868	47,464
Law 488 contributions	7,429	7,667
Advance payments	1,687	207
Other	670	773
Total	**56,654**	**56,111**

The amount due to the parent company relates to IRES (corporation tax) payable under the Group consolidated tax regime and VAT liquidation payables with the parent company Falck SpA.

Commitments and contingencies

Guarantees issued at 30 June 2020 amounted to €170,696 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 EUR 115,221 thousand and guarantees issued to the VAT authorities in relation to requests for repayment of VAT receivables for EUR

1,646 thousand. Also included are €23,620 thousand of bank guarantees and other guarantees of €30,209 thousand. In addition, the Group 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 30 June 2020, of which Euro 412 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 on the Falck Renewables Group's balance sheet headings are provided below.

(€ thousands)

	Trade		Financial		Other	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Parent company						
Falck SpA	766	401			5,766	3,051
Total parent company	**766**	**401**			**5,766**	**3,051**
Associates and joint ventures						
Frullo Energia Ambiente Srl	71				5,096	
Novis Renewables LLC	666					
Naturalis Energy Development Ltd	102		58		10	
Parque Eolico La Carracha Sl						
Parque Eolico Plana de Jarreta Sl						
Vector Cuatro Servicios Sl						
Total associates and joint ventures	**839**		**58**		**5,106**	
Other Group companies						
Sesto Siderservizi Srl	9					
Falck Energy SpA	27					
Total other Group companies	**36**					
Other related parties						
Svelgen Kraft Holding and associates	16	77				
Firstar Development, LLC				551		2,535
Energy Team SpA shareholders				18,786		446
Canadian Solar Group				753		140
CII HoldCo Ltd	11	52	8,767	676		1,463
Total other related parties	**27**	**129**	**8,767**	**20,766**		**4,584**
Total	**1,668**	**530**	**8,825**	**20,766**	**10,872**	**7,635**
% incidence on income statement heading	**2.5%**	**1.0%**	**52.5%**	**2.4%**	**19.8%**	**9.0%**

Net financial position

The net financial position is disclosed below in accordance with the CONSOB communication DEM/6064293 of 28 July 2006.

			(€ thousands)
	30.6.2020	31.12.2019	Changes
Current third party financial liabilities	(97,549)	(89,722)	(7,827)
Current financial liabilities for operating leases	(5,285)	(4,971)	(314)
Current third party financial receivables	9,103	7,681	1,422
Current financial receivables from associates and joint ventures	58		58
Cash and cash equivalents	173,457	131,232	42,225
Current net financial position	**79,784**	**44,220**	**35,564**
Non-current third party financial liabilities	(703,304)	(697,847)	(5,457)
Non-current financial liabilities for operating leases	(76,596)	(75,761)	(835)
Other securities			
Non-current financial position	**(779,900)**	**(773,608)**	**(6,292)**
Net financial position pursuant to			
Consob circular DEM/6064293/2006	**(700,116)**	**(729,388)**	**29,272**
Non-current third party financial receivables	7,636	8,622	(986)
Total net financial position	**(692,480)**	**(720,766)**	**28,286**
- of which "non-recourse" project financing	(614,204)	(671,909)	57,705
- of which fair value of derivatives	(38,887)	(32,587)	(6,300)
- of which financial liabilities for operating leases	(81,881)	(80,732)	(1,149)
Net financial position excluding fair value of derivatives	**(653,593)**	**(688,179)**	**34,586**
Net financial position excluding operating leases	**(610,599)**	**(640,034)**	**29,435**
Net financial position excluding operating leases and derivatives	**(571,712)**	**(607,447)**	**35,735**

Disclosures relating to electric power plants

The disclosures presented in accordance with CONSOB Recommendation dated 28 February 2013 in relation to information to be provided in financial reports and press releases of listed issuers in the renewable energy and real estate sectors are summarised below:

2. *Disclosures relating to power plants in service at 30 June 2020*

DISCLOSURES RELATING TO POWER PLANTS IN SERVICE						
Plant	Owner	Percentage ownership	Start date	Installed capacity	Energy produced by the plant	Net book value
				(MW)	(GWh)	(€ thousands)
WTE plant Trezzo (MI) **	Prima Srl	85%	Sept 2003	20.0	54.8	14,571
Biomass plant Rende (CS) ***	Ecosesto SpA	100%	revamping Jan 2011	15.0	40.8	16,700
Photovoltaic Rende (CS)	Ecosesto SpA	100%	Jul 2007	1.0	0.7	2,494
Photovoltaic plants Sicily*	Actelios Solar SpA	100%	Apr 2011	13.1	9.5	25,234
Photovoltaic plant Mesagne (BR) *	Solar Mesagne Srl	100%	July 2009May 2010	2.0	1.5	4,326
Solar plant North Carolina (US)	Innovative Solar 42 LLC	100% class B	Sept 2017	92.0	67.8	122,560
Solar plant New York (USA)*	HG Solar Development LLC	100% class B	June 2018	6.0	4.2	13,922
Solar plant Delaware (USA)*	Fisher Road Solar I LLC	100.00%	May 2014 (A)	6.0	4.1	15,582
Solar plant Delaware (USA)*	Syncarpha Palmer LLC	100% class B	Dec 2015 (A)	6.0	4.0	16,435
Solar plant Delaware (USA)*	Syncarpha Massachusetts LLC	100% class B	May 2015 (A)	2.5	1.7	6,448
Wind farm Cefn Croes (Wales)*	Cambrian Wind Energy Ltd	51%	Apr 2005	58.5	94.5	17,922
Wind farm Boyndie (Scotland)*	Boyndie Wind Energy Ltd	51%	June 2006June 2010	16.7	23.4	8,561
Wind farm Earlsburn (Scotland)*	Earlsburn Wind Energy Ltd	51%	Dec. 2007	37.5	62.8	20,256
Wind farm Ben Aketil (Scotland)*	Ben Aketil Wind Energy Ltd	51%	Jun 2008Jan 2011	27.6	48.3	14,704
Wind farm Millennium (Scotland)*	Millennium Wind Energy Ltd	51%	Mar 2009Feb 2011	65.0	84.4	55,462
Wind farm Kilbraur (Scotland)*	Kilbraur Wind Energy Ltd	51%	Feb 2009Sep 2011	67.5	96.7	51,854
Wind farm Nutberry (Scotland)*	Nutberry Wind Energy Ltd	100%	Oct. 2013	15.0	30.9	23,580
Wind farm West Browncastle (Scotland)*	West Browncastle Wind Energy Ltd	100%	June 2014	30.0	47.6	45,131
Wind farm Spaldington (England)*	Spaldington Airfield Wind Energy Ltd	100%	May 2016	11.8	16.8	20,412
Wind farm Kingsburn (Scotland)*	Kingsburn Wind Energy Ltd	100%	May 2016	22.5	45.7	33,839
Wind farm Assel Valley (Scotland)*	Assel Valley Wind Energy Ltd	100%	Oct. 2016	25.0	45.2	40,198
Wind farm Auchrobert (Scotland)*	Auchrobert Wind Energy Ltd	100%	Apr 2017	36.0	52.5	53,544
Wind farm San Sostene (CZ)*	Eolica Sud Srl	100%	Oct 2009Oct 2010	79.5	86.7	80,030
Wind farm Minervino Murge (BT) *	Eolo 3W Minervino Murge Srl	100%	Dec. 2008	52.0	40.3	57,234
Wind farm Buddusò - Alà dei Sardi (OT) ****	Geopower Sardegna Srl	100%	Jul 2011Dec 2011	138.0	168.2	135,357
Wind farm Petralia Sottana (PA) *	Eolica Petralia Srl	100%	Apr 2012	22.1	19.8	26,957
Wind farm Finistère (France)*	SE Ty Ru Sas	100%	Jul 2012	10.0	12.7	10,864
Wind farm Maine et Loire (France)*	Parc Eolien du Fouy Sas	100%	Apr 2009	10.0	12.0	7,456
Wind farm Maine et Loire (France)*	Parc Eolien des Crêtes Sas	100%	Apr 2009	10.0	11.8	8,087
Wind farm Oise (France)*	Esquennois Energie Sas	100%	Jul 2009	12.0	14.9	10,331
Wind farm Marne (France)*	Eol Team SAS	100%	Aug 2006 (B)	12.0	15.4	13,105
Wind farm Aisnes (France)*	Ferme Eolienne de Noyales SAS	100%	Aug 2009 (B)	10.0	14.0	10,222
Wind farm Cher (France)*	Parc Eolien du Bois Ballay SAS	100%	Sept 2011 (B)	12.0	14.7	14,926
Wind farm Charente-Maritime (France)*	Parc Eolien de Mazeray et de Bignay SAS	100%	Mar 2013 (B)	12.0	13.3	15,199
Parc Eolien Cher wind farm (France) *	Parc Eolien des Coudrays SAS	100%	June 2011 (B)	10.0	11.0	11,179
Aliden wind farm (Sweden)	Åliden Vind AB	100%	Dec. 2019	46.8	88.6	62,081
Hennoy wind farm (Norway)	Falck Renewables Vind AS	88.64%	Dec. 2019	50.0	72.7	61,623
Wind farm Zaragoza (Spain)*	Eolica Cabezo San Roque Sau	100%	Jan 2004	23.3	18.5	5,017
Carrecastro wind farm (Spain) *	Energia Eolica de Castilla SL	100%	Feb 2020	10.0	11.6	14,821
Total				**1,096.3**	**1,464.3**	**1,168,224**

