2020
FINANCIAL REPORT

Falck Renewables

PURE POWER TO GROW

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FALCK RENEWABLES SpA
Share capital €291,413,891 fully paid
Direction and coordination by Falck SpA
Registered and fiscal address
20121 Milan – Corso Venezia, 16
REA Milan 1675378
Milan Companies Register 03457730962
VAT and tax code 03457730962

Financial Report
at 31 December 2020

SUMMARY

E-MARKET SDIR CERTIFIED

Falck Renewables

PURE POWER TO GROW

FINANCIAL REPORT

At 31 December 2020

Letter from the Chairman and CEO to shareholders and stakeholders

We present our shareholders and all stakeholders with operating results that exceed our forecasts, despite an international scenario impacted by the health emergency and a subsequent economic crisis. These results are a clear indication that we followed the right strategy for 2020. At a crucial time for the country's economy, we are determined to contribute actively to the energy transition and decarbonisation process, in the knowledge that we have the intrinsic values of sustainable development in our DNA.
We strongly believe in sustainability that creates shared value for all our stakeholders, while fully respecting the places where we operate.

We closed the 2020 financial year with consolidated revenue of € 384.4 million, up 2.6% compared to € 374.5 million in 2019, thanks to a general increase in the number of plants in operation, which brought the Group's total generation volumes produced to 2,712 GWh (+13% compared to 2,391 in 2019). EBITDA stood at € 197.2 million (from € 204 million in 2019), due to higher costs mainly related to increasing operating capacity and strengthening the structure, which are necessary to support the implementation of the new initiatives envisaged in the Business Plan.

We also saw strong momentum in development activities, with significant growth in the pipeline to 2.8 GW as of 31 December 2020, of which 175 MW under construction, 1 GW in advanced development and 1.6 GW in mid-early stage, plus approximately 2.8 GW of additional projects in the scouting phase. We allocated € 18.8 million of capital to development activities, up from € 13.6 million in 2019. We aim to achieve a minimum of 15 GW of pipeline by 2025, through both continued growth in current markets and technologies, and expansion into new geographies and new technologies, such as the green hydrogen and offshore floating initiatives currently underway.

In 2020, we stepped up our long-term contracting activities for the sale of electricity. In this respect, between 2020 and early 2021, we have signed around 175 MW of new agreements with private and public counterparts in Italy, Sweden, Norway, Spain and the United States. During the year, despite the partial decrease in energy transfer prices, we experienced a significant increase in electricity production volumes, thanks to the expansion of the generation park.

Enrico Falck
Chairman

Toni Volpe
Chief Executive Officer

We also achieved important results in the United States, where the growth plan with our partner Eni continues: in less than a year we signed 2 agreements for the acquisition of 92 MW of wind and solar power plants, of which 62 MW are operational, and we obtained authorisations for a further 37.5 MW of organic development.

With regard to financial debt, we reported a decrease to € 705.5 million (compared to € 720.8 million at 31 December 2019), mainly attributable to the transaction for the sale of assets in the US, net of investments in the development company.
We are well prepared and positioned to meet future challenges. This is also due to our excellent positioning in terms of skills as well as economic and financial resources, including the recent issue of the Green convertible bond for € 200 million, committed credit lines for € 325 million, and our ability to react.

Faced with a difficult and complex scenario whose developments remain uncertain, we have embraced two fundamental concepts to face this new challenge: resilience and rapid adaptation. In fact, right from the very early stages of the pandemic, we deployed all the necessary analysis activities and continuity strategies to manage the effects of the crisis in the best possible way, as well as to reduce the risk of infection of staff in the workplace. Right from the early days, over 90% of our employees across all our sites, both in Italy and abroad, switched to the widespread and extended use of remote working, a solution that is still enabling us to significantly reduce exposure to many of the direct and associated risk factors, including staff mobility, while still ensuring an excellent level of service.

Despite the complex economic situation, we have successfully continued to intensify our sustainability actions, both in terms of further integrating ESG into strategic decision-making and in terms of activities implemented. In April 2020, the new Board of Directors (42% female members) set up the Sustainable Strategy Committee, with the task of supporting the definition of the Group's strategic objectives, integrating sustainability, energy markets and technological innovation.

Our strong commitment to sustainability has enabled us to achieve concrete and tangible results, such as the distribution of € 170.2 million of added value to all our stakeholders, of which € 3.1 million to the populations living in the territories in which we operate, including € 783 thousand allocated to the international programme to alleviate the health, social and economic impact of the Covid-19 pandemic in local communities and to medical research in Italy.

Our strong focus on the communities that host our assets has also earned us international recognition. In fact, the World Economic Forum selected the financial cooperation model (BenCom) that we apply in the UK as one of the most important and disruptive innovations in the energy sector in the last decade. The model - listed as a best practice in the "Global Innovations from the Energy Sector 2010-2020" report - enables local communities to experience the presence of renewable energy installations as a real development opportunity.

Still on the subject of sustainability, we increased the number of plants with a significant community engagement programme to 45% of the total, thanks to two new community benefit schemes in Norway (at the Hennøy plant) and Spain (at the Carrecastro plant). We have also achieved 74% supply from local sources and, thanks to wind and solar generation, we have avoided the emission of around 570,000 tonnes of CO_2 equivalent into the atmosphere. Last but not least, we have introduced new guidelines for sustainable construction of plants and developed agri-voltaic projects in Italy, adapted to the environmental and territorial context of the destination.

At present, it is difficult to predict when the unfavourable socio-economic situation linked to the pandemic will end. For our part, we are preparing to face the new challenges that the market will present us with the knowledge that we can count on the values of innovation, competence and attention on which our corporate solidity is based, as well as on an integrated business model that is constantly evolving. We intend to continue to generate value for all our stakeholders and for the communities where we are present, continuing on our path of growth, in a global context that is increasingly based on sustainability, where our ideas and innovative approach will prevail.

On behalf of the Group's Board of Directors and management, we would like to thank our employees for their great commitment during a very particular and challenging year. We are pleased to have created strong relationships with our customers, suppliers and business partners and recognise the essential role that you, our shareholders, play.

Thank you for placing your trust in us.

Chairman	CEO
Enrico Falck	Toni Volpe


De-Carbonization: Renewables and Much More
FALCK RENEWABLES

1

NOTICE OF ANNUAL GENERAL MEETING

PURE POWER TO GROW

E-MARKET SDIR CERTIFIED

1 Notice of annual general meeting

Shareholders eligible to vote are invited at the Ordinary Shareholders' Meeting convened on **29 April 2021** at **11 a.m.**, on first call, at Company's offices in Milan (Italy), Corso Venezia 16, and, if necessary, on 30 April 2021, on second call, same time and location, to discuss and resolve upon the following

AGENDA

1. Annual financial Report at 31 December 2020:
   1.1 approval of the Financial Statements at 31 December 2020, together with the Board of Directors' Report on Operations, the Statutory Auditors' Report and the Legal Auditing Firms' Report: related and consequent resolutions. Presentation of the Consolidated Financial Statements at 31 December 2020;
   1.2 proposed allocation of the profit for the year and dividend distribution to Shareholders: related and consequent resolutions.

2. Annual report on the remuneration policy and compensation paid:
   2.1 approval of the "2021 Remuneration Policy" contained in Section I, pursuant to Article 123-*ter*, paragraph 3-*bis*, of Legislative Decree no.58/98;
   2.2 consultative vote on the "compensation paid in 2020" indicated in Section II, pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree no.58/98.

3. Proposal of adjustment of remuneration of the Legal Auditing Firm PricewaterhouseCoopers S.p.A. for the financial years 2020-2028; related and consequent resolutions

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*In order to minimize the risks associated with the current health emergency, the Company has decided to make use of the option established by Decree Law no. 18 of 17 March 2020, setting out "Measures to strengthen the National Health Service and economic support for families, workers and companies connected with the epidemiological emergency by COVID-19" converted into law with amendments by no. 27 of 24 April 2020 (the "**Decree**") – as extended by effect of Decree Law No. 183 of 31 December 2020 converted into law with amendments by Law No. 2 of 26 February 2021 - to provide that shareholders' participation in the Shareholders' Meeting shall be **exclusively through the designated representative** pursuant to Article 135-undecies of Legislative Decree no. 58/98, i.e. through Società per Amministrazioni Fiduciarie Spafid S.p.A, with registered office in Milan, ("**Designated Representative**" or "**Spafid**"), without physical participation by shareholders.*

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Share Capital and shares with voting rights (art. 125-*quarter* of Legislative Decree No. 58/98)
To date, the share capital of Falck Renewables S.p.A. (hereinafter the "**Company**") subscribed and fully paid up, amounts to € 291,413,891.00, and is divided into 291,413,891 shares, with no stated nominal value. Each share entitles its owner to one vote. At today's date, the Company owns 2,210,000 shares with suspended voting rights.

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

– Under art. 83-*sexies* of the Legislative Decree 58/98 the entitlement to intervene and exercise voting rights at Shareholders' Meeting - which may be exercised **exclusively through the Designated Representative** - is evidenced by a notice to be made to the Company by the authorised intermediary, based on the latter's accounting records at the end of the seventh trading day preceding the scheduled date of the Shareholders' Meeting on first call, i.e., **April 20, 2021** (*record date*). Any persons that will prove to be shareholders of the Company following such date, shall not be entitled to intervene and vote at the Shareholders' Meeting. The intermediary's notice must reach the Company by the end of the third trading day preceding the scheduled date of the Shareholders' Meet-

ing, i.e., no later than the **April 26, 2021**. This is without prejudice to the legitimate attendance and voting, if the notice is received by Company after the specified term of **April 20, 2021**, provided that it is received before the start of works of the meeting on single call;
- No voting procedures by correspondence or electronic message are foreseen.

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

Participation in the Shareholders' Meeting and granting of proxy to the Designated representative
Shareholders wanting to attend the Shareholders' Meeting must, therefore, confer upon the Designated Representative the delegation - with voting instructions - on all or some of the proposed resolutions on the items on the agenda, using the specific delegation form prepared by said Designated Representative in accordance with the Company and available on the Company's website https://www.falckrenewables.com/en/corporate-governance/shareholders-meetings#29-04-2021.

The proxy with voting instructions must be sent, together with a copy of an identity document of the proxy grantor with current validity or, if the proxy grantor is a legal person, the *pro tempore* legal representative or another person with relevant powers, together with suitable documentation to certify its qualification and powers, to the aforesaid Designated Representative, by the end of the second trading day prior to the date of the Shareholders' Meeting set on first and also on second call (i.e. by 11:59 p.m. on **April 27, 2021** or April 28, 2021 respectively), with the following alternative methods: (i) transmission of a copy reproduced electronically (PDF) to the certified e-mail address assemblee@pec.spafid.it (ref. "Proxy AGM Falck Renewables 2021") from one's certified e-mail address (or failing that, from one's ordinary e-mail address, in this case the proxy with the voting instructions must be signed with a qualified electronic or digital signature); (ii) original transmission, by courier ore registered A/R to Spafid S.p.A., Foro Bonaparte n. 10, 20121 Milan (ref. "Proxy AGM Falck Renewables 2021") by anticipating a copy reproduced electronically (PDF) by ordinary e-mail to assemblee@pec.spafid.it (ref. "Proxy AGM Falck Renewables 2021").

The proxy, thus conferred, shall be valid only for the proposals in relation to which voting instructions were conferred. The proxy and voting instructions can be revoked by the end of the second trading day prior to the date set for the Shareholders' Meeting on first and second call (*i.e.* by 11:59 p.m. on **April 27, 2021** or April 28, 2021 respectively) in the above manner.

In accordance with said Decree, the Designated Representative may also be granted proxies and/or sub-delegations pursuant to article 135-*novies* of the Legislative Decree 58/98 as an exception to article 135-*undecies*, paragraph 4 of the Legislative Decree 58/98. For this purpose, the specific proxy/sub-delegation, form available on the website https://www.falckrenewables.com/en/corporate-governance/shareholders-meetings#29-04-2021 must be used.

In order to grant and send proxies/sub-delegations, the procedures set out above form must be followed and also reported on the proxy form. The proxy must be received by and no later than 6:00 p.m. on the day before the date of the Shareholders' Meeting (and in any case no later than the meeting starts). The proxy pursuant to art. 135-*novies* of the Legislative Decree 58/98 and the related voting instructions can always be revoked before said deadline.
Any information relating to the granting of proxies and further methods of sending and notifying such proxies may be requested to the Designated Representative at the e-mail address confidential@spafid.it or by calling (+39) 0280687335 or (+39) 0280687319.
The Company reserves the right to supplement and/or amend the above instructions in consideration of the need to monitor the current COVID-19 epidemic emergency and its developments which that cannot currently be forecast.

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

In compliance with the law, the Shareholders, who individually or jointly account for at least one fortieth of the share capital may request, within ten days of publication of this notice of calling (i.e. within **April 9, 2021**), the integration of the list of items on the Agenda, specifying in the request the additional proposed items, or present proposals of resolutions on items already on the Agenda.

Shareholder for whom the Company has received the notice from an authorised intermediary pursuant to the applicable laws are entitled to request integration of the list of items on the Agenda or present proposals of resolutions.

The requests, together with the certificate attesting entitlement to participate, must be presented in writing and be submitted to the Company via certified e-mail address FKR.societario@legalmail.it or the e-mail address segreteria.societaria@falckrenewables.com.

By the same deadline and in the same manner as per the request of integration of the Agenda, the Shareholders shall submit a report on the motivations of for the proposals of resolutions on the new items for which they require discussion or for the proposal of resolutions presented on items already on the Agenda.