* 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 scope of consolidation of the Falck Renewables Group from June 2018 following an acquisition

(B) The company was included in the scope of consolidation of the Falck Renewables Group from March 2019 following an acquisition

INFORMATION ON FINANCIAL DEBT						
		Associated financial exposure				
Plant	Company	Book value financial liabilities (€ thousands)	Technical form	Maturity	Commitments, guarantees given to lenders (footnotes)	Significant contractual clauses (footnotes)
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	(29,478)	Project financing	31/12/2029	A	C
Photovoltaic plant Mesagne (BR)	Solar Mesagne Srl		Current account with the D parent company	N.A.	N.A.	N.A.
Photovoltaic plant North Carolina (USA)	Innovative Solar 42 LLC	(30,472)	Loan note***	28/02/2033	A	C
Photovoltaic plant Massachusetts (USA)	HG Solar Development LLC		N.A.	N.A.	N.A.	N.A.
Photovoltaic plant Massachusetts (USA)	Fisher Road Solar I LLC		N.A.	N.A.	N.A.	N.A.
Photovoltaic plant Massachusetts (USA)	Syncarpha Palmer LLC		N.A.	N.A.	N.A.	N.A.
Photovoltaic plant Massachusetts (USA)	Syncarpha Massachusetts LLC		N.A.	N.A.	N.A.	N.A.
Wind farm Cefn Croes (Wales)	FRUK Holdings (No.1) Ltd	(27,011)	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	(19,901)	Project financing	31/03/2026	A	C
Wind farm Earlsburn (Scotland)	Earlsburn Wind Energy Ltd	(5,617)	Project financing	15/04/2022	A	C
Wind farm Ben Aketil (Scotland)	Ben Aketil Wind Energy Ltd	(10,178)	Project financing	31/12/2024	A	C
Wind farm Millennium (Scotland)	Millennium Wind Energy Ltd	(25,141)	Project financing	15/04/2024 15/10/2024 15/04/2027	A	C
Wind farm Kilbraur (Scotland)	Kilbraur Wind Energy Ltd	(31,461)	Project financing	15/04/2024 15/10/2027	A	C
Wind farm Nutberry (Scotland)	Nutberry Wind Energy Ltd	(17,189)	Project financing	31/03/2029	A	C
Wind farm West Browncastle (Scotland)	West Browncastle Wind Energy Ltd	(34,116)	Project financing	31/12/2033	A	C
Wind farm Spaldington (England)	Spaldington Airfield Wind Energy Ltd	(12,331)	Project financing	30/06/2034	A	C
Wind farm Kingsburn (Scotland)	Kingsburn Wind Energy Ltd	(28,237)	Project financing	30/06/2034	A	C
Wind farm Assel Valley (Scotland)	Assel Valley Wind Energy Ltd	(38,766)	Project financing	31/12/2034	A	C
Wind farm Auchrobert (Scotland)	Auchrobert Wind Energy Ltd	(49,188)	Project financing	31/12/2035	A	C
Wind farm San Sostene (CZ)	Eolica Sud Srl	(51,447)	Project financing	30/06/2025	A	C
Wind farm Minervino Murge (BT)	Eolo 3W Minervino Murge Srl	(24,843)	Project financing	31/12/2023	A	C
Wind farm Buddusò - Alà dei Sardi (OT)	Geopower Sardegna Srl	(130,169)	Project financing	30/06/2027 30/06/2024	A	C
Wind farm Petralia Sottana (PA)	Eolica Petralia Srl	(12,235)	Project financing	30/06/2027 30/06/2027	A	C
Wind farm Finistère (France)	SE Ty Ru Sas	(5,389)	Project financing	30/09/2022 30/06/2028	A	C
Wind farm Maine et Loire (France)	Parc Eolien du Fouy Sas	(4,094)	Project financing	15/07/2026	A	C
Wind farm Maine et Loire (France)	Parc Eolien des Cretes Sas	(4,070)	Project financing	15/07/2026	A	C
Wind farm Oise (France)	Esquennois Energie Sas	(5,487)	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	(2,192)	Project financing	31/08/2022	A	C
2 wind farms Cher (France) Wind farm Charente-Maritime (France)	CEP Tramontane 1 S.A.S.**	(15,192)	Project financing	31/12/2025 31/12/2025 30/06/2027	A	C
Wind farm Cher (France)	Parc Eolien du 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 (Francia)	Parc Eolien des Coudrays SAS **		N.A.	N.A.	N.A.	N.A.
Wind farm Saragozza (Spain)	Eolica Cabezo San Roque Sau		N.A.	N.A.	N.A.	N.A.
Carrecastro wind farm (Spain) *	Energia Eolica de Castilla SL	E	Prestamo	N.A.	N.A.	N.A.
Total Project Financing		(614,204)				
Total others						
Total Financing		(614,204)				

* A loan note is 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.

(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 €3,554 thousand as at 30 June 2020
(E) Amount not included in consolidation and equal to €11,536 thousand as at 30 June 2020

The standard security package envisaged by the 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.

3. Disclosures relating to power plants not yet in service at 30 June 2020

(€ thousands)

INFORMATION ON ENERGY PRODUCTION PLANTS NOT YET IN OPERATION					
Plant	**Owner**	**Progress**	**Installed capacity (MW)**	**Estimated start date**	**NBV at 30.06.2020**
Wind farm Illois (France)	Parc Eolien d'Illois Sarl	Authorised but not yet under construction	Up to 12	End of fourth quarter of 2022	685
Okla wind farm (Norway) *	Falck Renewables Vind AS	Under construction	21	End of fourth quarter of 2021	15,213
Brattmyrliden wind farm (Sweden) *	Brattmyrliden Vind AB	Under construction	74.1	End of fourth quarter of 2020	86,839

The state of progress is updated as of the date of this interim report

(*) 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).

5.6.6 Income statement content and movements

17 Revenues

Revenues consisted of the following:

			(€ thousands)
		30.6.2020	30.6.2019
Sale of goods		169,240	160,511
Sale of services		26,049	24,906
Total		**195,289**	**185,417**

Revenues arising from the sale of goods, compared to the previous period, may be attributed to the following business segments:

			(€ thousands)
		30.6.2020	30.6.2019
Sale of electricity and incentives		168,257	158,778
Sale of other goods		983	1,733
Total		**169,240**	**160,511**

Revenues arising on the provision of services, compared to the previous period, are attributable to the following business segments:

			(€ thousands)
		30.6.2020	30.6.2019
Waste treatment and disposal		10,290	9,684
Services and management of renewable energy plants		14,905	14,057
Other operating income		854	1,165
Total		**26,049**	**24,906**

The increase in revenues is due to: (i) approximately €5.5 million for the commissioning of the wind farms in Hennøy (Norway) and Åliden (Sweden) in late December 2019, with a grid capacity of 96.8 MW, and the Spanish wind farm Energia Eolica de Castilla in early February 2020, with a grid capacity of 10 MW; (ii) approximately €3.1 million for the change in the scope of consolidation due to the 2019 acquisitions of the 5 French wind farms, with a grid capacity of 56 MW; (iii) the fall in electricity sales prices compared with last year of about €11.6 million, mainly attributable to the United Kingdom, Italy and Spain. the transfer prices of the Waste to Energy plant in Trezzo sull'Adda, on the other hand, contributed around €0.7 million; (iv) around €8.3 million to higher production in the wind power sector in the UK and France, partially offset by lower production in Italy and Spain; (v) the decrease of approximately €1.7 million resulting from lower production in the Waste to Energy, biomass and solar energy sector due to the scheduled maintenance shutdown of the Rende biomass plant, only partially offset by higher solar energy volumes in Italy and the United States; (vi) approximately €5.8 million, deriving from the higher volumes of energy sold to third parties by Falck Next Energy Srl; (vii) approximately €0.4 million in lower revenues from the Services sector.

Revenues analysed by country of origin per client is as follows:

(€ 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 services and plant management**	**Revenues from waste treatment and disposal**	**Other revenues**	**TOTAL**
Italy	37,800	37,832	903	**76,535**	**10,296**	**10,290**	**58**	**97,179**
United Kingdom	26,179	25,528		**51,707**	**190**		**652**	**52,549**
Germany	9,029	8,672	32	**17,733**	**79**		**144**	**17,956**
France	11,354			**11,354**	**60**			**11,414**
United States	4,403	1,426		**5,829**	**154**			**5,983**
Sweden	2,591			**2,591**	**3**			**2,594**
Norway	2,370			**2,370**				**2,370**
Spain	1,047		3	**1,050**	**1,177**			**2,227**
Other	1	25	45	**71**	**2,946**			**3,017**
TOTAL REVENUES	**94,774**	**73,483**	**983**	**169,240**	**14,905**	**10,290**	**854**	**195,289**

The following table shows a breakdown of revenues by sector at 30 June 2020 and 30 June 2019:

(€ thousands)

30 June 2020						
REVENUES BY TYPE OF GOODS AND SERVICES	**WTE, BIOMASS AND SOLAR**	**WIND**	**SERVICES**	**OTHER BUSINESSES**	**ELIMINATIONS**	**CONSOLIDATED**
Sales revenues from electricity	13,349	63,714		34,033	(16,322)	**94,774**
Revenues from incentives/green certificates	7,988	65,495				**73,483**
Sales revenues from sale of products			1,005		(22)	**983**
Total sale of electricity and other assets	21,337	129,209	1,005	34,033	(16,344)	169,240
Revenues from services and plant management	199	4	19,219	269	(4,786)	14,905
Revenues from waste treatment and disposal	10,290					10,290
Other revenues	18	796		41	(1)	854
TOTAL	**31,844**	**130,009**	**20,224**	**34,343**	**(21,131)**	**195,289**

(€ thousands)

30 June 2019						
REVENUES BY TYPE OF GOODS AND SERVICES	**WTE, BIOMASS AND SOLAR**	**WIND**	**SERVICES**	**OTHER BUSINESSES**	**ELIMINATIONS**	**CONSOLIDATED**
Sales revenues from electricity	14,385	64,675		36,963	(25,147)	**90,876**
Revenues from incentives/green certificates	9,008	58,894				**67,902**
Sales revenues from sale of products			1,753		(20)	**1,733**
Total sale of electricity and other assets	23,393	123,569	1,753	36,963	(25,167)	160,511
Revenues from services and plant management	44	11	19,336	52	(5,386)	14,057
Revenues from waste treatment and disposal	9,684					9,684
Other revenues		983	133	49		1,165
TOTAL	**33,121**	**124,563**	**21,222**	**37,064**	**(30,553)**	**185,417**

The following table shows revenues divided by their recognition date:

		(€ thousands)
	30.06.2020	30.06.2019
Goods/services transferred on a specific date	181,023	171,615
Services provided over time	14,266	13,802
Total	**195,289**	**185,417**

18 Personnel costs

A breakdown of personnel costs is provided below:

			(€ thousands)
		30.6.2020	30.6.2019
Salaries and wages		16,764	14,992
Social security costs		4,447	3,910
Staff leaving indemnity (TFR)		597	545
Other costs		807	250
Total		**22,615**	**19,697**

The average number of employees was as follows:

		(number)
	30.6.2020	30.6.2019
Managers	57	54
White-collar staff	434	365
Blue-collar staff	32	34
Total average number of personnel	**523**	**453**

Personnel costs increased by €2,918 thousand mainly due to the average increase in the workforce (+70 units) compared to the first half of 2019. The increase in the average number of employees is mainly due to a growth in internal personnel as the main functions have been structured to cope with the development of new initiatives envisaged in the business plan. Compared to 2019, higher Long Term Incentive Plan costs of €527 thousand (of which €448 thousand for one-off costs of the 2017-2019 plan) also had an impact on personnel costs;

19 Direct costs

A breakdown of direct costs and expenses compared with the figures for the corresponding period of the previous year is provided below:

		30.6.2020	30.6.2019*
Materials and Energy		23,449	20,300
Services		28,145	25,537
Other costs		13,048	13,373
Change in inventories		(666)	(1,897)
Typical allocation to/(use) of operating provisions		(45)	(66)
Amortisation of intangible assets		1,861	1,600
Net impairment and recovery of intangible assets			656
Depreciation of property, plant and equipment		35,185	33,535
Depreciation of rights to use property, plant and equipment		2,343	1,829
Net impairment and recovery of property, plant and equipment			
Costs capitalised on investment contracts			(174)
Total		**103,320**	**94,693**

(*) The figures at 30 June 2019 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.

The item Direct costs and expenses increased by €8,627 thousand, mainly: (i) the purchase of energy from the market by Falck Next Energy Srl, (ii) higher costs and depreciation due to the increased installed capacity, and (iii) higher maintenance costs for the biennial shutdown of the biomass plant.

20 Other income

Other income may be analysed as follows:

		(€ thousands)
	30.6.2020	30.6.2019*
Current operating income	3,270	1,335
Non-current operating income	6,236	3,843
Total	**9,506**	**5,178**

(*) The figures at 30 June 2019 have been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations - related to the acquisitions of Energy Team SpA and Energia Eolica de Castilla Sl.

In detail:

			(€ thousands)
		30.6.2020	30.6.2019*
Service revenues		2,085	211
Capital and operating grants		1,101	1,019
Other		84	105
Total		**3,270**	**1,335**

(*) The figures at 30 June 2019 have been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations - related to the acquisitions of Energy Team SpA and Energia Eolica de Castilla Sl.

In detail:

			(€ thousands)
		30.6.2020	30.6.2019
Extraordinary income		1,132	1,190
Gains on disposal of property, plant and equipment		4,213	822
Insurance compensation payments		527	1,731
Contractual penalties		313	
Other		51	100
Total		**6,236**	**3,843**

Other income increased by €4,328 thousand, mainly due to (i) €1,874 thousand in increased revenues from services provided mainly to Novis Renewables LLC, and (ii) the capital gain of €3,989 thousand realised following the sale by the Group of 50% of the equity investment in Novis Renewables LLC (and therefore joint control) to Eni New Energy US Inc, leading to their deconsolidation and the first recognition at fair value of the remaining 50% equity investment. The effect was partially offset by lower insurance compensation of €1,204 thousand compared to the previous period.

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. In detail:

			(€ thousands)
		30.6.2020	30.6.2019
ITC contributions (*Investment Tax Credit*)		761	715
Law 488 contributions		239	238
Other		101	66
Total		**1,101**	**1,019**

21 Administrative expenses

Administrative expenses may be detailed as follows:

			(€ thousands)
		30.6.2020	30.6.2019
Consumables		631	575
Services		10,941	7,732
Other costs		4,346	3,003
Non-current operating expenses		2,340	261
Amortisation of intangible assets		92	164
Impairment of intangible assets		101	472
Depreciation of rights to use intangible assets		86	
Depreciation of property, plant and equipment		145	78
Depreciation of rights to use property, plant and equipment		866	830
Allocations to/(use of) risk provisions		(1,593)	1,073
Indirect costs capitalised on investment contracts		(1,289)	(1,597)
Total		**16,666**	**12,591**

General and administrative expenses increased by €4,075 thousand compared to the same period of 2019, mainly due to costs associated with development activities in the various businesses (assets, services and digital asset management), the previously mentioned increase in the scope of consolidation, higher provisions, higher Long Term Incentive Plan costs for the CEO of Falck Renewables SpA of €628 thousand (of which €526 thousand for one-off costs under the 2017-2019 plan) and costs in favour of the local communities and

territories in which the Group operates in support of the "Covid-19" emergency of approximately €700 thousand. These higher costs were partially offset by greater use of the risk provisions compared to the previous period.
The item non-recurring operating expenses includes the costs for the settlement of disputes relating to the Sicilian project companies in liquidation whose provision had already been set aside in previous years and released in the item provisions and utilisation of provisions for risks.

22 Financial income and expenses

Financial income and expenses comprised:

		30.6.2020	30.6.2019
Financial expenses		(19,307)	(20,953)
Financial expenses for leasing debts under IFRS 16		(1,613)	(1,455)
Foreign exchange losses		(16,685)	(12,187)
Financial income		470	1,009
Foreign exchange gains		16,322	14,123
Financial expenses capitalised on assets under construction		7	
Total		**(20,806)**	**(19,463)**

Net financial expenses increased by €1,343 thousand compared to the first half of 2019. The increase is due to the write-down of financial receivables from companies with which development agreements have been entered into, higher costs for sureties in support of Business Development, higher exchange rate losses partially offset by lower financial charges relating to a lower average non-recourse loan debt and management actions aimed at making financial costs more efficient.

The breakdown of financial expenses can be summarised as follows:

				(€ thousands)
	From securities	From banks	From others	Total
Payable to others		33,605	4,000	37,605
Total		**33,605**	**4,000**	**37,605**

Financial income at 30 June 2020 is shown in the table below:

			(€ thousands)
		30.6.2020	30.6.2019
Interest income and commission from banks		186	310
Foreign exchange gains		16,322	14,123
Other		284	699
Total		**16,792**	**15,132**

23 Investment income

Investment income may be analysed as follows:

			(€ thousands)
	30.06.2020	30.06.2019	Changes
Dividends			
Gain on derecognition of investments			
Impairment	(31)		(31)
Loss on derecognition of investments			
Total	**(31)**		**(31)**

This is the impairment of the investment in Fondo Italiano per l'Efficienza Energetica SGR SpA.