The notice of possible additional items placed on the Agenda or possible presentation of further proposals of resolutions on items already on the Agenda is given by the Company in the same form prescribed for the publication of this notice of calling, at least fifteen days prior to the scheduled date of the Shareholders' Meeting, on first call.

Contextually with the publication of such integration notice, the report drawn up by the requesting Shareholders, accompanied by possible observations by the Board of Directors, shall be made available to the public by the Company in the same forms.

Please be reminded that the Agenda cannot be integrated with items on which, in accordance with the law, the Shareholders' Meeting resolves on proposal of the administrative body or on the basis of a project or report prepared by it, other than those specified under Article 125-ter, paragraph 1, of Legislative Decree No. 58/98.

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

Since the participation in the Shareholders' Meeting and the exercise of voting rights shall be exclusively through the Designated Representative, for the purposes of this Shareholders' Meeting, in order to enable those concerned to exercise their right pursuant to Art. 126-*bis*, paragraph 1, penultimate sentence, of Legislative Decree No. 58/98- even if in a way and on terms compatible with the Covid-19 health emergency and the imperative need for individual proposals of resolutions to be known by all those entitled to attend the Shareholders' Meeting and exercise their voting rights in time to provide voting instructions to the Designated Representative - Shareholders may individually submit proposals of resolutions to the Company on the items on the agenda by **13 April 2021** so that the Company may proceed with their subsequent publication. Shareholders submitting proposals shall legitimise their right by transmitting to the Company appropriate documentation issued in accordance with the applicable provisions by the intermediary holding the account in which the ordinary shares are registered. The proposals of resolutions and the aforementioned documentation relating to legitimation must be sent to the following certified e-mail address FKR.societario@legalmail.it or to the e-mail address segreteria.societaria@falckrenewables.com. The proposals of resolutions received within the terms and according to the above procedures shall be published on the Company's website by **14 April 2021**, so that Shareholders eligible to vote may examine them for the purpose of granting proxies and/or sub-delegations, with the related voting instructions, to the Designated Representative. For the purposes of the above, the Company reserves the right to verify the relevance of the proposals with respect to the items on the agenda, their completeness and their compliance with the applicable provisions, as well as the legitimacy of the proposers.

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

The shareholders with voting rights and in relation to whom the Company has received a specific notice with relevant

certification evidencing the capacity as shareholder from an authorised intermediary may ask questions on the items on the agenda even before the Shareholders' Meeting, by means of electronic communication to the certified e-mail FKR.societario@legalmail.it or e-mail segreteria.societaria@falckrenewables.com.
The certification is not necessary, if the specific notice necessary for the intervention in the Shareholders' Meeting is received by the Company from the authorised intermediary itself.
Questions must be presented by **April 20, 2021** (the seventh trading day prior to the Shareholders' Meeting on first call). The Company will answer questions received by that deadline, by the second day prior to the Shareholders' Meeting (i.e. by **April 27, 2021**), by publishing the answers on the company's website https://www.falckrenewables.com/en/corporate-governance/shareholders-meetings#29-04-2021.

The documents regarding the Shareholders' Meeting, as provided for by applicable laws, shall be made available to the public at the Company's registered office in Corso Venezia 16, Milan, on the Company's website https://www.falckrenewables.com/en/corporate-governance/shareholders-meetings#29-04-2021, and on the authorised storage system "eMarket STORAGE" (available at www.emarketstorage.com) as follow:

- by March 31, 2021, the Annual Financial Report and the other documents referred to in Article 154-*ter* of Legislative Decree no. 58/98 and therefore the draft Financial Statements and the consolidated financial statements at 31 December 2020, the Report on Operations, the Statutory Auditors' Report and the Legal Auditing Firms' Report, the 2020 Corporate Governance and Ownership Structure Report and the Annual Remuneration Report (items 1 and 2 on the agenda);
- today the Explanatory Reports pursuant to Article 125-*ter* of Legislative Decree no. 58/98 on the items on the agenda with related resolution proposals.

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

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Due to the emergency of COVID-19, the Company recommends using the forms of remote communication indicated in this notice in order to exercise shareholders' rights.
Finally, the Company reserves the right to supplement and/or amend the content of this notice should it become necessary as a result of the evolution of the current emergency situation related to COVID-19.

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

Milan, March 30, 2021

The Chairman
of the Board of Directors
Enrico Falck

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

COMPANY OFFICERS

PURE POWER TO GROW

2 Company officers

Board of Directors

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

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

The Board of Directors was appointed by the Shareholders' Assembly on 7 May 2020

Board of Statutory Auditors

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

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

Independent Auditors

PricewaterhouseCoopers SpA

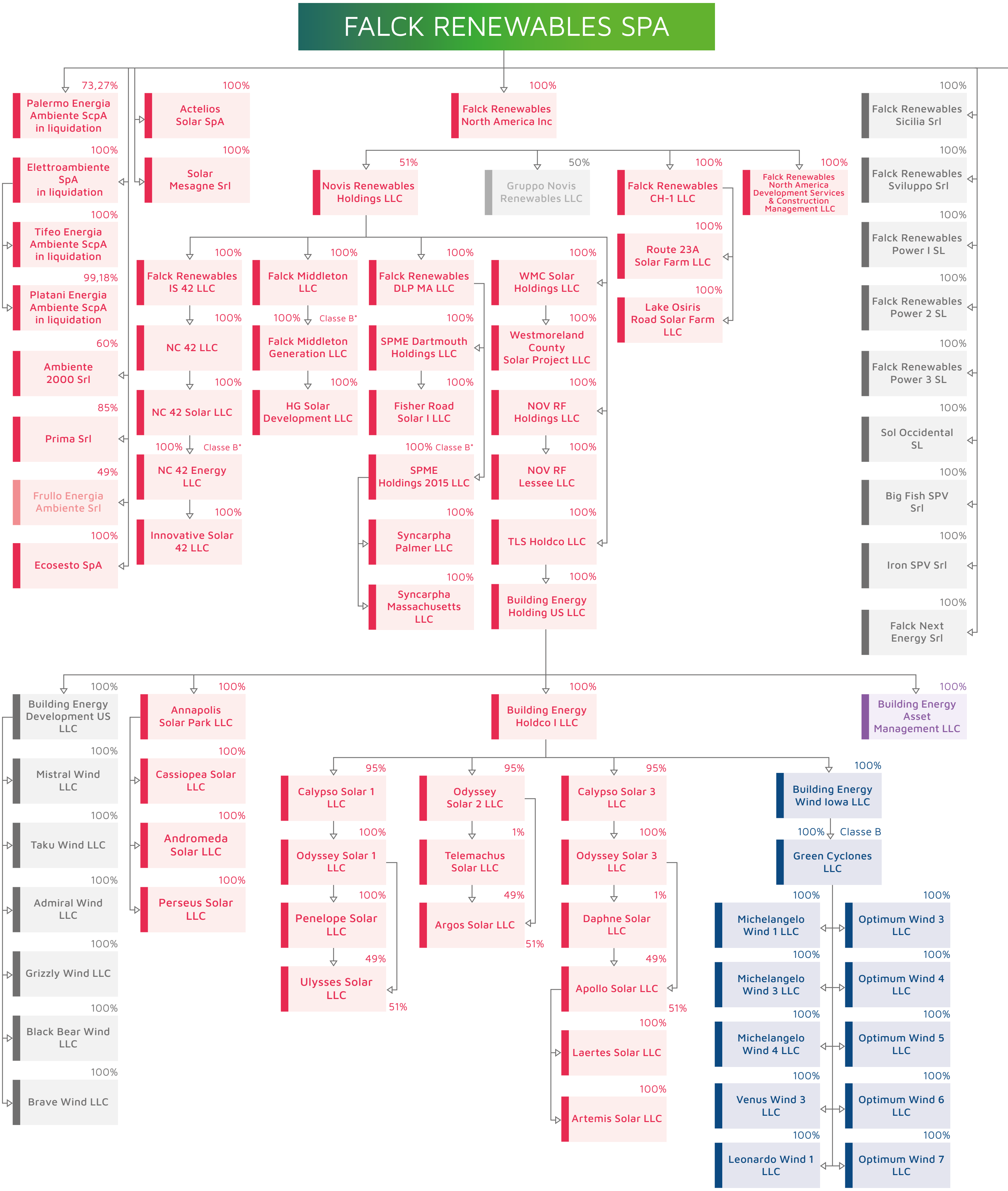
3

GROUP PRESENTATION

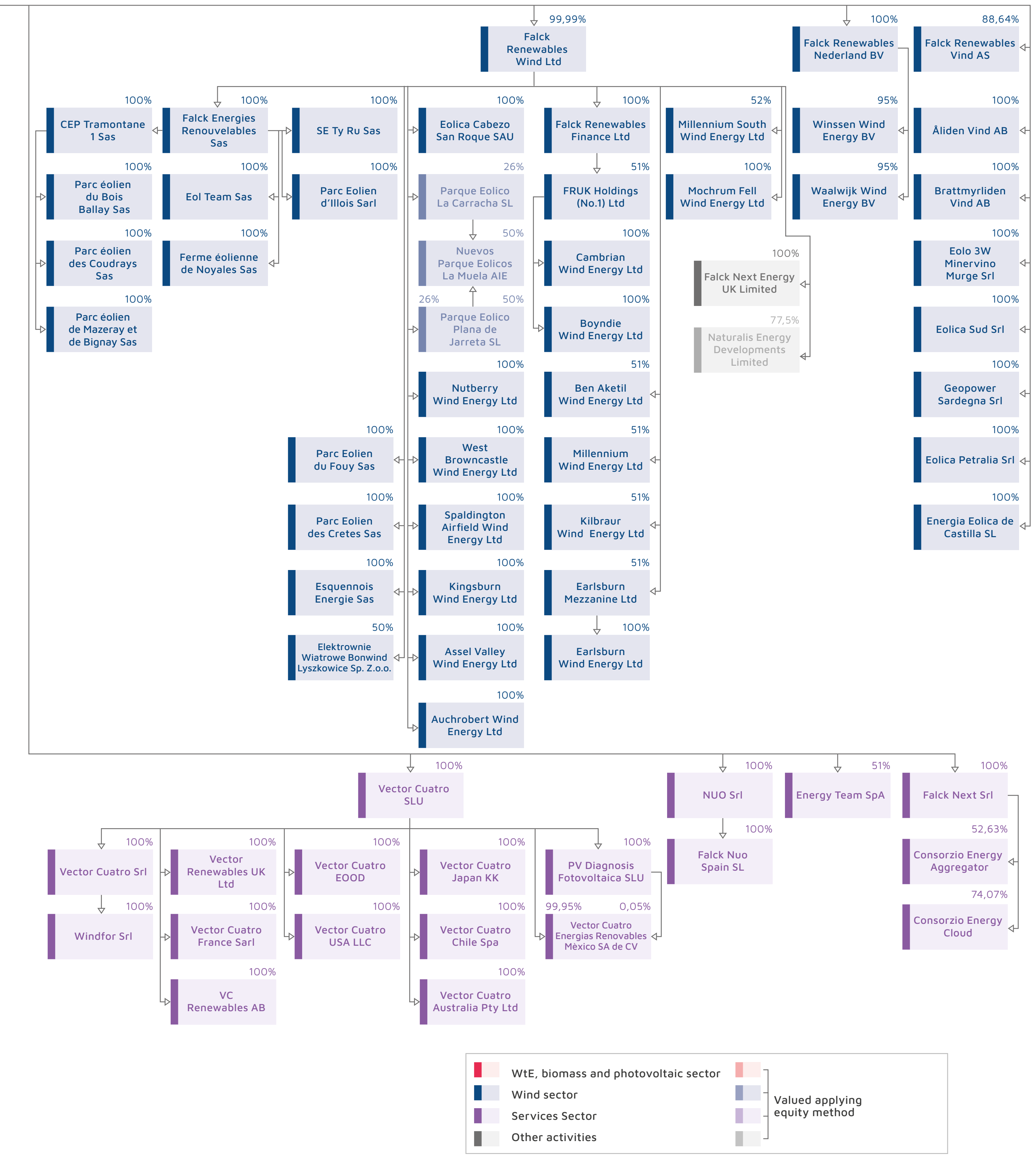
Falck Renewables
PURE POWER TO GROW

E-MARKET SDIR CERTIFIED

3.1 Group structure



* Class B interests guarantee the controlling rights on the company, while class A interests assign protective rights.



99,99%
Falck Renewables Wind Ltd
100%
Falck Renewables Nederland BV
88,64%
Falck Renewables Vind AS
100%
CEP Tramontane 1 Sas
100%
Falck Energies Renouvelables Sas
100%
SE Ty Ru Sas
100%
Eolica Cabezo San Roque SAU
100%
Falck Renewables Finance Ltd
52%
Millennium South Wind Energy Ltd
95%
Winssen Wind Energy BV
100%
Åliden Vind AB
100%
Parc éolien du Bois Ballay Sas
100%
Eol Team Sas
100%
Parc Eolien d'Illois Sarl
26%
Parque Eolico La Carracha SL
51%
FRUK Holdings (No.1) Ltd
100%
Mochrum Fell Wind Energy Ltd
95%
Waalwijk Wind Energy BV
100%
Brattmyrliden Vind AB
100%
Parc éolien des Coudrays Sas
100%
Ferme éolienne de Noyales Sas
50%
Nuevos Parque Eolicos La Muela AIE
100%
Cambrian Wind Energy Ltd
100%
Falck Next Energy UK Limited
100%
Eolo 3W Minervino Murge Srl
100%
Parc éolien de Mazeray et de Bignay Sas
26%
50%
Parque Eolico Plana de Jarreta SL
100%
Boyndie Wind Energy Ltd
77,5%
Naturalis Energy Developments Limited
100%
Eolica Sud Srl
100%
Nutberry Wind Energy Ltd
51%
Ben Aketil Wind Energy Ltd
100%
Geopower Sardegna Srl
100%
Parc Eolien du Fouy Sas
100%
West Browncastle Wind Energy Ltd
51%
Millennium Wind Energy Ltd
100%
Eolica Petralia Srl
100%
Parc Eolien des Cretes Sas
100%
Spaldington Airfield Wind Energy Ltd
51%
Kilbraur Wind Energy Ltd
100%
Energia Eolica de Castilla SL
100%
Esquennois Energie Sas
100%
Kingsburn Wind Energy Ltd
51%
Earlsburn Mezzanine Ltd
50%
Elektrownie Wiatrowe Bonwind Lyszkowice Sp. Z.o.o.
100%
Assel Valley Wind Energy Ltd
100%
Earlsburn Wind Energy Ltd
100%
Auchrobert Wind Energy Ltd
100%
Vector Cuatro SLU
100%
NUO Srl
51%
Energy Team SpA
100%
Falck Next Srl
100%
Falck Nuo Spain SL
52,63%
Consorzio Energy Aggregator
100%
Vector Cuatro Srl
100%
Vector Renewables UK Ltd
100%
Vector Cuatro EOOD
100%
Vector Cuatro Japan KK
100%
PV Diagnosis Fotovoltaica SLU
74,07%
Consorzio Energy Cloud
100%
Windfor Srl
100%
Vector Cuatro France Sarl
100%
Vector Cuatro USA LLC
100%
Vector Cuatro Chile Spa
99,95%
0,05%
Vector Cuatro Energias Renovables Mèxico SA de CV
100%
VC Renewables AB
100%
Vector Cuatro Australia Pty Ltd
WtE, biomass and photovoltaic sector
Wind sector
Services Sector
Other activities
Valued applying equity method

3.2 Organisational structure

BOARD OF DIRECTORS

CHAIRMAN
Enrico Falck

CHIEF EXECUTIVE OFFICER
Toni Volpe

INTERNAL AUDIT
Siro Tasca

BUSINESS LINE

ASSET MANAGEMENT & TECH. ADVISORY
Javier Asensio

DIGITAL TRANSFORMATION & IT
Michela Bambara

ENERGY MGMT & DOWNSTREAM SERVICES
Marco Cittadini

ASSET GOVERNANCE UK
Richard Dibley

ENGINEERING & CONSTRUCTION
Scott Gilbert

ASSET GOVERNANCE ITA
Massimo Meda

THERMAL GENERATION
Francesco Pesante

BUSINESS DEVELOPMENT & MA
Carmelo Scalone

STAFF STRUCTURES

RISK MANAGEMENT
Antonino Callaci

QHSE
Alessia Galbiati

LEGAL & CORPORATE AFFAIRS
Lucia Monti

ADMIN., FINANCE, PLANNING & CONTROL
Paolo Rundeddu

COMMUNICATION & SUSTAINABILITY
Alessandra Ruzzu

HR & ORGANIZATION
Anastasia Titova

3.3 Our management

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

CHAIRMAN OF THE
BOARD OF DIRECTORS

Enrico Falck

Chairman of the Board of Directors of Falck Renewables SpA since 2014.
Born in Milan, on 28 May 1975, he has three children. He earned a Diploma in Marketing and Finance at the European Business School in Milan in 2000 and a Master's in Small Business at the Bocconi University in 2002. He developed his professional experience in the economic-financial sector at several Italian industrial groups (Medinvest SpA, Pandolfo Group) and international consulting firms (McKinsey & Company).

In 2004, he joined the family group, working in project finance for waste-to-energy and development for biogas from the agricultural chain.
In 2010, he became assistant to the Chairman of the Board of Directors, stimulating the transition from one generation to the next and managing the operational aspects of the functioning of the Board of Directors and the relationship with the CEO. He holds various positions on the boards of the main Italian trade associations, such as Elettricità Futura and Anie, and is involved in voluntary work through his chairmanship of the Sodalitas Foundation and his role as a director in Vidas Foundation.

CHIEF EXECUTIVE
OFFICER

Toni Volpe

Chief Executive Officer of Falck Renewables SpA since 2016.
Born in Salerno on 3 May 1972, he graduated with honours from Milan Polytechnic with a degree in Management Engineering in 1997 and received his MBA from Columbia University School of Business in New York in 2002. He gained experience in Marseilles, France, at Decathlon and since 1998 in management consulting at Bain & Company in Milan. He joined the energy sector in 2004 in Corporate Strategy in the Enel Group in Rome. His growing responsibilities within the Group led him to take on the position of CEO and President of Enel Green Power North America in Boston, USA, in 2005, then in 2011, that of HR Planning and Development of the Enel Group, and in 2014, the position of Country Manager and CEO of Enel Romania in Bucharest.
He also joined the Board of Wind Europe in 2020.

BUSINESS LINES

ASSET MANAGEMENT
& TECH. ADVISORY

Javier Asensio

Global Head of Asset Management & Technical Advisory (AM&TA) since 2017.
Javier Asensio leads a team with a mission to operate in the market as an Independent Service Provider under the Vector Renewables brand, offering both third parties and other group companies asset management and technical advisory services.
He holds a degree in Engineering from the Valencia Technical University in Spain and an MBA from the International Institute for Management Development (IMD) in Lausanne, Switzerland. He has 20 years of experience in the renewables sector, having invested in, built and managed wind and solar projects on three continents. Prior to joining Falck Renewables, Javier was Chief Operating Officer at Quercus Investment Partners and held other management roles at OST Energy, Proener and Indra Sistemas.

ENERGY MGMT
& DOWNSTREAM SERVICES

Marco Cittadini

Global Head of Energy Management & Downstream Services since 2016.
Marco Cittadini and his team are mainly responsible for monitoring energy markets and the regulatory environment; managing energy contracts, dispatching, hedging, trading and risk management activities for both the group and its customers; developing energy efficiency, distributed generation and storage solutions for energy consumers; enabling energy digitisation and flexibility for end customers.
He holds a degree in Engineering and a Master's degree in International Economics from SDA Bocconi in Milan. From 1997 to 2000 he worked in the UK for the American Allegheny Technologies Group. From 2001 to 2004 he worked for Sapient SpA, a US-based consultancy focused on digital innovation. He subsequently served as CEO of Poyry Energy Srl in Italy and, for the same Finnish group, held international roles in Zurich, in management and technical consultancy services for renewable energy and energy markets. Until 2016, he was Director of Strategy and Innovation at Siram SpA and CEO of Simav SpA, both companies of the French Veolia group.

ASSET GOVERNANCE UK

Richard Dibley

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

GLOBAL HEAD
OF ENGINEERING
AND CONSTRUCTION

Scott Gilbert

He is Global Head of Engineering and Construction since 2017.

Scott Gilbert is responsible for ensuring that the Group's new assets are properly designed, procured, built and commissioned, safely and sustainably, in line with its strategic objectives. He is also responsible for organising and overseeing the Group's subsidiaries in Norway and Sweden.
He joined Falck Renewables in 2009 as Project Manager and later became Head of Design and Construction.
He has a degree in Civil & Transportation Engineering from Napier University in Edinburgh and spent the first 10 years of his career at Balfour Beatty Group, also working for Sweco, a leading European engineering consultancy.

HEAD OF ASSET
GOVERNANCE ITALIA

Massimo Meda

Head of Asset Governance for the Italian solar and wind companies of the Group since 2016.

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

HEAD OF THERMAL
GENERATION

Francesco Pesante

In 2020 he joined Falck Renewables SpA as Head of Thermal Generation.

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

GLOBAL HEAD OF BUSINESS DEVELOPMENT AND M&A

Carmelo Scalone

Global Head of Business Development and M&A since 2017.

Carmelo Scalone leads an international team whose main mission is to expand the Group's portfolio and international presence.
He has a degree in Electrical Engineering from La Sapienza University in Rome and has completed a course in Business Administration at SDA Bocconi in Milan and an Advanced Management Program at IESE Business School in Barcelona. Prior to joining the Group in 2017, he was on the Executive Committee of EDF Energies Nouvelles in Paris, with global responsibility for Business Development. He has been working in the renewable energy sector since 2000. Between 2000 and 2007, he served as CEO of Gamesa Energía Italia in Rome and later as Executive Vice President of the Gamesa Group for the entire Mediterranean region. From 2007 to 2013, he was Executive Vice President of Business Development at EDP Renewables in Madrid. He started his career with ABB, in Italy and Sweden, holding increasing positions of responsibility during 8 years, including Chief Commercial Officer in ABB Energy Automation.

STAFF STRUCTURES

CHIEF DIGITAL AND INFORMATION OFFICER

Michela Bambara

Chief Digital and Information Officer since 2018.

Michela Bambara is responsible for the digital transformation of Falck Renewables and its subsidiaries with the aim of promoting the digitalisation process and developing and marketing digital solutions and services in accordance with the Group's strategic objectives.
She graduated in Engineering at Milan Polytechnic with a Master's in Strategic ICT Management, and has many years of experience in digital transformation projects supporting entire business processes, with a focus on technological innovation. Her career began in 2000 at the most important companies in the consulting field, before taking on roles of responsibility in the largest Italian utilities in the energy sector. At Edison she was responsible for the ICT development of the commercial area, in the context of the company's entry into the mass market following the liberalisation of the energy market. In 2010 she joined Snam dealing with Digital Transformation, initially with focus on Operation projects and later as Head of Demand and Project Delivery.

HEAD OF RISK MANAGEMENT

Antonino Callaci

Antonino Callaci joined Falck Renewables in 2013 as Senior Internal Audit and, subsequently, in 2018 he became Global Head of Risk Management and Business Continuity.

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

GLOBAL HEAD OF QHSE

Alessia Galbiati

Global Head of QHSE since 2018.

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

GROUP GENERAL COUNSEL

Lucia Monti

Lucia Monti joined Falck Renewables in 2017 with the role of Group General Counsel and General Secretary.

Lucia Monti is currently responsible for the Group's legal and corporate affairs. Supported by her team - and occasionally by external legal advisors - she manages all legal activities, both ordinary and extraordinary, out-of-court and in-court, as well as all corporate and compliance matters. These activities cover both the listed company and other Group companies at national and international level. She is also Secretary of the Board of Directors of Falck Renewables SpA. After graduating in Law from the Catholic University of Milan with a Master's in International Affairs from ISPI, she began her career in 1996 with a number of international law firms in London, gaining significant experience in the field of M&A. After qualifying as a lawyer, she held senior positions in Milan in international law firms and engineering companies. Before joining the Falck Renewables Group, she oversaw several major M&A and development transactions in the ERG Group where she spent almost 10 years. She was appointed General Counsel at ERG Renew SpA in 2014.

GROUP CHIEF
FINANCIAL OFFICER

Paolo Rundeddu

Paolo Rundeddu has been with the Falck Renewables Group since May 2009, first as Chief Financial Officer and Director of Management Services and then as Group Chief Financial Officer, as well as Financial Reporting Officer.

He currently manages the Group's AFP&C structure (Administration, Finance, Tax, Planning and Control and Investor relations).
He holds a degree with honours in Economics and Commerce, majoring in Social Economic Disciplines, from Bocconi University in Milan in 1990. He began his career at Andersen Consulting, before moving to ABB Finanziaria in 1991 where he worked in interest rate trading. From 1997 to 2001 he was with Merloni Elettrodomestici SpA as Group Treasury Director and Insurance Risk Manager. From 2001 to 2004, he served as Financial Director and Investor Relator of H3G SpA, supporting the launch of UMTS technology under the "3" brand. From 2004 to 2009, he worked at AEM SpA, then A2A SpA, as Director of Finance and Administration and Manager Responsible for Financial Reporting, and in 2008-2009 he was also responsible for Purchasing and Logistics.

GLOBAL HEAD
OF COMMUNICATION
& SUSTAINABILITY
E INSTITUTIONAL AFFAIRS

Alessandra Ruzzu

After joining Falck in 2009 as Head of Institutional Affairs, in 2017 she took on the role of Global Head of Communication & Sustainability and Institutional Affairs.

Alessandra Ruzzu directs and coordinates Institutional Communication, Media Relations and Corporate Social Responsibility activities in the countries where the Company operates.
With a degree in Economics and Banking from the University of Siena and a Master's in Business Administration, Lobby and Institutional Relations from LUISS Management, she has worked in institutional relations, strategic communications and corporate internationalisation. She began her career at Pirelli, then from 2000 to 2006 she was with APCO Worldwide, an American multinational specialising in strategic consulting and public affairs, where she was also in charge of the APCO Italy programme for the internationalisation of Italian companies in China. She was then Advisor to the President of the Italian Parliamentary Delegation to NATO on behalf of the Senate of the Republic. Since 2015, she has also been a Director of Cassa Depositi e Prestiti SpA and, previously, a Director of Banco di Sardegna SpA.

GLOBAL HEAD
OF INTERNAL AUDIT

Siro Tasca

Head of Internal Audit since 2012.

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

GLOBAL HEAD
OF HR & ORGANIZATION

Anastasia Titova

Global Head of HR & Organization in Falck Renewables SpA since 2017.