24 Share of profit from investments accounted for using the equity method

This item includes equity investments in associates and joint ventures:

			(€ thousands)
		30.6.2020	30.6.2019
Frullo Energia Ambiente Srl		1,137	882
Parque Eolico La Carracha Sl			
Parque Eolico Plana de Jarreta Sl			
Naturalis Energy Developments Ltd			
Nuevos Parque Eolicos La Muela AIE			
Novis Renewables Group		(1,917)	
Vector Cuatro Servicios Sl			5
Total		**(780)**	**887**

Income and expenses from investments accounted for at equity decreased by €1,667 thousand compared to the first half of 2019 as the higher result of Frullo Energia Ambiente Srl was more than offset by the negative result of the Novis Renewables group.

25 Income tax expense

Income tax at 30 June 2020 amounted to €12,272 thousand (€11,175 thousand in the first half of 2019).

This figure was adversely affected mainly by: (i) the one-off adjustment of deferred taxes in the United Kingdom for a total of €2.7 million, following the failure to reduce the income tax rate (previously approved and subsequently repealed) to 17%; and (ii) the lower consolidation income recorded in 2020 for approximately €0.6 million.

26 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 contract led to the conclusion that, with the exception of one property lease contract, for all other contracts outstanding at 30 June 2020, all significant risks and rewards 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 30 June 2020, broken down by type of asset leased and changes during the year:

(€ thousands)

	Balance at 31.12.2019	Increase	Change area consolid	Reclassification	Effect variation	Other moveations	(Impairment) Revaluat	Amortisation/ depreciationions	Balance at 30.06.2020
Gross values									
Rights of use - Land	76,461	133			(2,747)	4,230			78,077
Rights of use - Buildings	5,130	3,087			(76)	(937)			7,204
Rights of use - Other assets	1,893	129			(6)	(31)			1,985
Total gross values of property, plant and equipment	83,484	3,349			(2,829)	3,262			87,266
Right of use - Software	516								516
Total gross values of intangible fixed assets	516								516
Total gross value	**84,000**	**3,349**			**(2,829)**	**3,262**			**87,782**
Accumulated depreciation									
Rights of use - Land	(4,101)				231			(2,124)	(5,994)
Rights of use - Buildings	(1,631)				16	743		(782)	(1,654)
Rights of use - Other assets	(476)				2			(303)	(777)
Total provision for depreciation of property, plant and equipment	(6,208)				249	743		(3,209)	(8,425)
Right of use - Software	(72)							(86)	(158)
Total provision for amortization of intangible fixed assets	(72)							(86)	(158)
Total depreciation	**(6,280)**				**249**	**743**		**(3,295)**	**(8,583)**
Net book amounts									
Rights of use - Land	72,360	133			(2,516)	4,230		(2,124)	72,083
Rights of use - Buildings*	3,499	3,087			(60)	(194)		(782)	5,550
Rights of use - Other assets	1,417	129			(4)	(31)		(303)	1,208
Total net values of property, plant and equipment	77,276	3,349			(2,580)	4,005		(3,209)	78,841
Right of use - Software	444							(86)	358
Total net values of intangible fixed assets	444							(86)	358
Total net rights of use	**77,720**	**3,349**			**(2,580)**	**4,005**		**(3,295)**	**79,199**

(*) The balance at 30 June 2020 includes €359 thousand relating to a lease agreement for a property classified as a financial lease.

Below are details of the financial liability for leasing at 30 June 2020:

	(€ thousands)
at 31 December 2019	80,821
Increases	3,345
Area variation	
Increase for interest	1,613
Payments	(4,818)
Foreign exchange differences	(2,806)
Other movements	3,792
at 30 June 2020*	**81,947**
Current	5,326
Non-current	76,621

(*) The balance at 30 June 2020 includes €66 thousand relating to a lease agreement for a property classified as a financial lease.

Details of the costs charged to the income statement at 30 June 2020 are shown below:

	(€ thousands)
Amortisation of rights of use for land	2,124
Amortisation of rights of use for buildings*	782
Amortisation of rights of use for other assets	303
Amortisation of rights of use for software	86
Total amortisation	**3,295**
Total financial expenses for financial liabilities	**1,613**
Short term, low value leasing costs	**551**
Variable leasing costs	**2,518**
Total costs recorded on the Income statement	**7,977**

(*) The balance at 30 June 2020 includes €10 thousand relating to a lease agreement for a property classified as a financial lease.

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	3,656		3,656
Variable lease payment with minimum payment	1,162	1,183	2,345
Variable lease payment		1,483	1,483
Total	**4,818**	**2,666**	**7,484**

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.

27 Share-based Payments

In order to set up an incentive and loyalty scheme for managers and employees in key roles within the Group, on 7 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 the Company, equal to a maximum of approximately 0.6177% of the Company's 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.

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 Company and its shareholders. The plan will be implemented with company treasure shares already in the portfolio or purchased under Article 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.

CEO

In May 2020, the new incentive plan (2020-2022) was granted to the CEO of Falck Renewables SpA for 600,000 share rights. The fair value per share assigned, calculated as the share price on the date of assignment net of forecast dividends during the vesting period, was of €3.9508.

The following parameters were used to calculate the fair value:

Share price	(Euro)	4.16
Exercise price	(Euro)	NA
Vesting period	(years)	3
Forecast dividends	(Euro)	0.21
Risk free interest rate	(%)	0.86%

As the shares were assigned free of charge, the exercise price was zero.
The fair value of the stock grants at 30 June 2020, worth €144 thousand, was posted under general and administrative expenses, balancing the Other reserves heading under net equity.

Managers

Also in May 2020, shares of the new incentive plan (2020-2022) were assigned to some Group managers for a total of 417,000 share rights.

The fair value per share assigned, calculated as the share price on the date of assignment net of forecast dividends during the vesting period, was of €3.9508.
The following parameters were used to calculate the fair value:

Share price	(Euro)	4.16
Exercise price	(Euro)	NA
Vesting period	(years)	3
Forecast dividends	(Euro)	0.21
Risk free interest rate	(%)	0.86%

As the shares were assigned free of charge, the exercise price was zero.
The fair value of the stock grants at 30 June 2020, worth €100 thousand, was posted under personnel expenses, balancing the Other reserves heading under net equity.

At 30 June 2020, the following rights were held:

	Number of shares	Average exercise price
Rights at 01/01/2020	**907,569**	NA
New rights assigned during the period	1,071,000	NA
(Rights cancelled during the period)	-907,569	
(Rights exercised during the period)		
(Rights expired during the period)		
Rights at 30/06/2020	**1,071,000**	NA
available for exercise at the end of the year		

28 Significant non-recurring events and transactions

Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, there were no significant non-recurring transactions by the Falck Renewables SpA Group in the first half of 2020.

Related party transactions

								(€ thousands)
	Revenues from sale of goods	Revenues from services	Other income	Direct costs	Admin expenses	Finance expenses	Finance income	Income from investments
Parent company								
Falck SpA			83		(674)			
Total parent company			**83**		**(674)**			
Associates and joint ventures								
Frullo Energia Ambiente Srl			71					1,137
Naturalis Energy Development Ltd			90			(699)	11	
Novis Renewables LLC		12	1,789					(1,917)
Vector Cuatro Servicios Sl								
Total associates and joint ventures		**12**	**1,950**			**(699)**	**11**	**(780)**
Group companies								
Sesto Siderservizi Srl			9			(25)		
Falck Energy SpA			26					
Total Group companies			**35**			**(25)**		
Other related companies								
Firstar Development, LLC						(15)		
ENI New Energy US Inc.				(14)				
Energy Team SpA shareholders			53			(63)		
ex Soci Eolica Energia de Castilla			58					
Svelgen Kraft Holding and associates	849			(172)	(8)			
CII HoldCo Ltd						(53)	175	
Total other related parties	**849**		**111**	**(186)**	**(8)**	**(131)**	**175**	
Total	**849**	**12**	**2,179**	**(186)**	**(682)**	**(855)**	**186**	**(780)**
% incidence on income statement heading	**0.5%**	**0.0%**	**22.9%**	**-0.2%**	**-4.1%**	**-2.3%**	**1.1%**	**-100%**

5.7 Additional information on financial instruments

IAS 34.16A(j), as amended following the publication of IFRS 13, requires the Group to disclose information on the fair value of financial instruments specified in IFRS 7 and IFRS 13. The information relates to 30 June 2020 and 31 December 2019.

In particular, 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.

Prior to presenting the detailed disclosures, a summary of the principal disclosures is provided as follows.

The Falck Renewables Group has third party borrowings, consisting mainly of project financing or similar financial structures, resulting in an overall net indebtedness. 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 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.

1. ***Balance sheet***

The tables below illustrate the carrying values at 30 June 2020 and 31 December 2019 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.

At 30 June 2020 the total financial assets of the Falck Renewables Group amounted to €267,293 thousand, while financial liabilities amounted to €945,580 thousand, compared with a balance sheet total of €1,814,296 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.

5.7 Additional information on financial instruments

(€ thousands)

30.06.2020	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					1,417,899	1,417,899
Investments and securities		3,487		3,487	29,123	32,610
Financial receivables	8,830	1,221	6,746	16,797		16,797
Inventories					30,354	30,354
Trade receivables	67,367			67,367		67,367
Deferred tax assets					20,879	20,879
Other receivables	6,185			6,185	48,748	54,933
Cash and cash equivalents	173,457			173,457		173,457
Assets held for sale						
Total	**255,839**	**4,708**	**6,746**	**267,293**	**1,547,003**	**1,814,296**
Liabilities						
Net equity					646,991	646,991
Financial liabilities	803,316	36,462	42,956	882,734		882,734
Trade payables	55,755			55,755		55,755
Other payables	7,091			7,091	77,551	84,642
Deferred tax liabilities					46,058	46,058
Provisions for other liabilities and charges					92,951	92,951
Staff leaving indemnity (TFR)					5,165	5,165
Liabilities held for disposal						
Total	**866,162**	**36,462**	**42,956**	**945,580**	**868,716**	**1,814,296**

(€ thousands)

31.12.2019	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					1,423,098	1,423,098
Investments and securities		3,170		3,170	22,931	26,101
Financial receivables	10,284	1,494	4,525	16,303		16,303
Inventories					30,128	30,128
Trade receivables	93,530			93,530		93,530
Deferred tax assets					22,857	22,857
Other receivables	3,686			3,686	41,985	45,671
Cash and cash equivalents	131,232			131,232		131,232
Assets held for sale						
Total	**238,732**	**4,664**	**4,525**	**247,921**	**1,540,999**	**1,788,920**
Liabilities						
Net equity					607,663	607,663
Financial liabilities	795,758	36,111	36,432	868,301		868,301
Trade payables	72,941			72,941		72,941
Other payables	8,893			8,893	86,605	95,498
Deferred tax liabilities					43,612	43,612
Provisions for other liabilities and charges					96,093	96,093
Staff leaving indemnity (TFR)					4,812	4,812
Liabilities held for sale						
Total	**877,592**	**36,111**	**36,432**	**950,135**	**838,785**	**1,788,920**

2. Income statement and total equity

2.1 *Impact of financial assets and liabilities on the income statement and net equity*

The following tables show the net gains/losses generated during the first half of 2020 and 2019 by the reclassified financial assets/liabilities, for both periods under analysis, according to the categories provided by IFRS 9.
The main heading relates to the gains and losses arising on the change in the value of derivative financial instruments.

(€ thousands)

30.06.2020	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	1,025		927	**1,952**
Financial assets at amortised cost				
Financial liabilities at fair value	(2,225)		(6,985)	**(9,210)**
Financial liabilities at amortised cost				
Total	**(1,200)**		**(6,058)**	**(7,258)**

(€ thousands)

31.12.2019	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	811		2,856	**3,667**
Financial assets at amortised cost				
Financial liabilities at fair value	(2,857)		2,839	**(18)**
Financial liabilities at amortised cost				
Total	**(2,046)**		**5,695**	**3,649**

(€ thousands)

30.06.2019	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	(112)		758	**646**
Financial assets at amortised cost				
Financial liabilities at fair value	(5,605)		(3,836)	**(9,441)**
Financial liabilities at amortised cost				
Total	**(5,717)**		**(3,078)**	**(8,795)**

Losses recorded in the income statement mainly included negative changes on exchange rate derivative contracts for €1,340 thousand, partially offset by positive changes on commodity hedging contracts for €421 thousand and on interest rates for €42 thousand. The item also includes negative changes in the fair value of royalty instruments for €303 thousand and minority options for €20 thousand.

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 variation of €6,058 thousand included a negative variation of €6,817 thousand relative to interest rate and exchange rate derivative contracts for €246 thousand, partially offset by a positive variation relative to commodity hedging contracts for €1,005 thousand.

2.2 *Provision for doubtful accounts*

In the first half of 2020, a net allocation was made to the provision for doubtful accounts for doubtful trade receivables of €453 thousand was made as follows:

- allocation of €472 thousand related to trade receivables of Aliden Vind AB;
- provision for €8 thousand related to trade receivables of Energy Team SpA;
- utilisation of €24 thousand by the Vector Cuatro group and €3 thousand by Energy Team SpA.

During the period, an allocation of €699 thousand was made to the provision for doubtful financial receivables related to a receivable of Falck Renewables Wind Ltd, and a release of the provision for bad debts of €111 thousand related to the partial collection of an advance payment by Elektrownie Wiatrowe Bonwind Lyszkowice Sp. Z.o.o.

The net amount has been recorded in the profit and loss account under general and administrative expenses for trade and other receivables, while the provision for doubtful financial receivables has been recorded under financial income and expenses.

3. Further additional disclosures

3.1 *Accounting policies*

With regard to the accounting principles used for the recognition and measurement of financial assets and liabilities, please refer to the Report and Financial Statements at 31 December 2019.

3.2 *Risk management activities*

With regard to the risk management activities adopted by the Group, please refer to the Interim Management Report - point *4.1.10 a) Risks and uncertainties - financial.*

3.3 *Book value and fair value*

The tables below disclose the fair value of the financial assets/liabilities and the related carrying amount at 30 June 2020 and 31 December 2019.

For some financial instruments (cash, trade receivables and payables and other receivables and payables) the book value is a reasonable approximation of the fair value, therefore, as required by IFRS 7.29(a), no specific information was provided on these financial instruments.

(€ thousands)

30.06.2020	Carrying amount	Fair value
Financial assets		
Investments and securities	3,487	3,487
Financial receivables	16,797	16,797
Trade receivables	67,367	67,367
Other receivables	6,185	6,185
Cash and cash equivalents	173,457	173,457
Total	**267,293**	**267,293**
Financial liabilities		
Financial liabilities	882,734	905,926
Trade payables	55,755	55,755
Other payables	7,091	7,091
Total	**945,580**	**968,772**

5.7 Additional information on financial instruments

		(€ thousands)
31.12.2019		
	Carrying amount	Fair value
Financial assets		
Investments and securities	3,170	3,170
Financial receivables	16,303	16,303
Trade receivables	93,530	93,530
Other receivables	3,686	3,686
Cash and cash equivalents	131,232	131,232
Total	**247,921**	**247,921**
Financial liabilities		
Financial liabilities	868,301	895,254
Trade payables	72,941	72,941
Other payables	8,893	8,893
Total	**950,135**	**977,088**

At 30 June 2020, the item financial payables was composed of €614,204 thousand of payables in "non-recourse" project financing, €46,854 thousand of derivative financial instruments with negative fair value, €139,729 thousand of other payables to third parties and €81,947 thousand of leasing payables accounted for according to IFRS16.

Financial payables to third parties are made up of:

		(€ thousands)
	30.06.2020	**31.12.2019**
Corporate Loan FKR	90,000	32,000
FKR hot money	15,500	7,500
Royalty instruments payables	12,474	13,828
Shareholder loans for wind farms	926	2,109
Payables for interest accrued but not yet due on loans	739	887
Sicily Projects' loans		114
Other bank loans		18
Prestamo Eolica Castilla		400
IFRS 16 Leases (operating)	81,881	80,732
Ex IAS 17 (financial) leases	66	89
Minority purchase options	20,090	20,108
Total	**221,676**	**157,785**

5.7 Additional information on financial instruments

The breakdown of project financing as at 30 June 2020 is shown below:

	30.06.2020				(€ thousands)
	Interest rate %	**Fair Value**	**Carrying amount**	**Current current**	**Non-current current**
Project financing Actelios Solar SpA	6-month Euribor + spread	31,398	29,478	2,853	26,625
Loan notes Innovative Solar 42 (*)	Fixed	30,472	30,472	2,271	28,201
FRUK Project financing	6-month Libor + spread	27,735	27,011	5,717	21,294
Earlsburn Mezzanine project financing	6-month Libor + spread	20,606	19,901	941	18,960
Earlsburn Project financing	6-month Libor + spread	5,741	5,617	2,684	2,933
Ben Aketil Project financing	6-month Libor + spread	10,354	10,178	2,201	7,977
Millennium Project financing	6-month Libor + spread	25,617	25,141	5,467	19,674
Kilbraur Project financing	6-month Libor + spread	31,941	31,461	4,308	27,153
Nutberry Project financing	6-month Libor + spread	18,262	17,189	1,043	16,146
West Browncastle Project financing	6-month Libor + spread	34,745	34,116	1,327	32,789
Kingsburn Project financing	6-month Libor + spread	28,710	28,237	1,331	26,906
Spaldington Project financing	6-month Libor + spread	12,571	12,331	631	11,700
Assel Valley Project financing	6-month Libor + spread	39,498	38,766	1,764	37,002
Auchrobert project financing	6-month Libor + spread	50,082	49,188	1,877	47,311
Eolica Sud Project financing	6-month Euribor + spread	54,193	51,447	9,523	41,924
Eolo 3W Project financing	6-month Euribor + spread	25,201	24,843	6,259	18,584
Geopower Project financing	6-month Euribor + spread	138,962	130,169	16,714	113,455
Eolica Petralia Project financing	6-month Euribor + spread	14,294	12,235	1,369	10,866
Ty Ru Project financing	Fixed/Euribor 3/6 m + spread	5,727	5,389	723	4,666
Fouy Project financing	6-month Euribor + spread	4,166	4,094	1,136	2,958
Crêtes Project financing	6-month Euribor + spread	4,141	4,070	1,296	2,774
Esquennois Project financing	6-month Euribor + spread	5,596	5,487	1,085	4,402
CEP Tramontane project financing	6-month Euribor + spread	15,192	15,192	2,456	12,736
Noyales project financing	3-month Euribor + spread	2,192	2,192	1,067	1,125
Total borrowings under project financing		**637,396**	**614,204**	**76,043**	**538,161**

In order to hedge the interest rate risk on project financing and to convert the rate from variable to fixed, the companies under project financing have entered into interest rate swaps (IRS) for the portion of the interest linked to project financing, at conditions that are substantially in line with market rates. More details on these financial instruments are provided below.

5.7 Additional information on financial instruments

The following table shows the reconciliation of financing liabilities for the first half of 2020:

Value at 31.12.2019	**868,301**
New borrowings	68,500
Repayments	(47,825)
Foreign exchange difference	(27,306)
Fair value variation	9,190
Change in the scope of consolidation	
Other	11,874
Value at 30.06.2020	**882,734**

The table below lists the interest rate derivatives linked to financing contracts:

- Instruments with a negative fair value at 30 June 2020:

(€ thousands)

Company	Type of derivative	Maturity	Original currency	Notional value	*Fair value*
FRUK Holdings No. 1 Ltd	*Interest rate swap*	31/12/2025	GBP	23,442	(782)
Earlsburn Mezzanine Ltd	*Interest rate swap*	31/03/2026	GBP	17,515	(709)
Earlsburn Wind Energy Ltd	*Interest rate swap*	15/04/2022	GBP	4,880	(45)
Ben Aketil Wind Energy Ltd	*Interest rate swap*	31/12/2024	GBP	9,319	(1,151)
Millennium Wind Energy Ltd	*Interest rate swap*	15/04/2027	GBP	5,422	(228)
Millennium Wind Energy Ltd	*Interest rate swap*	15/10/2024	GBP	15,630	(298)
Kilbraur Wind Energy Ltd	*Interest rate swap*	15/04/2024	GBP	13,500	(209)
Nutberry Wind Energy Ltd	*Interest rate swap*	29/03/2029	GBP	16,147	(2,381)
West Browncastle Wind Energy Ltd	*Interest rate swap*	31/12/2033	GBP	28,407	(2,406)
Kingsburn Wind Energy Ltd	*Interest rate swap*	30/06/2034	GBP	21,958	(1,123)
Spaldington Airfield Wind Energy Ltd	*Interest rate swap*	30/06/2034	GBP	10,275	(515)
Assel Valley Wind Energy Ltd	*Interest rate swap*	31/12/2034	GBP	30,773	(3,644)
Auchrobert Wind Energy Ltd	*Interest rate swap*	31/12/2035	GBP	37,839	(4,000)
Eolica Sud Srl	*Interest rate swap*	31/12/2024	EUR	46,555	(4,801)
Eolo 3W Minervino Murge Srl	*Interest rate swap*	31/12/2023	EUR	22,216	(1,956)
Geopower Sardegna Srl	*Interest rate swap*	30/06/2027	EUR	93,196	(12,998)
Geopower Sardegna Srl	*Interest rate swap*	30/06/2024	EUR	11,050	(219)
Eolica Petralia Srl	*Interest rate swap*	30/06/2027	EUR	10,285	(959)
Se Ty Ru Sas	*Interest rate swap*	30/09/2022	EUR	196	(4)
Se Ty Ru Sas	*Interest rate swap*	30/06/2028	EUR	3,582	(522)
Parc Eolien du Fouy Sas	*Interest rate swap*	15/07/2024	EUR	3,900	(488)
Parque Eolien des Cretes Sas	*Interest rate swap*	15/07/2024	EUR	4,051	(506)
Esquennois Energie Sas	*Interest rate swap*	15/07/2024	EUR	5,030	(621)
Ferme éolienne de NoyalesS.A.S	*Interest rate swap*	28/02/2022	EUR	1,521	(75)
CEP Tramontane 1 SAS	*Interest rate swap*	30/06/2025	EUR	9,050	(758)
CEP Tramontane 1 SAS	*Interest rate swap*	31/12/2026	EUR	5,890	(710)
Actelios Solar SpA	*Interest rate swap*	30/06/2026	EUR	21,674	(344)
Total derivative financial instruments					**(42,452)**

At 30 June 2020 there were no instruments with positive fair value.

Changes in the fair value of interest rate, exchange rate and commodity hedging contracts that the Falck Renewables Group held at 30 June 2020 are shown in the tables below:

5.7 Additional information on financial instruments

Derivative liabilities:

(€ thousands)

	31.12.2019	Change in the scope of consolidation	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	30.06.2020
FRUK Holdings No. 1 Ltd	(485)		(329)	(1)		33	(782)
Earlsburn Mezzanine Ltd	(336)		(392)	(4)		23	(709)
Earlsburn Wind Energy Ltd	(28)		(19)			2	(45)
Ben Aketil Wind Energy Ltd	(1,296)		58	(1)		88	(1,151)
Millennium Wind Energy Ltd	(241)		(298)	(3)		16	(526)
Kilbraur Wind Energy Ltd	(46)		(163)	(3)		3	(209)
Nutberry Wind Energy Ltd	(2,096)		(427)			142	(2,381)
West Browncastle Wind Energy Ltd	(1,013)		(1,461)			68	(2,406)
Kingsburn Wind Energy Ltd			(1,123)				(1,123)
Spaldington Airfield Wind Energy Ltd			(514)	(1)			(515)
Assel Valley Wind Energy Ltd	(2,031)		(1,750)			137	(3,644)
Auchrobert Wind Energy Ltd	(1,893)		(2,235)			128	(4,000)
Eolica Sud Srl	(5,577)		776				(4,801)
Eolo 3W Minervino Murge Srl	(2,428)		472				(1,956)
Geopower Sardegna Srl	(13,931)		691	23			(13,217)
Eolica Petralia Srl	(968)		9				(959)
Se Ty Ru Sas	(470)		(56)				(526)
Parc Eolien du Fouy Sas	(555)		59	8			(488)
Parque Eolien des Cretes Sas	(576)		61	9			(506)
Esquennois Energie Sas	(707)		75	11			(621)
Ferme Eolienne de Noyales SAS	(121)		43	3			(75)
CEP Tramontane 1 SAS	(1,573)		104	1			(1,468)
Actelios Solar SpA	(11)		(333)				(344)
Total IRS	**(36,382)**		**(6,752)**	**42**		**640**	**(42,452)**
Derivatives on Falck Renewables SpA exchange rates	(1,910)			(915)			(2,825)
Derivatives on Åliden Vind AB exchange rates	(18)		(19)	22			(15)
Derivatives on Brattmyrliden Vind AB exchange rates	(223)		11	14			(198)
Derivatives on Falck Renewables Vind AS exchange rates			(187)	155			(32)
Derivatives on Falck Renewables Wind exchange rates	(35)			(798)			(833)
Total derivatives on exchange rates	**(2,186)**		**(195)**	**(1,522)**			**(3,903)**
Derivatives on Falck Next Energy commodities				(422)			(422)
Derivatives on commodities Eolica Energia de Castilla	(39)		(38)				(77)
Total derivatives on commodities	**(39)**		**(38)**	**(422)**			**(499)**
Total	**(38,607)**		**(6,985)**	**(1,902)**		**640**	**(46,854)**

5.7 Additional information on financial instruments

Derivative assets:

(€ thousands)