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

3.4 Our path to sustainable development

Our journey towards sustainable development is characterised by an innovative approach to business, always ready to interpret the needs of an ever-changing market. A transformation that has led the company to a major shift in focus, moving its core business from steel production to renewable energy generation, together with the provision of technical and digital services for the management of third-party assets and the optimisation of flows in the electricity system.

1833-1905

THE BEGINNING

"Way back in 1833 a 33-year-old man came all on his own from beyond the Alps, and arrived at Lake Como, where he had been called to work by small ironworking firms: Rubini, Badoni and Redaelli. His name was Georges Henri Falck, *ingeniéur*. So it is written on the large stone plaque in the small cemetery of Dannemarie (Alsace). The period was 1800 - 1883. This is how the family story began. Sweden, Palatinate, Alsace, Lake Como."

Writes Giulia Devoto Falck, in a personal and intimate family account.

Georges Henri Falck called his son Henri to continue in his place, before returning to his homeland. Henri became director of the Dongo Ironworks, owned by the Rubini family from Como.

In 1863 Henri (Enrico) Falck moved to Malavedo (Lecco) to run the rolling mill that produced nails. In 1878 his wife, Irene Falck Rubini, took over the running of the ironworks from her husband, until her son Giorgio Enrico Falck succeeded her in 1887.

1906-1967

THE EARLY YEARS

On **26 January 1906**, under the strong entrepreneurial impetus of Giorgio Enrico Falck, the **SOCIETÀ ANONIMA ACCIAIERIE E FERRIERE LOMBARDE** (ANONYMOUS COMPANY OF LOMBARDIAN STEEL AND IRON MILLS) was founded, which included the ironworks in Dongo, the one in Vobarno and the first plots of land - 12 hectares to be precise, close to the railway line - in Sesto San Giovanni, for the construction of the new iron and steel complex. It soon became a reference point in the Italian steel production industry.

The city of Sesto San Giovanni is set at an important crossroads in the most economically advanced part of Italy. Within a decade, three more factories and related plants were built in the immediate vicinity of the original 'Unione' plant.

To meet the ever-increasing need for housing for the factory workers and their families, the workers' village built at the beginning of the 20th century in Sesto San Giovanni was extended. The first homes were built on separate lots and defined by an internal road system. The village had its own nursery school, one of the first in Italy to adopt the Montessori method, a primary school and other essential activities.
At the same time as the steel plant expansion, the Group was among the first to build plants for energy production, aimed at supporting the operation of its steel plants.

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

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

The 1950s were a period of major investment, increased productivity and plant innovation. In 1952, under the Marshall Plan, the first two electric scrap furnaces built by the American company Lectromelt were installed in the Unione plant, and a plant for the production of seamless tubes was set up in Arcore.

At the beginning of the 1960s the company reached its maximum expansion in Sesto San Giovanni: three million square metres of floor space. The 1961/62 academic year saw the establishment of the Chair in Steelmaking at Milan Polytechnic, thanks largely to the funds made available by the Company and the family.
The number of people employed ranged from 15,000 in 1947 to 16,000 in 1963, the year the company was listed on the Milan stock exchange.

The political upheaval **in the autumn of 1968** saw particularly violent strikes in the factories, the two oil shocks of the 1970s, and the consequent onset of the structural crisis in the European steel industry that was to last for more than twenty years. In the early 1980s most of Italy's historic steel companies had closed, during the 'years of lead', and the Company suffered the serious loss of engineer Massimo Mazzanti, Director of the Unione plant, killed by the Walter Alasia Column of the Red Brigades, followed by the failure of the strategic agreement with ILVA. These events, together with continuous industrial and organisational restructuring, gradually led to the closure and dismantling of the furnaces and rolling mills, which finally ceased operating in January 1996.

1968-1999

THE NEW ERA

It was the start of a new era. The hydroelectric plants were not included in the nationalisation of 1963 and remain the property of the Group. As a result, electricity production became the company's main activity. In 1985 Sondel was created from the spin-off of the historic hydroelectric power stations and was a very successful example of diversification: in just a few years it became Italy's second private energy producer.

In 1987, the company was listed on the Milan Stock Exchange. **Starting in 1992**, Sondel began a vast development programme in the thermoelectric sector, reaching 1460 Megawatts of installed electrical power, 25 plants spread throughout Italy, and over 80 MW of thermal power supplied to district heating networks by Sesto San Giovanni and Cologno Monzese.

In 1995, the subsidiary Acciaierie di Bolzano was sold and on the basis of Law 481/94, which provided subsidies for the dismantling of steel plants, the Group decided to dismantle the sheet metal mill and the entire steel plant in Sesto San Giovanni. Production was permanently discontinued in January 1996. In those years, the Company carried out a major outplacement of redundant workers with training aimed at the person and his or her aptitudes, interview assistance and final hiring.

Also in 1996, the company name changed from A.F.L. Falck to Falck SpA, marking the historical turning point of the company.

2000-2015

EXPANSION

In 2001, the company was split up and Sondel was sold. After the split, there were two coexisting cores: an increasingly consistent part in the environmental sector and marketing, and a second side related to the cold working of steel, an activity later sold in 2007.

The Group shifted the focus of its activities towards renewable sources and began investing solely in the energy sector. In 2002 Actelios SpA was founded, a Falck Group company listed on the Milan Stock Exchange, whose main mission is the production of renewable energy. The Company was active in the field of waste-to-energy of municipal solid waste (MSW) with the Trezzo and Frullo Energia Ambiente plants.

In 2002, the first plant for the production of electrical energy from biomass was built in Rende (Calabria), with an installed capacity of 14 MW. Falck SpA decided to pioneer investment in renewables in the UK. From the outset, the investment model was virtuous, with local communities participating in part of the investment and benefiting from the plant's profits. In 2004 Falck Spa purchased its first wind farm in Spain, Eolica Cabezo San Roque, with a capacity of 23 MW. In March 2005, the Group acquired its first wind farm in the UK: when it was commissioned, Cefn Croes was the largest onshore wind farm in the UK, with an installed capacity of 58.5 MW.

In June 2006, the Boyndie wind farm was completed, the first project to be developed from start to finish. In December 2007, the Earlsburn wind farm in Scotland was commissioned, the second project developed entirely by the Group. Between 2008 and 2010, the Ben Aketil, Millennium and Kilbraur wind farms in Scotland came into operation, totalling 160 MW.

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

In 2010, all the renewable energy production activities of the Falck Group were consolidated within Actelios SpA, which changed its name to **Falck Renewables SpA**, with an installed capacity of 450 MW, thus becoming one of the most important pure players in the sector.
In 2011 the Buddusò-Alà dei Sardi wind farm (138 MW) and in 2012 the Petralia Sottana wind farm (22 MW) came into operation in Italy.

In 2014 the UK subsidiary, Falck Renewables Wind Ltd sold 49% of its assets in the UK to CII Holdco Ltd, a company managed by Copenhagen Infrastructure Partners, whose main investor was Pension Denmark, in order to obtain the necessary resources to continue its ambitious development plan.
In 2014, with the acquisition of Vector Cuatro, Falck Renewables decided to enter the market of ***asset management*** and ***technical advisory*** services for solar and wind power plants.

At the end of 2015, installed capacity in the UK, Italy, France and Spain was around 700 MW.

2016-THE PRESENT DAY

THE FUTURE

2016 MARKS ANOTHER MILESTONE, BREAKING NEW GROUND AND ACCELERATING THE PACE OF CHANGE. The Group chose to expand its geographic scope, entering the renewable energy markets of the United States, Sweden and Norway, as well as growing where it was already present and significantly increasing the development of new wind and solar power plants. In fact, construction of additional plants in the UK for an additional 95 MW was ramped up between 2016 and 2017.

In 2017, the Falck Renewables Group entered the renewable energy market in North Carolina with the acquisition of a 92 MW solar plant, subsequently further expanding the installed capacity. In 2019, the Hennøy (50 MW, in Norway) and Åliden (47 MW, in Sweden) plants came on stream and the acquisition of 56 MW of wind power in France was completed. In 2020, the Carrecastro plant (10 MW, in Spain) became operational and the acquisition of a further 62 MW in the USA was completed at the end of the year. In five years, the ordinary share of Falck Renewables Spa rose by 500% from € 1.1 (year-end 2015) to € 6.59 (year-end 2020).

Drawing on the experience gained, the Group increased its presence in the Services sector - thanks to the acquisition of Energy Team and the creation of ESCO Falck Renewables Next Solutions in 2018 - with energy management and energy efficiency services.

In 2019, NUO corporate digital start-up was founded to intensify data science activities applied to renewable energy plants. In March 2020, Falck Renewables entered into a strategic partnership with Eni to further accelerate the development of renewables in the US.

In the fall of 2020, the Group issued a Green Convertible Bond maturing in September 2025 (the first Green Convertible Bond ever issued in Italy) with a zero coupon and a negative investor yield of -0.25% and added another important source of investment in line with the 2020-2025 business plan.

In November 2019, Falck Renewables SpA received the 2018 Oscar di Bilancio for the Small and Medium-sized Listed Companies category.

In March 2020, the Company also revamped the visual brand identity and revised the underlying brand architecture to reflect the Group's new positioning, throughout the renewable value chain.

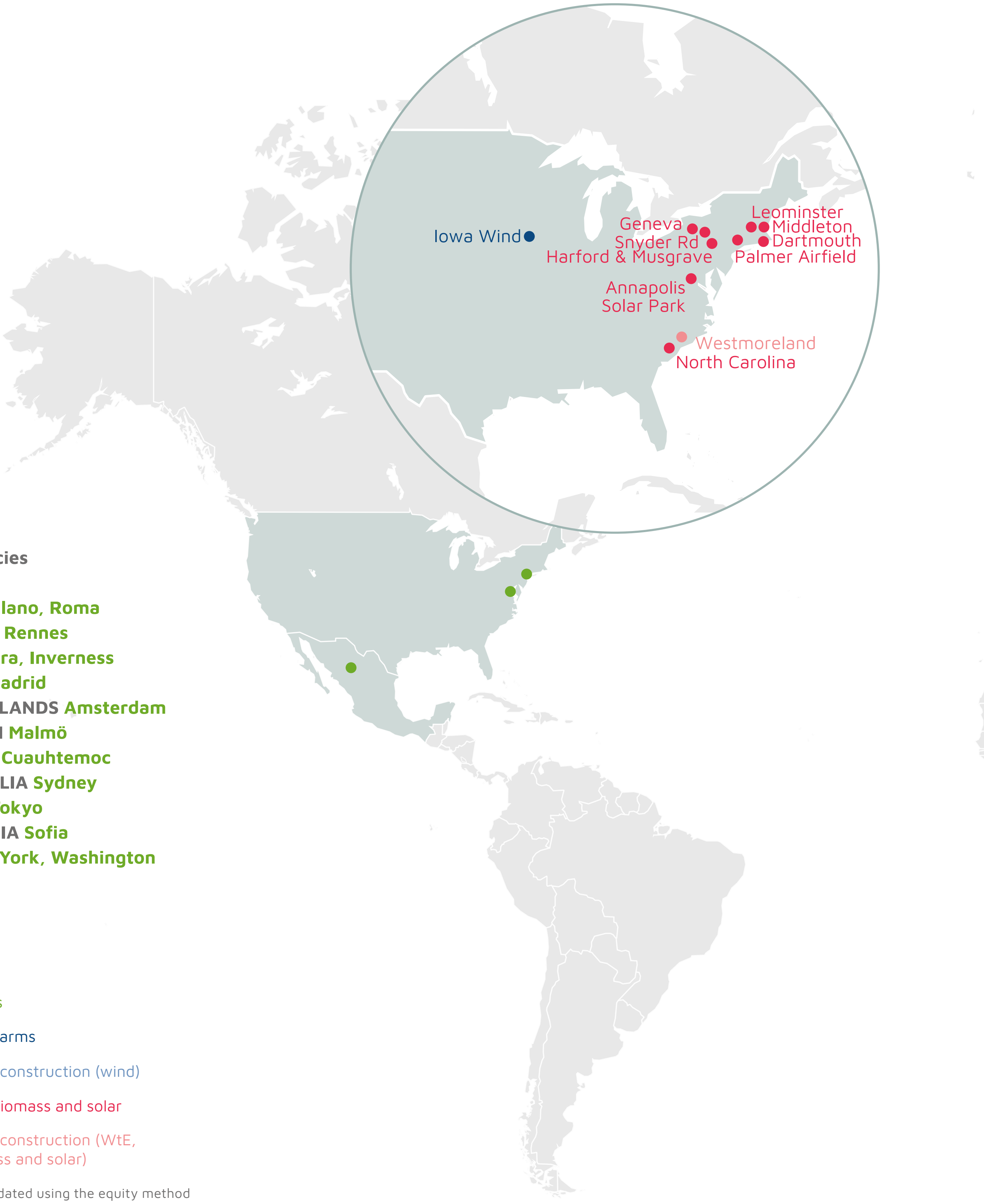
Today Falck Renewables has an international presence and is listed in the STAR segment of the Milan Stock Exchange and in the FTSE Italia Mid Cap index. The Group has 49 plants with an installed capacity of 1,158.8 MW in Italy, the UK, the US, Spain, France, Sweden and Norway. In addition, it offers business and technical consulting, engineering and M&A services, with more than 3,000 MW of solar and wind energy managed for third parties.