	31.12.2019	Change in the scope of consolidation	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	30.06.2020
Kingsburn Wind Energy Ltd	46		(43)			(3)	
Spaldington Airfield Wind Energy Ltd	23		(22)			(1)	
Total IRS	**69**		**(65)**			**(4)**	
Derivatives on Falck Renewables SpA exchange rates	459			1			460
Derivatives on Åliden Vind AB exchange rates	31		(22)	22			31
Derivatives on Brattmyrliden Vind AB exchange rates	38		(29)	216			225
Derivatives on Falck Renewables Vind AS exchange rates	57			(57)			
Total derivatives on exchange rates	**585**		**(51)**	**182**			**716**
Derivatives on Falck Next Energy commodities	3,916		(802)	154			3,268
Derivatives on Åliden Vind AB commodities	664		658	322			1,644
Derivatives on commodities Eolica Energia de Castilla	149		518	47			714
Derivatives on Falck Renewables Vind commodities	636		669	320			1,625
Total derivatives on commodities	**5,365**		**1,043**	**843**			**7,251**
Total	**6,019**		**927**	**1,025**		**(4)**	**7,967**

3.4 *Fair value – hierarchy*

All the financial instruments recorded at fair value were classified in the three categories below, which are based on the lowest level of significant input for the determination of fair value as a whole:

- 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 30 June 2020 and 31 December 2019 at fair value:

(€ thousands)

	30.06.2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at FV				
Forward transactions on foreign currency		716		716
Derivative contracts on interest rates				
Derivative contracts on commodities		6,537	714	7,251
Financial assets at fair value on the income statement		3,387	100	3,487
Total assets		**10,640**	**814**	**11,454**
Financial liabilities measured at FV				
Forward transactions on foreign currency		3,903		3,903
Derivative contracts on interest rates		42,452		42,452
Derivative contracts on commodities	2	420	77	499

Financial liabilities at fair value on the income statement			32,564	32,564
Total liabilities	**2**	**46,775**	**32,641**	**79,418**

(€ thousands)

31.12.2019				
	Level 1	Level 2	Level 3	Total
Financial assets measured at FV				
Forward transactions on foreign currency		585		585
Derivative contracts on interest rates		69		69
Derivative contracts on commodities	50	5,166	149	5,365
Financial assets at fair value on the income statement		3,070	100	3,170
Total assets	**50**	**8,890**	**249**	**9,189**
Financial liabilities measured at FV				
Forward transactions on foreign currency		2,186		2,186
Derivative contracts on interest rates		36,382		36,382
Derivative contracts on commodities			39	39
Financial liabilities at fair value on the income statement			33,936	33,936
Total liabilities		**38,568**	**33,975**	**72,543**

At the end of each period, the Group determines whether there have been any transfers between the "levels" of the hierarchy by reassessing their classification (based on the lowest level of input significant for the determination of fair value as a whole). In this regard, there were no transfers between "levels" in the first half of 2020.

3.5 *Fair value – evaluation methods*

The fair value of the derivative financial instruments on interest rates, calculated at the end of the six-month period, corresponds to the discounting of future cash flows determined as a function of the forward rate curve at 30 June 2020.

The fair value of forward currency contracts is calculated on the basis of the spot exchange rate observable at the end of the period (June 2020), as well as the points of the forward exchange rates and the yield curves of foreign currency interest rates.

The fair value of commodity futures contracts is calculated on a monthly basis. It 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 in the "End-Of-Day" data.

The fair value of other financial assets in the income statement was calculated using as reference the data of the investment entities.

The fair value of the royalty instruments included in the financial liabilities 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.

6. Supplementary information to the consolidated financial statements

6.1 List of investments in subsidiaries, associates and joint ventures

	Registered offices	Currency	Share capital	% Direct holding	Indirect holding %	Indirect holding Parent company
Companies consolidated applying the line-by-line method						
Falck Renewables SpA	Milan	EUR	291,413,891			
Actelios Solar SpA	Santa Caterina di Villarmosa (C	EUR	120,000	100.000		
Åliden Vind AB	Malmö (Sweden)	EUR	10,159	100.000		
Ambiente 2000 Srl	Milan	EUR	103,000	60.000		
Assel Valley Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Auchrobert Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Ben Aketil Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd
Birch Road Solar Farm LLC	Delaware (USA)	USD			100.000	Falck Renewables CH-1 LLC
Big Fish Spv Srl	Milan (Mi)	EUR	1,760,000	70.000		
Boyndie Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Brattmyrliden Vind AB	Malmö (Sweden)	EUR	10,159	100.000		
Cambrian Wind Energy Ltd	London (UK)	GBP	100		100.000	FRUK Holdings (No.1) Ltd
CEP Tramontane 1 SAS	Paris (France)	EUR	3,559,700		100.000	Falck Energies Renouvelables Sas
Energy Aggregator Consortium	Milan (Mi)	EUR	7,800		51.280	Falck Next Srl
Energy Cloud Consortium	Milan (Mi)	EUR	7,200		82.190	Falck Next Srl
Earlsburn Mezzanine Ltd	London (UK)	GBP	1,000		51.000	Falck Renewables Wind Ltd
Earlsburn Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Earlsburn Mezzanine Ltd
Ecosesto SpA	Rende (CS)	EUR	5,120,000	100.000		
Elettroambiente SpA (in liquidation)	Sesto S. Giovanni (MI)	EUR	245,350	100.000		
Elektrownie Wiatrowe Bonwind Łyszkowice Sp.Z.o.o.	Łódź (Poland)	PLN	132,000		50.000	Falck Renewables Wind Ltd
Energia Eolica de Castilla SL	Madrid (Spain)	EUR	3,200	100.000		
Energy Team SpA	Milan (Mi)	EUR	120,000	51.000		
Eol Team SAS	Paris (France)	EUR	42,220		100.000	Falck Energies Renouvelables Sas
Eolica Cabezo San Roque Sau	Madrid (Spain)	EUR	1,500,000		100.000	Falck Renewables Wind Ltd
Eolica Petralia Srl	Sesto S. Giovanni (MI)	EUR	2,000,000	100.000		
Eolica Sud Srl	Sesto S. Giovanni (MI)	EUR	5,000,000	100.000		
Eolo 3W Minervino Murge Srl	Sesto S. Giovanni (MI)	EUR	10,000	100.000		
Esquennois Energie Sas	Rennes (France)	EUR	37,000		100.000	Falck Renewables Wind Ltd
Falck Energies Renouvelables Sas	Rennes (France)	EUR	19,212,000		100.000	Falck Renewables Wind Ltd
Falck Middleton LLC	Delaware (USA)	USD			100.000	Novis Renewables Holdings LLC
Falck Middleton Generation LLC	Delaware (USA)	USD			100,000 class E	Falck Middleton LLC
Falck Next Srl	Sesto San Giovanni (Mi)	EUR	1,000,000	100.000		
Falck Next Energy UK Ltd	London (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Falck Next Energy Srl	Sesto S. Giovanni (MI)	EUR	1,010,000	100.000		
Falck Nuo Spain SL	Madrid (Spain)	EUR	3,600		100.000	NUO Srl
Falck Renewables CH-1 LLC	Delaware (USA)	USD			100.000	Falck Renewables North America Inc
Falck Renewables DLP MA LLC	Delaware (USA)	USD			100.000	Novis Renewables Holdings LLC
Falck Renewables Finance Ltd	London (UK)	GBP	100		100.000	Falck Renewables Wind Ltd

* The class B quotas guarantee the control of the company, while class A quotas belonging to Firstar Development LLC attribute protective rights.