187
YEARS OF HISTORY

49
PLANTS OVER THE WORLD

1,158.8 MW
INSTALLED CAPACITY

3.5 Our plants in the world



Our officies

ITALY Milano, Roma
FRANCE Rennes
UK Londra, Inverness
SPAIN Madrid
NETHERLANDS Amsterdam
SWEDEN Malmö
MEXICO Cuauhtemoc
AUSTRALIA Sydney
JAPAN Tokyo
BULGARIA Sofia
US New York, Washington

- Offices
- Wind farms
- Under construction (wind)
- WtE, biomass and solar
- Under construction (WtE, biomass and solar)

✱ Consolidated using the equity method

Aliden
Brattmyrliden
Okla
Hennoy
Kilbraur
Ben Aketil
Boyndie
Millennium
Kingsburn
Earlsburn
West Browncastle
Auchrobert
Assel Valley
Nutberry
Spaldington
Cefn Croes
Trezzo
Granarolo*
Donema
Buddusò
Alà dei Sardi
Minervino
La Calce
Notarpanaro
Rende
San Sostene
Petralia Sottana
Cardonita
Spinasanta
Sugherotorto
Illois
Noyales
Esquennoy
TyRu
EOLTeam
Le Fouy
Les Coudrays
Les Cretes
Bois Ballay
Mazeray
Carrecastro
La Muela*
Cabezo San Roque

San Sostene (CZ) wind farm.

4

CONSOLIDATED FINANCIAL HIGHLIGHTS

PURE POWER TO GROW

4 Consolidated financial highlights

(€ thousands)	2020	2019	2018	2017
Revenues from sale of goods and services	384,359	374,494	335,889	288,619
EBITDA[1]	197,240	204,011	191,478	149,366
Operating profit/(loss)	111,280	114,395	114,771	75,372
Profit/(loss) for the year	59,825	63,181	59,921	31,458
Falck Renewables SpA profit/(loss) for the year	45,606	48,436	43,658	19,788
Earnings per share (€)[2]	0.158	0.167	0.151	0.068
No. shares in circulation (annual average) in thousands	289,204	289,204	289,522	289,963
No. shares in circulation (end of the year) in thousands	289,204	289,204	289,204	289,904
Net financial liabilities (assets)	52,847	16,270	(191,325)	(255,070)
"Non-recourse" project financing	606,532	671,909	700,365	793,138
Total net financial position without derivatives (assets)	659,379	688,179	509,040	538,068
Interest rate, commodity and exchange rate derivative financial instruments (assets)	46,150	32,587	37,973	46,479
Total net financial position with derivatives (assets)	705,529	720,766	547,013	584,547
Net financial position excluding operating leases	614,873	640,034	547,013	584,547
Equity	708,194	607,663	555,619	497,559
Equity attributable to Falck Renewables SpA equity holders	568,777	549,582	500,923	449,226
Equity holders earnings per share (€)[2]	1.967	1.900	1.730	1.549
Investments	99,979	152,150	86,976	28,038
EBITDA/Revenues	51.3%	54.5%	57.0%	51.8%
Operating profit/Revenues	29.0%	30.5%	34.2%	26.1%
Profit for the year/Equity	8.4%	10.4%	10.8%	6.3%
Net financial position/Equity	1.00	1.19	0.98	1.17
Total number of group employees (no.)	553	499	464	345

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;
2. Calculated according to the average annual number of shares.

Highlight 2020

Income statement
(Euro thousands)

REVENUES	EBITDA
384,359	197,240
OPERATING PROFIT	FALCK RENEWABLES SPA PROFIT FOR THE YEAR
111,280	45,606

Financial data
(Euro thousands)

TOTAL NET FINANCIAL POSITION WITH DERIVATIVES	NET FINANCIAL POSITION EXCLUDING OPERATING LEASES
705,529	614,873
EQUITY ATTRIBUTABLE TO FALCK RENEWABLES SPA EQUITY HOLDERS	INVESTMENTS
568,777	99,979

Production

INSTALLED CAPACITY	ELECTRICITY PRODUCED
1,158.8 (MW)	2,712 (GWh)

E-MARKET SDIR CERTIFIED

Installed capacity (MW)

	ITALY	USA	UNITED KINGDOM	FRANCE	SWEDEN	NORWAY	SPAIN	TOT
WIND	291.6	30	413.0	98.0	46.8	50.0	33.3	962.7
PHOTOVOLTAIC	17	144.1						161.1
BIOMASS	15.0							15.0
WtE	20.0							20.0
TOT	343.6	174.1	413.0	98.0	46.8	50.0	33.3	1,158.80

Ben Aketil (Scotland) wind farm.

5

DIRECTORS' REPORT

PURE POWER TO GROW

5 Directors' report

5.1 Economic framework

2020 will be remembered as one of the most difficult years globally, and certainly the most difficult in the post-war period, due to the outbreak of the Covid-19 pandemic, which brought the world's population and economy to a standstill for many months.

In the peculiar international scenario of 2020, characterised by a series of interventions aimed at slowing down the spread of the virus in order to prevent national health systems from being overwhelmed and unable to provide treatment to those in need, the price of energy fell significantly. In fact, the measures proposed by various governments, based on the principle of lockdown, with the closure to the public of activities considered non-essential (restaurants, cinemas, retail, etc..), the restriction of people's mobility and the establishment of nightly curfews, have meant that:

- demand for electricity fell, due to the closure of numerous production activities, to levels not seen since the 2012 crisis. In particular, demand in Italy decreased by 16 TWh (-5% compared to 2019), while in the UK the decrease was even greater, reaching -7% year-on-year;
- the global economic downturn brought about by the pandemic caused the price of energy-related commodities to plummet. In particular, gas, a commodity that was already falling sharply due to the persistent oversupply, reached record lows. The TTF, Europe's main HUB for trading natural gas, even fell into negative prices in May 2020.

In response to these factors, energy prices fell sharply during 2020 in the Falck Renewables Group's main countries of interest, from -18% in the UK to -72% in the Nordic countries (Sweden and Norway).

Source: GME and N2EX

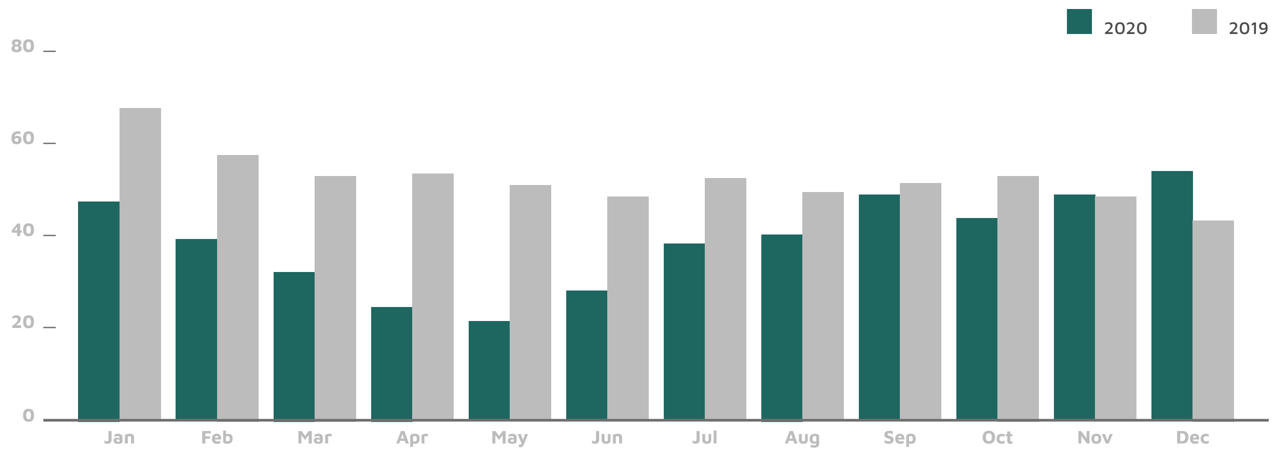
Country	Unit of measurement	2020 price	2019 price	Delta %
Italy	[€/MWh]	38.92	52.33	-26%
United Kingdom	[£/MWh]	35.26	42.94	-18%
Spain	[€/MWh]	33.95	47.68	-29%
Nordpool	[€/MWh]	10.93	39.48	-72%
France	[€/MWh]	32.20	39.45	-18%
Germany	[€/MWh]	30.47	37.67	-19%

In Italy, the average Single National Price (abbreviated PUN in Italian) in 2020 was € 38.92/MWh, down 26% compared with 2019 (€ 52.33/MWh). The month with the highest price was December (€ 57.45/MWh), coinciding with a recovery in consumption, a lower than expected production of renewable energy and the strong cold wave that hit first Asian countries (Japan, South Korea, China) and then Europe, driving up gas prices. The lowest prices, on the other hand, were recorded during the lockdown period (March-May); in particular in May the price was equal to € 21.79/MWh following the sharp drop in consumption and the high level of renewable production during the month.

The GRIN incentive (ex-Green Certificate) rose to € 99.05/MWh in 2020, against € 92.11/MWh the previous year.

PUN [€/MWh]

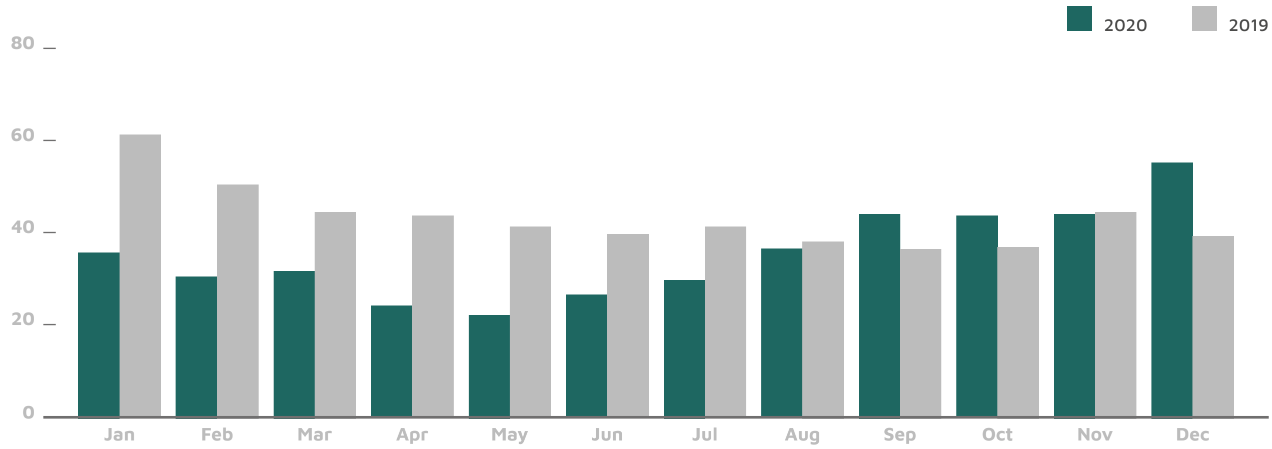
Source: GME



The UK market (N2EX), like all European energy markets, also felt the economic and social consequences of the Covid-19 pandemic. In 2020, the average electricity price was £ 35.26/MWh compared to £ 42.94/MWh in the previous year (-18%). The sharpest reduction coincided with the lockdown period in Q2 (£ 24.26/MWh vs £ 41.56/MWh), while the final quarter, driven mainly by a lack of renewable generation and increased domestic consumption for heating due to lower than average seasonal temperatures, saw a year-on-year increase (£ 47.50/MWh vs £ 40.09/MWh).

N2EX Day Ahead Power Price [£/MWh]

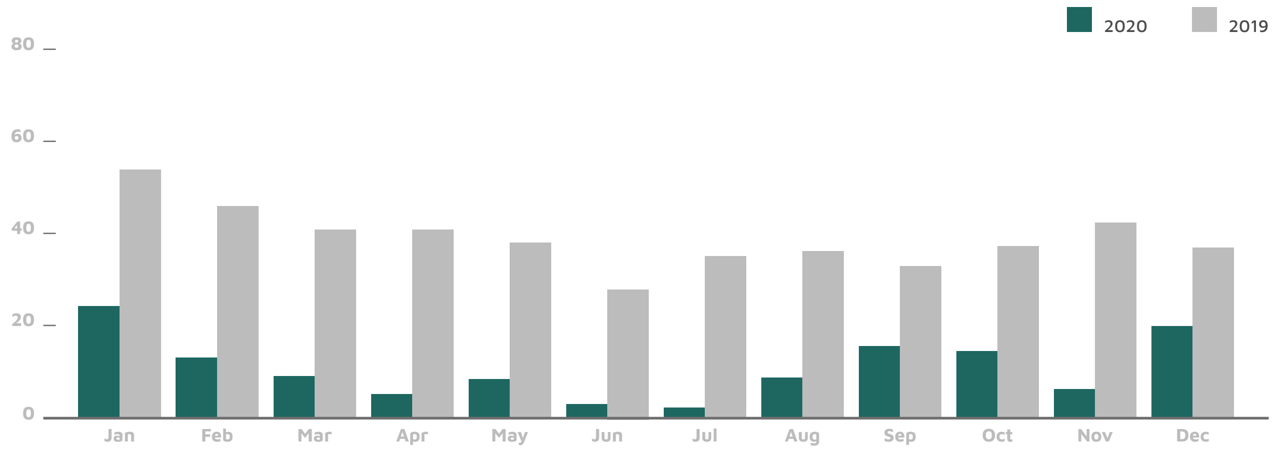
Source: NORDPOOL



The Nordpool electricity market, comprising the Nordic countries Denmark, Sweden, Norway, Finland, Estonia, Latvia and Lithuania, recorded the largest decline among European countries: 2020 ended with an average of € 10.93/MWh compared to € 38.94/MWh in 2019 (-72%). In addition to the effects of the pandemic, the Nordic market experienced hydroelectric production well above historical averages, especially during the second and third quarters, when for many days the price was slightly above zero €/MWh.