6 Supplementary information to the consolidated financial report

	Headquarters capital	Currency	Share capital	% holding direct	Indirect ownership %	Parent company
Companies consolidated applying the line-by-line method						
Falck Renewables IS 42 LLC	Delaware (USA)	USD			100.000	Novis Renewables Holdings LLC
Falck Renewables Latitude LLC	Delaware (USA)	USD			100.000	Falck Renewables North America Inc
Falck Renewables Nederland BV	Amsterdam (Netherlands)	EUR	10,000	100.000		
Falck Renewables North America Development Services & Construction Management LLC	Delaware (USA)	USD			100.000	Falck Renewables North America Inc
Falck Renewables North America Inc	Delaware (USA)	USD	5	100.000		
Falck Renewables Sviluppo Srl	Milan (Mi)	EUR	10,000	100.000		
Falck Renewables Sicilia Srl	Milan (Mi)	EUR	10,000	100.000		
Falck Renewables Power 1 Sl	Madrid (Spain)	EUR	300,000	100.000		
Falck Renewables Power 2 Sl	Madrid (Spain)	EUR	300,000	100.000		
Falck Renewables Power 3 Sl	Madrid (Spain)	EUR	300,000	100.000		
Falck Renewables Vind AS	Sandane (Norway)	NOK	49,597,900	88.636		
Falck Renewables Wind Ltd	London (UK)	GBP	37,759,066	99.989		
Falck Renewables Verwaltungs Gmbh (in liquidation)	Nuremberg (Germany)	EUR	25,000		100.000	Falck Energies Renouvelables Sas
Ferme Eolienne de Noyales SAS	Paris (France)	EUR	37,000		100.000	Falck Energies Renouvelables Sas
Fisher Road Solar I LLC	Delaware (USA)	USD			100.000	SPME Dartmouth Holdings LLC
FRUK Holdings (No.1) Ltd	London (UK)	GBP	1		51.000	Falck Renewables Finance Ltd
Geopower Sardegna Srl	Sesto S. Giovanni (MI)	EUR	2,000,000	100.000		
HG Solar Development LLC	New York (United States)	USD			100.000	Falck Middleton Generation LLC
Innovative Solar 42 LLC	North Carolina (US)	USD			100.000	NC 42 Energy LLC
Iron SPV Srl	Milan (Mi)	EUR	425,000	70.000		
Kilbraur Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd
Kingsburn Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Lake Osiris Road Solar Farm LLC	Delaware (USA)	USD			100.000	Falck Renewables CH-1 LLC
Millennium Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd
Millennium South Wind Energy Ltd	Inverness (UK)	GBP	100		52.000	Falck Renewables Wind Ltd
Mochrum Fell Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
NC 42 LLC	Delaware (USA)	USD			100.000	Falck Renewables IS 42 LLC
NC 42 Solar LLC	Delaware (USA)	USD			100.000	NC 42 LLC
NC 42 Energy LLC	Delaware (USA)	USD			100,000 class B*	NC 42 Solar LLC
Novis Renewables Holdings LLC	Delaware (USA)	USD			51.000	Falck Renewables North America LLC
NUO Srl	Sesto S. Giovanni (MI)	EUR	10,000	100.000		
Nutberry Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Palermo Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni (MI)	EUR	61,000	71.273		
Parc Eolien d'Illois Sarl	Rennes (France)	EUR	1,000		100.000	Falck Energies Renouvelables Sas
Parc Eolien des Coudrays SAS	Paris (France)	EUR	868,000		100.000	CEP Tramontane 1 SAS
Parc Eolien des Crêtes Sas	Rennes (France)	EUR	37,000		100.000	Falck Renewables Wind Ltd
Parc Eolien de Mazeray et de Bignay SAS	Paris (France)	EUR	1,321,750		100.000	CEP Tramontane 1 SAS
Parc Eolien du Bois Ballay SAS	Paris (France)	EUR	1,235,000		100.000	CEP Tramontane 1 SAS

* The class B quotas guarantee the control of the company, while class A quotas belonging to Firstar Development LLC attribute protective rights.

	Headquarters capital	Currency	Share capital	% holding direct	Indirect ownership %	Parent company
Companies consolidated applying the line-by-line method continued						
Parc Eolien du Fouy Sas	Rennes (France)	EUR	37,000		100.000	Falck Renewables Wind Ltd
Platani Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni (MI)	EUR	3,364,264		87.180	Elettroambiente SpA
Prima Srl	Sesto S. Giovanni (MI)	EUR	5,430,000	85.000		
PV Diagnosis Fotovoltaica SLU	Madrid (Spain)	EUR	3,100		100.000	Vector Cuatro SLU
Route 212 Solar Farm LLC	Delaware (USA)	USD			100.000	Falck Renewables CH-1 LLC
Route 23A Solar Farm LLC	Delaware (USA)	USD			100.000	Falck Renewables CH-1 LLC
SE Ty Ru Sas	Rennes (France)	EUR	1,009,003		100.000	Falck Energies Renouvelables Sas
Sol Occidental Slu	Madrid (Spain)	EUR	3,000	100.000		
Solar Mesagne Srl	Brindisi	EUR	50,000	100.000		
Spaldington Airfield Wind Energy Ltd	London (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
SPME Dartmouth Holdings LLC	Delaware (USA)	USD			100.000	Falck Renewables DLP MA LLC
SPME Holdings 2015 LLC	New Jersey (United States)	USD			100,000 class B*	Falck Renewables DLP MA LLC
Syncarpha Massachusetts LLC	Delaware (USA)	USD			100.000	SPME Holdings 2015 LLC
Syncarpha Palmer LLC	Delaware (USA)	USD			100.000	SPME Holdings 2015 LLC
Tifeo Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni (MI)	EUR	4,679,829		100.000	Elettroambiente SpA
VC Renewables AB	Malmö (Sweden)	SEK	50,000		100.000	Vector Cuatro SLU
Vector Cuatro Australia Pty Ltd	Sydney (Australia)	AUD	1		100.000	Vector Cuatro SLU
Vector Cuatro SLU	Madrid (Spain)	EUR	55,001	100.000		
Vector Cuatro Srl	Sesto S. Giovanni (MI)	EUR	25,000		100.000	Vector Cuatro SLU
Vector Cuatro Chile SpA	Santiago (Chile)	CLP	20,000,000		100.000	Vector Cuatro SLU
Vector Cuatro France Sarl	Lyon (France)	EUR	50,000		100.000	Vector Cuatro SLU
Vector Cuatro EOOD	Sofia (Bulgaria)	BGN	2,000		100.000	Vector Cuatro SLU
Vector Cuatro Japan KK	Tokyo (Japan)	JPY	1,000,000		100.000	Vector Cuatro SLU
Vector Cuatro US LLC	Delaware (USA)	USD	1,000		100.000	Vector Cuatro SLU
Vector Cuatro Energias Renovables Mèxico SA de CV	Miguel Hidalgo DF (Mexico)	MXN	2,066,000		99.95	Vector Cuatro SLU
					0.05	PVDiagnosis Fotovoltaica SLU
Vector Cuatro UK Ltd	London (UK)	GBP	190,000		100.000	Vector Cuatro SLU
West Browncastle Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Windfor Srl	Milan (Mi)	EUR	10,400		100.000	Vector Cuatro Srl

* The class B quotas guarantee the control of the company, while class A quotas belonging to Firstar Development LLC attribute protective rights.

	Registered offices	Currency	Share capital	% Direct holding	Indirect holding %	Parent company
Companies consolidated using the equity method						
Frullo Energia Ambiente Srl	Bologna	EUR	17,139,100	49.000		
EF NY CDG 001 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 002 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 003 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 004 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 005 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 006 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 007 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 008 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 009 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 0010 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
EF NY CDG 0011 LLC	Delaware (USA)	USD			100.000	Novis Renewables LLC
Naturalis Energy Developments Ltd	London (UK)	GBP	100		70.000	Falck Renewables Wind Ltd
Novis Renewables LLC	Delaware (USA)	USD			50.000	Falck Renewables North America Inc
Nuevos Parque Eolicos La Muela AIE	Zaragoza (Spain)	EUR	10,000		50.000	Parque Eolico La Carracha SL
Parque Eolico La Carracha Sl	Zaragoza (Spain)	EUR	100,000		26.000	Falck Renewables Wind Ltd
Parque Eolico Plana de Jarreta Sl	Zaragoza (Spain)	EUR	100,000		26.000	Falck Renewables Wind Ltd
Vector Cuatro Servicios SL	Madrid (Spain)	EUR	30,000		50.000	Vector Cuatro SLU

7. Certification of the condensed interim reports as per Article 81-ter of CONSOB Regulation no. 11971 dated 14 May 1999 as amended and s.i.

7 Certification of the condensed interim reports as per Article 81-ter of CONSOB Regulation no. 11971 dated 14 May 1999 as amended and s.i.

1. The undersigned Toni Volpe as Chief Executive Officer and Paolo Rundeddu as Director responsible for drafting corporate accounting documents of Falck Renewables SpA hereby certify, taking into account the requirements of article 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

   administrative and accounting procedures for the preparation of the condensed half-yearly financial statements during the first half of 2020.

2. We also certify that:

   2.1 the condensed half-yearly 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.

   2.2 The interim report on operations includes a reliable analysis of references to important events that occurred in the first six months of the year and their impact on the condensed half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year.
   The interim report on operations also includes a reliable analysis of information on significant transactions with related parties.

The Chief Executive Officer	The Manager responsible for drafting corporate accounting documents
______________________	______________________

Milan, 4 August 2020

8. Independent Auditors' Report

8 Independent auditors' report

REVIEW REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of
Falck Renewables SpA

Foreword

We have reviewed the accompanying condensed interim consolidated financial statements of Falck Renewables SpA as of 30 June 2020, comprising the consolidated financial statement, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the explanatory and supplementary notes to the financial report. The directors of Falck Renewables group are responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of condensed interim consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Falck Renewables Group as of 30 June 2020 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

PricewaterhouseCoopers SpA

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Other Matters

The consolidated financial statements as of 31 December 2019 and the condensed interim consolidated financial statements for the period ended 30 June 2019 were audited and reviewed, respectively, by other auditors, who on 30 March 2020 expressed an unqualified opinion on the consolidated financial statements, and on 1 August 2019 expressed an unmodified conclusion on the condensed interim consolidated financial statements.
Explanatory note 5.6.2 "Scope of consolidation" illustrates the effects of the restatement of certain comparative amounts for the prior year compared with the figures that were previously presented, following completion during the third quarter of 2019 of the Purchase Price Allocation of Energy Team SpA and Energia Eolica di Castilla Sl.

Milan, 7 August 2020

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