Nordpool System Price [€/MWh]

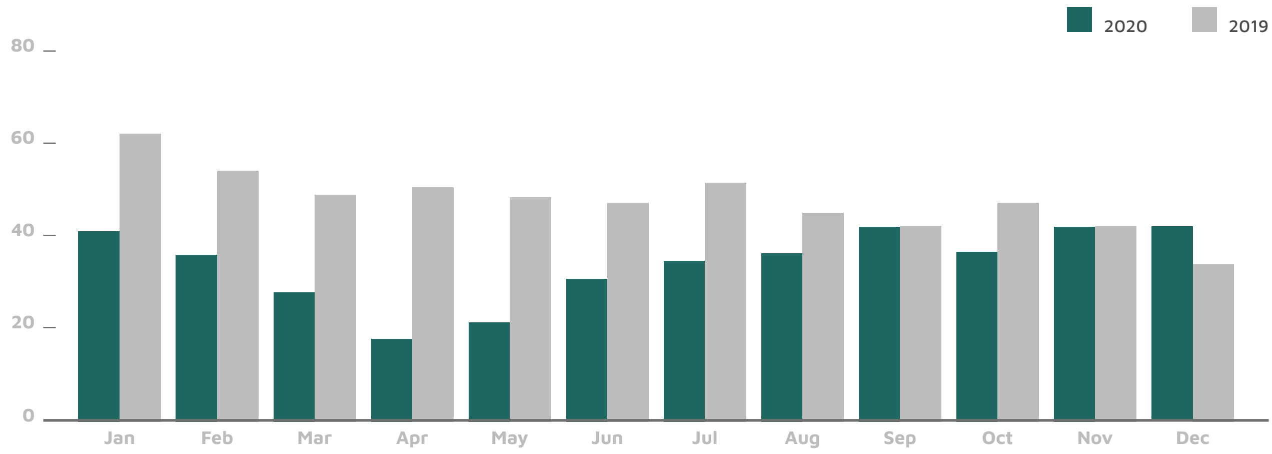
Source: NORDPOOL



The price of electricity in Spain followed the same trend as in the countries analysed above. 2020 ended with an average price of € 33.95/MWh (-29 % compared to 2019).

Omel Day Ahead Power Price [€/MWh]

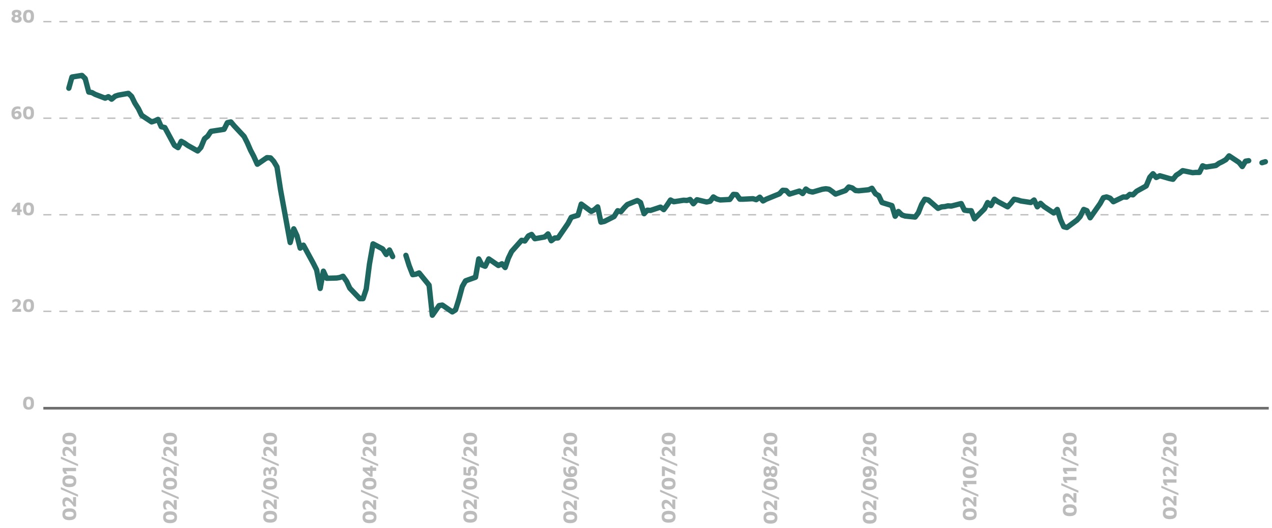
Source: GME



Looking now at the performance of other energy commodities, oil (Brent) ended 2020 with an average of $ 43.21/barrel, down $ 20.95/barrel from average 2019 levels. The product started the year on the heels of 2019 at $ 70/Bbl, and then declined following the expansion of the Covid-19 virus in China and later in Europe. The low point was reached in the period coinciding with the European lockdowns, when the price lost about $ 30/Bbl in three months and remained stably around $ 20/Bbl. Over the course of the year, OPEC+ corrective actions adjusted supply to offset the dramatic effects of falling demand. As a result, Brent remained above $ 40/Bbl, only to surge towards the end of the year with the start of the vaccination campaign in many states and the improved prospects for a medium to long-term economic recovery.

Brent [$/Bbl]

Source: Reuters



As mentioned above, the price of gas fell sharply during 2020. In particular, the TTF, Europe's leading HUB, closed the year with average spot prices of € 9.43/MWh compared to € 13.45/MWh in 2019. 2020 saw a steady decline in commodity prices due to both the already persistent oversupply in 2019 and the economic effects of the Covid-19 pandemic. The trend continued to fall until the end of the European lockdowns, with some days when the gas price traded in negative territory for a few hours. After the summer, the price rose slightly as demand increased, before reaching its highest level in years towards the beginning of winter. In fact, the early months of December with particularly cold temperatures in South-East Asian countries gave rise to the so-called cargo reversion phenomenon. Many LNG (Liquefied Natural Gas) containers destined for the European market have changed their route to the more attractive Asian market, with higher prices due to increased consumption. As a result, Europe found itself short of supplies and with the increase in demand for heating, its price rose to € 20/MWh.

TTF [€/MWh]

Source: Reuters

The development of EUA certificates of CO_2 was also significantly affected by the pandemic. After hitting a low of € 15/Ton in recent years, due to the slowdown in the economy, and in particular in heavy industry and aviation, quotations returned to the range between € 26/Ton and € 30/Ton also characteristic of 2019. At the end of the year, a reduction in allocation auctions and the start of Phase 4 of the European mechanism caused it to break through this collar to a new level of between € 30/Ton and € 35/Ton.

CO_2 [€/Ton]

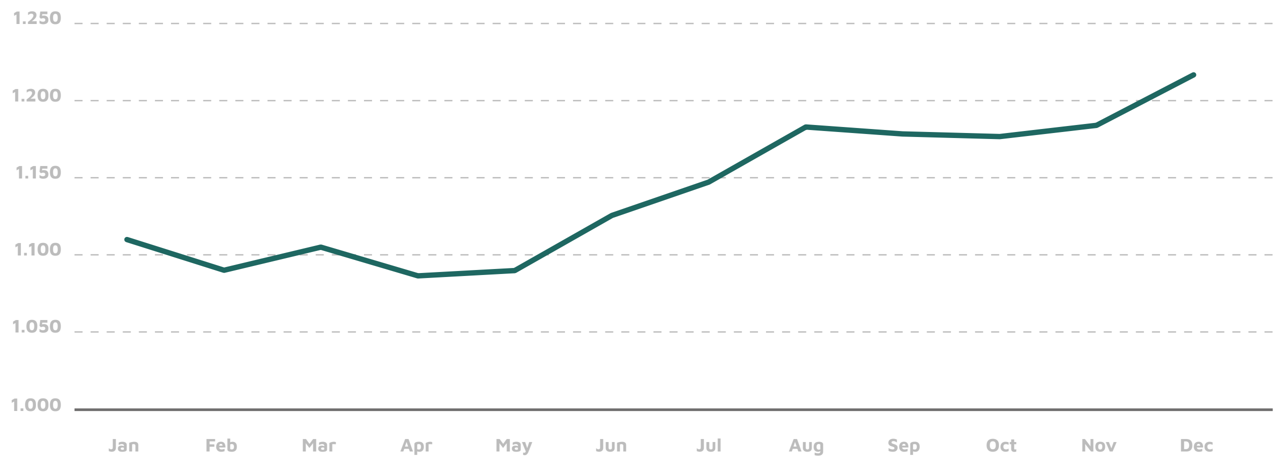
Source: Reuters

At the macroeconomic level, EuroStat's calculations show that Eurozone GDP shrank by 6.8%, while EU27 GDP fell by 6.4% compared to 2019. As regards Italy, ISTAT has forecast a reduction in 2020 GDP of 8.3% with a partial recovery in the course of 2021.
According to International Monetary Fund forecasts made in January 2021, Italy's GDP is expected to grow by 3% in 2021.

On the currency exchange front, the US dollar was stable in the first half of 2020 against the euro, while in the second half of 2020 the currency depreciated, exceeding USD 1.20 per euro in December 2020.
The effects of the Covid-19 pandemic, monetary policy and the slowdown in the US economy all had an impact on the weakening of the US dollar against the euro.

FX EUR/USD

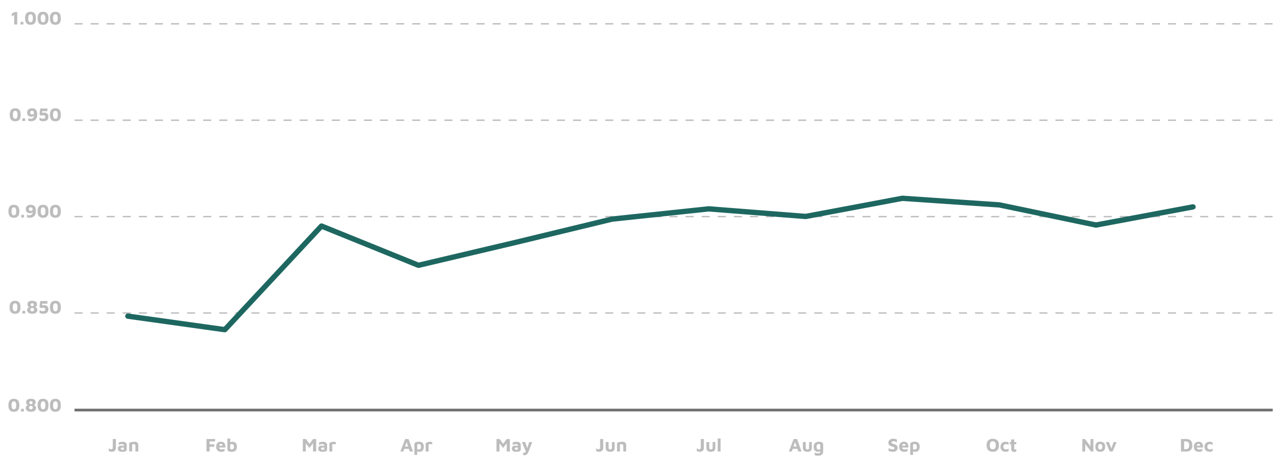
Source: Bloomberg



The exchange rate of the British pound rose abruptly against the euro in March 2020, and then confirmed the devaluation trend during the year, exceeding the 0.90 level in July 2020. The weakness of the pound continued through the end of the year due to Covid-19 and Brexit.

FX EUR/GBP

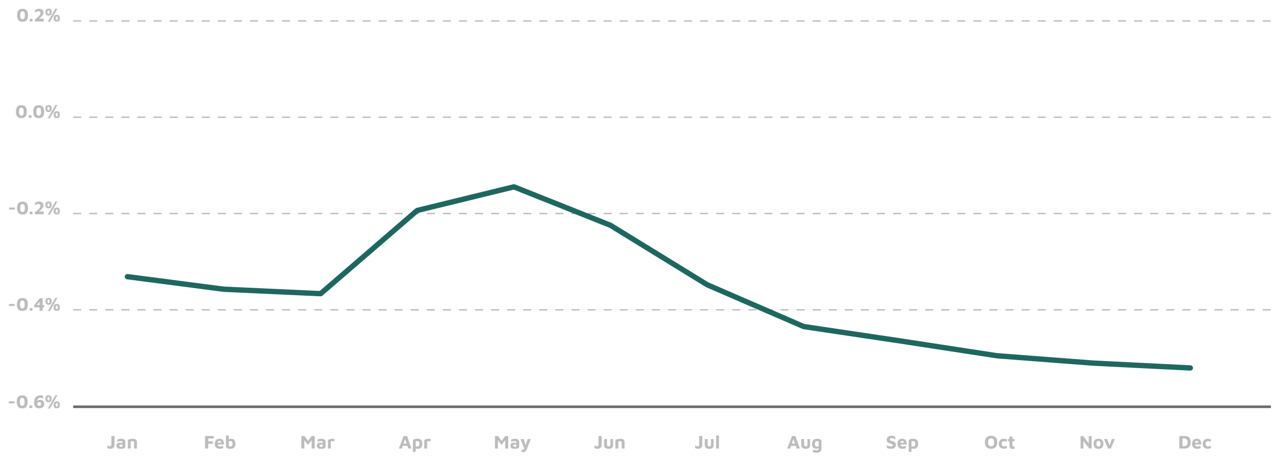
Source: Bloomberg



On the interest rate front, the 6-month Euribor remained consistently negative throughout 2020. In particular, in the second half of the year 2020, the prolongation of the Covid-19 effects and the resulting impacts on the real economy accelerated the reduction of the 6-month Euribor below the negative rate of 0.50%.

Euribor 6m

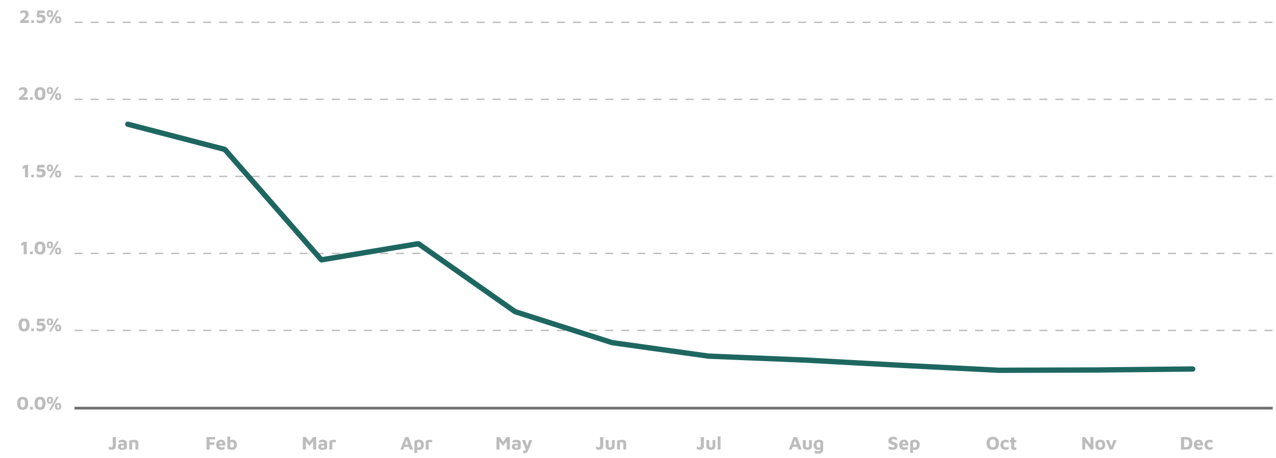
Source: Bloomberg



During the year, interest rates on the US dollar were affected by the Federal Reserve Bank's drastic cuts in discount rates. The Covid-19 effects and the slowdown in economic growth were reflected in interest rates with 6-month USD Libor falling sharply during the year.

USD Libor 6m

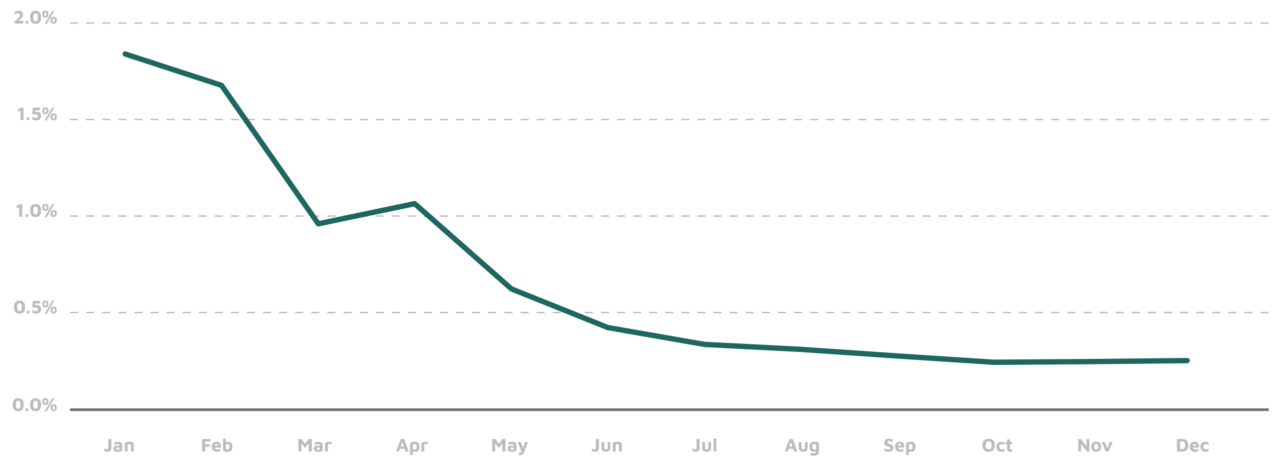
Source: Bloomberg



After years of high interest rates, the United Kingdom also confirmed the European trend of sharply declining rates. Throughout the year, the 6-month Sterling Libor rate followed a strong downward trend to position itself at the end of the financial year at a level that was still only slightly positive. The expected effects of Covid-19 and prolonged economic stagnation confirm the assumption of negative rates on sterling as well.

GBP Libor 6m

Source: Bloomberg



5.2 Falck Renewables Group operating and financial review

5.2.1 Falck Renewables Group profile

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

At 31 December 2020, Falck Renewables SpA and its subsidiaries (the "Group") essentially operate in Italy, the United Kingdom, the United States of America, Spain, France, Norway, Sweden and the Netherlands where new plant development activities have commenced.
The Vector Cuatro Group, a 100% subsidiary, also operates in other Countriesm such as Japan, Mexico, Australia and Bulgaria.

The Falck Renewables Group operates in the following business sectors:

- the WtE, biomass and solar energy sector, whose revenues come mainly from the sale of electricity produced 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");
- wind power, which produces revenues from selling energy and from incentive tariffs applicable to the Group's wind farms;
- the Services sector, mainly consisting of (i) the Spanish group Vector Cuatro acquired in 2014, operating in services and management of plants for the production of renewable energy, with a deep-rooted and extensive international presence; (ii) Energy Team SpA, acquired in October 2018, a leading company in Italy in consumption control and flexibility management services on electricity markets; and (iii) Nuo Srl, a company that offers digital asset management solutions in order to optimise asset management and performance thanks to the support of digital technology;
- the Other Businesses sector, composed of Falck Renewables SpA, Falck Next Energy Srl, Falck Next Energy UK, Limited and the development companies.

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

5.2.2 Regulatory framework

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

Finally, on 11 December 2019 Ursula von der Leyen, President of the EU Commission, presented the plan on the Green New Deal, a strategy that includes a series of acts with the objective of achieving a climate neutral Europe by 2050. In this context, in August 2020 the European Commission launched a consultation process for the possible revision of the Renewable Energy Directive and the Energy Efficiency Directive in order to assess the introduction of more ambitious climate targets for 2030. This review process, which will be completed by the second quarter of 2021, will also take into account the different initiatives presented during 2020, such as the EU Energy Systems Integration and Hydrogen Strategies and the so-called Next Generation EU, the economic recovery fund allocated in response to the Covid-19 epidemic.

Recent changes in tax law
In relation to the changes made to the tax regulations in force in the main countries in which the Group currently operates, most of the changes indicated below have been reported in previous financial statements, having been approved 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 what is indicated below in relation to the main countries in which the Group operates, these facilitative provisions have only partially affected the Group, given the limited impact in economic terms currently encountered.

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 is in force until 30 June 2022, limits certain Group companies operating in Italy from offsetting their VAT credits against their debts, so that these companies will need to file for refunds.

Again with reference to Italy the Budget Law for 2020, in addition to providing for the repeal of the TASI 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, set 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 facilitating measures aimed at limiting the negative effects of the crisis, the "Decreto Rilancio DL 34" of 19 May 2020, with the aim of supporting businesses, offered exemption from 2019 IRAP and the first instalment, amounting to 40%, of the advance payment of IRAP due for 2020, up to a maximum limit of € 800 thousand at Group level.

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.

With regard to the United States, in implementation of the Tax Cuts and Jobs Act of 2017, the corporate income tax rate remains at 21% (reduced from 35% as of 2018). Although no official proposals for changes have yet been made, reports indicate that following the recent presidential elections, there may be an increase in the corporate income tax rate to a maximum of 28% in the future. To date, however, the details of the timing and areas of application as well as the political appropriateness of a possible tax increase, especially in this context of a global pandemic, are still uncertain.
In response to the economic crisis caused by the Covid-19 pandemic, several relief measures have been issued since March 2020. In particular, we note the temporary repeal of

the limitation on the use of tax losses generated in 2018 and 2019 and used by 2020 (the annual limit on use set at 80% of taxable income will be reinstated again starting in 2021) and the increase for 2019 and 2020 in the threshold for the deductibility of interest expenses.

Sweden and Norway have witnessed a gradual reduction in the tax rate for corporate income determination purposes as explained below. In Sweden, in particular, the reduction of the corporate income tax rate to 21.4% for 2019 and 2020, and to 20.6% as from the year 2021 remains confirmed. The Norwegian budget law for 2019, on the other hand, introduced a reduction in the corporate income tax rate from 23% to 22% from 2019.

Lastly, in the Netherlands, the corporate income tax rate is confirmed at 25% for 2020 and beyond. The previous provision for a gradual reduction from 2021 is effectively repealed.

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

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

a) the Incentive, formerly called Green Certificates (GC), for renewable plants with the exception of solar energy;
b) the Energy Account for solar plants;
c) the Energy Account for solar thermodynamic plants;
d) the Incentive referred to in the Ministerial Decree of 4 July 2019 (RES Decree1) for both onshore solar and wind power plants.

The Granarolo dell'Emilia plant, owned by Frullo Energia Ambiente Srl, 49% owned by the Group and consolidated using the equity method, benefited from the portion of the incentive relating to the so-called "avoided costs" under CIP 6/92 up until 31st December 2018.

Incentive tariffs, formerly Green Certificates (GC)
As required by the Ministerial Decree of 6 July 2012, as of 2016 the Green Certificate mechanism was replaced by a new form of incentive that guarantees the payment of a fee 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 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.

ARERA Resolution 22/2021/R/efr set the average value in 2020 of the sale price of electricity at € 39.80/MWh for the purposes of quantifying the value of the incentive that replaces the green certificate for the year 2021, and therefore the value of the incentive for the year 2021 was set at € 109.356/MWh.

Ecosesto SpA's biomass plant, on the other hand, benefits from an incentive as described above, increased by a multiplier coefficient applied following the issue of certification, issued by the Ministry of Agriculture, Food and Forestry (MIPAAF), guaranteeing that the biomass used comes from a short supply chain (i.e. within a radius of 70 km from the plant). The value of the 2020 incentive is therefore equal to € 178.29/MWh.

Energy Account

With reference to solar systems, the main incentive tool is the Conto Energia (Energy Account), introduced by Ministerial Decrees of 28 July 2005 and 6 February 2006 (First Energy Account) and subsequently amended by Ministerial Decree 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 of January 2015, the incentive tariff for energy produced by plants with a nominal capacity of more than 200 kW (all those of the Falck Renewables Group), will be remodelled, choosing from three possible options. The Group has opted for the following reformulation (so-called option c): without prejudice to the 20-year disbursement period, the tariff is reduced by 8% compared to the incentive initially granted, for the remaining duration of the incentive period from 1 January 2015.

Following an appeal filed by a number of operators, the Regional Administrative Court questioned the constitutional legitimacy of Law 116/2014 in respect of the ruling that led to the above amendment to the incentive tariff regime, referring to the Italian Constitutional Court the possible violation of the principle of reasonableness and legitimate expectation and principle of independent management pursuant to 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 Legal Decree 91/2014 ungrounded. After the Constitutional Court rejected the constitutional issues, the TAR decided to refer the matter to the Court of Justice of the European Union, where the case is still pending.

FER1 Decree Incentives

On 9 August 2019, the Ministerial Decree of 4 July 2019 - widely known as the FER1 Decree - was published in the Official Gazette, supporting the production of energy from renewable sources to achieve the European 2030 targets defined in the PNIEC. The decree provides for technology-neutral competitive procedures for auctions (≥1MW) and registries (<1MW), divided into 7 calls, which started on 30 September 2019 and are scheduled to 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 solar sources is a total of 5500 MW.

Other major events affecting the regulatory framework governing renewable electricity production

National Integrated Energy and Climate Plan (NIPEC)

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. 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.

Revision and reform of the Italian Electricity Market

The Regulatory Authority (ARERA), with Resolution 393/2015/R/eel, launched a procedure aimed at drawing up measures for the organic reform of the regulation of the dispatching service, in line with the guidelines expressed by the Authority in the 2015-2018 strategic framework and with European legislation on the subject (EU Regulation 1222/15 - CACM, EU Regulation containing the so-called balancing guidelines); this procedure also included all the activities and measures aimed at implementing 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 elettrico (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 innovations, which are expected to be fully implemented from late 2021/early 2022, including the introduction of continuous trading with closure at h-1 in the intraday market, the application of negative prices on the Day-Ahead Market (MGP) and the Intraday Market (MI), the definition of nodal imbalances and the new role of the Balancing Service Provider.
On 5 May 2017, the Authority published Resolution 300/2017/R/eel, providing for an initial phase of pilot projects, aimed at enabling the participation of consumers and non-enabled units (including storage) in the dispatching services market (DSM), as well as the use of storage in conjunction with relevant enabled units in order to optimise the provision of dispatching resources. Terna - the Italian transmission system operator - has therefore launched the first projects related to the participation of demand and distributed generation in the DSM.
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. In November 2020, Terna put out for consultation a new regulation for the call for tenders for the forward procurement of UVAM resources, which is to be implemented from spring 2021.
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 pilot project included the possibility for generating units and storage systems between 5 and 25 MW to participate in a low-ball auction for the forward contracting of the ultra-fast frequency regulation service. The procedure, held on 10 December 2020, was carried out with a pay-as-bid allocation mechanism at an allocation price not exceeding € 80,000/MW/year, with a five-year delivery period starting in January 2023. Falck Next Energy Srl qualified 7.5 MW in the relevant auction session at a price of € 18,800/MW/year.
Finally, in November 2020, Terna put two additional pilot projects out for consultation pursuant to ARERA Resolution 300/2017/R/eel. The first involves providing voltage regulation service through renewable plants connected to the National Transmission Grid after plant upgrades. The second pilot project, on the other hand, concerns the provision of secondary frequency regulation service through resources not already enabled, such as renewable plants and storage systems with an installed capacity of at least 10 MW. UVAMs can also participate in this project if they meet certain technical specifications detailed in the relevant framework.

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 floor/cap to the prices dedicated to production units that do not qualify for the ASM in order to limit the volatility of imbalance prices, to protect these units. This rule was applied on a transitional and exceptional basis from 10 March to 30 June 2020.

Capacity Market
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 main competitive procedure, known as the "mother auction" pursuant to the Regulations, relating to the 2023 delivery period, through the two projects of Mezzanelle and Cerro, both consisting of a solar plant coupled with 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 a delivery date of 2023 has therefore been postponed to 30 June 2021.
Furthermore, the European Union has recently approved the renewal of the mechanism for the period after 2023. We are waiting for the Ministry of Economic Development, the National Regulatory Authority and Terna to agree on the new rules.

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. An additional 125.45 MW was contracted for the year 2021, bringing the total number of third-party plants dispatched to 317.95 MW.

In May 2019, Falck Next Energy also joined EEX (European Energy Exchange), the leading trading platform for energy and CO_2 emissions financial derivatives, and announced the launch of proprietary trading activities. As of April 2020, Proprietary Trading has extended its activities from the electricity sector to the gas sector by qualifying to trade on the financial indices of the main European gas exchanges on EEX.

Lastly, since October 2020, Falck Next Energy Srl has been operating on the Joint Allocation Office (JAO), a platform that enables participation in auction procedures for trading rights on cross-border capacity. This entitlement will allow Falck Next Energy Srl to subscribe to call options with the underlying price differential of the interconnected countries of the European market (European Transmission System Operators).

- ***Spain: regulatory framework in the wind power sector***

According to Directive 2001/77/EC, Spain has set itself the target of achieving 29% of gross electricity consumption from renewable energies by 2020. The relevant national legislation is Royal Decree (RD) 436/2004 and RD 661/2007. The latter provided for the maintenance of the Feed-in Tariff (FiT) regime - already provided for by the previous RD 436/2004 - introducing a new variable price regime, called Market Option, subject to a cap and floor mechanism. The Group's wind farms have applied this variable price scheme since its inception.

Moreover, the tariff regimes provided for by RD 661/2007, which had been applied until now, were revised by RD 2/2013 containing urgent measures for the electricity sector.

On 10 June 2014, RD 413/2014 was published, revising the remuneration system for existing plants, introducing a contribution, compared to the market value, equal to a minimum integration of stranded costs arising from the exchange of electricity on the market. The value of this "modified remuneration" is based on standard costs (CAPEX and OPEX) derived from market averages and is designed to supplement the revenues of the plants so that they can reach the so-called "reasonable production capacity", calculated on the basis of the yields on Spanish government bonds under national law. Following the implementation of this approach, the Group's two plants started up in 2003 and 2004, once they had reached the relevant 'reasonable production capacity', lost any form of incentive, selling the energy produced exclusively at market prices as early as 2013.

The same mechanism applies to new installations, the only difference being that the level of initial investment guaranteeing 'reasonable production capacity' is determined by the producers themselves following competitive auctions, organised periodically by the Spanish Government, with maximum quotas to which the 'modified remuneration' is allocated. This scheme applies to the Energia Eólica de Castilla project, which came into operation in February 2020.

Furthermore, the new Royal Decree 23/2020, in force as of 25 June 2020, has made several changes to the regulatory framework for the renewable energy sector. Essentially, the measure aims to reorganise the authorisation of direct access and the connection of plants by introducing binding intermediate targets, reduce bureaucratic burdens and revise some basic mechanisms, including by introducing auction procedures based on long-term energy prices.

In accordance with the mandate introduced by RD 23/2020, RD 960/2020 was approved on 4 November 2020, introducing a new incentive mechanism characterised by a fixed energy price. The new regime, which is further defined in

Ordinance TED/1161/2020, will be applied in the next auction procedure to the construction of new plants, upgrades or changes to existing installations. Participation is also open to storage systems, only if they are integrated with renewable installations. It is configured as a pay-as-bid system, regulated by a market coefficient that takes on different values depending on whether the system is integrated with a storage system or not.
The call for tenders for the first auction was published by the National Energy Secretary on 12 December 2020, and took place on 26 January 2021, providing for a total quota of 3 GW, of which one GW was dedicated to onshore wind, one to solar and one reserved for a pool of technologies.

- ***United Kingdom: regulatory framework in the wind power sector***

The regulatory system of incentives for electricity production from renewable sources is now almost entirely based on the Renewables Obligation (RO) mechanism, which gives rise to the market for Renewables Obligation Certificates (ROCs) and has replaced the previous Feed-in Tariff system, known as Non Fossil Fuel Obligation (NFFO).
The previous regulation applied to the sale of electricity from renewable sources was introduced by the Electricity Orders of 1994, 1997 and 1998, in England and Wales, and of 1994, 1997 and 1999 in Scotland.
Although this legislation has been superseded, plants started under this scheme continue to benefit from the relevant incentives until the expiry of their existing NFFO contracts - long-term sales contracts at a pre-determined price with the Non Fossil Purchasing Agency (NFPA) as counterparty. None of the Group's plants currently benefits from this scheme, as the Cefn Croes plant, which benefited from the NFFO contract until 2016, now uses the ROCs system.

All of the Group's plants located in the UK therefore benefit from the renewable incentive scheme governed by the Renewables Obligation Orders (ROOs). The Renewables Obligation Order 2006 - for England and Wales - and the Renewables Obligation Order 2007 - for Scotland - require suppliers to demonstrate that a percentage of the electricity they sell comes from renewable sources.
The Office of Gas and Electricity Markets (OFGEM) issues ROCs and Scottish Renewables Obligations Certificates (SROCs) for the Gas and Electricity Markets Authority (GEMA).
The Renewables Obligations scheme was originally scheduled to close at the end of March 2017. However, the Energy Act 2016 brought forward the closure date for new wind farms to May 2016, albeit with a grace period until 31 March 2017 for those projects that had already been authorised before the early closure was announced - a scenario from which the Auchrobert plant benefited. Additional grace periods, linked to certain time-limited circumstances, were subsequently introduced. To date, the mechanism is only valid for those operating plants that have won the participation, but is not accessible to new plants.

Since 2009, the level of renewable energy has been measured in the number of ROCs per MWh of energy supplied and for the period 1 April 2020 to 31 March 2021 the value to be achieved by each supplier is set at 0.471 ROCs per MWh of energy distributed in Great Britain and 0.185 in Northern Ireland.
The RO regime uses a certification system using ROCs and SROCs to verify supplier compliance. In contrast, renewable energy producers receive a specific number of such certificates for each MWh of electricity generated, based on the technology and source used; they can trade ROCs and SROCs, including by participating in auctions organised by NFPA itself.
At the end of July 2012, the updated ROCs for new plants commissioned in April 2013 were published. Onshore wind farms that commenced operations after April 2013 will be awarded 0.9 ROCs for each MWh produced.

Wind farms connected to the local grid - in the case of the Group, all farms except Kilbraur Wind Energy Ltd and Millennium Wind Energy Ltd - are usually also entitled to other forms of incentives, known as "Embedded Benefits". As these plants are connected to the regional low-voltage electricity distribution grid and not to the high-voltage transmission grid operated by National Grid Electricity Transmission (NGET), they avoid or reduce the use of the grid and thus avoid the associated costs, known as Transmission Network Use of System (TNUoS).

In England and Wales, connections up to 132kV belong to the distribution network, while connections above 132kV are considered to belong to the transmission network. The situation is different in Scotland, where the transmission networks also include installations connected up to 132kV, which are more frequent in Scotland than in England and Wales. Furthermore, the transmission networks in Scotland are owned by two companies - Scottish Hydro Electricity Transmission Ltd (SHETL) and Scottish Power Transmission Ltd (SPT) - according to their geographical location, while the operational management responsibility for the Scottish transmission system remains with National Grid Electricity System Operator (NGESO).
In order to gain access to the electricity market, the producer must enter into a Power Purchase Agreement (PPA) with an electricity supplier, who takes back the energy generated and sells it directly into the distribution network, thus avoiding supply through the transmission network. The costs avoided by the supplier, together with other costs arising from the existing system balancing mechanism and avoided grid losses, are partly passed on to the generation plants. The same costs are commonly referred to as "Embedded Benefits" as they result from the integration of generation plants into the distribution network.

NGESO and OFGEM have launched a coordinated consultation process, starting in November 2018, in which the Group has directly participated, in order to reform the entire system of charging and definition of Embedded Benefits. Following the consultative process, in November 2019, OFGEM confirmed that these benefits would be amended. In December 2020, the revision of the Embedded Benefit relating to the tariff component known as Balancing Services Use of System (BSUoS) was consolidated, providing for a change in its calculation from a net to a gross tariff base, to be applied from April 2021. Any benefits enjoyed by so-called embedded plants will therefore be eliminated. OFGEM also stated that from 2023 all BSUoS charges will be transferred from producers to suppliers. No wind farm will therefore be subject to these tariff components from now on, although this change may have an impact on wholesale energy prices.

The substantial revision of the UK's renewable incentive mechanisms includes the introduction of:

- **Feed-in Tariffs through Contracts for Difference (FiT-CfD)** for the new plants that would have benefited from ROCs or SROCs. The reform introduces a new incentive system to replace ROCs and SROCs with a Feed-in Tariff (FiT), the value of which, known as the Strike Price, is set following competitive auctions. This value should reflect the appropriate return on the investment cost of the technology used. Once entitled to the FiT, the plant is required to sell the electricity on the market. If the average UK wholesale electricity market price (Reference Price) is lower than the Strike Price, the plant receives a FiT to supplement the income received from the sale of energy; otherwise, if higher, the plant must pay back the difference.
- **Capacity Market:** aimed at ensuring adequate global investment in programmable generation capacity necessary for the security of electricity supply. The mechanism offers all capacity providers a constant remuneration to ensure that there is sufficient capacity in relation to peak demand.
- **Emission Performance Standard (EPS)**: places a limit on the level of carbon dioxide emissions that new fossil fuel power plants can emit. The level introduced will favour stations that are equipped with carbon capture and storage facilities.
- **Carbon Price Floor:** sets a minimum price for carbon dioxide emissions by supplementing the European Emission Trading System price with a tax - Carbon Price Support - to be applied to fossil fuels used for electricity generation.

So far only one auction has been held for the allocation of CfDs to onshore wind farms and other "mature renewable technologies" (CfD POT 1) at the end of 2014. None of the Falck Renewables Group's development projects participated in this auction. Additional CfD auction procedures were held during 2017 and in May 2019, exclusively dedicated to the most innovative renewable technologies (CfD POT 2), which includes offshore wind plants but not onshore. However, in 2020 the UK government announced that the next round of allocations (AR4), will include an auction due in 2021 and open to all technologies, including onshore wind and solar. Ahead of the auction, the government put the CfD structure out for consultation, the recently announced result of which confirms the UK regulator's desire to replace the current two-way system with a three-way system. The new mechanism therefore involves a first channel (POT 1)

reserved for established technologies, such as onshore wind and solar power, a second (POT 2) dedicated to less established technologies, such as tidal power renewables, wind on minor islands and floating offshore wind, and a final quota dedicated to non-floating offshore wind (POT 3).

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

Law 992/2015 of 17 August 2015 - the Energy Transition Act - consistent with European State Aid Guidelines, introduced a number of changes aimed at progressively integrating renewable installations into the wider electricity market. This measure requires new plants to gradually transition from the previous FiT incentive system to a new system based on Contract-for-Difference (CfD). Under this scheme, plants sell the electricity they produce on the market, either directly or through an aggregator, in order to benefit from an additional remuneration, a premium paid under a contract with an off-taker, the value of which is determined on the basis of the M0 index - calculated monthly taking into account EPEX prices and the national wind power production profile - published by the Commission de Régulation de l'Energie.
Two further decrees concerning the implementation of the FiT and the CfD, approved in May 2016, set the overall regulatory context in which an appropriate and full implementation of the Energy and Transition Act of 2015 is framed.
As far as onshore wind farms are concerned, the French government published a decree on 13 December 2016 sanctioning the end of the FiT system and simultaneously the benefits derived from the CfD system. However, plants that made a FiT request before 1 January 2016 continue to enjoy the relevant benefits, according to the Decree of 17 June 2014. As a result, for all plants that applied for an incentive scheme before 31 December 2016, the scheme granted will be as follows:

- CfD - The decree of 13 December 2016 establishes a basic tariff level, subject to annual indexation, of € 82/MWh for the first ten years of production, while the tariff for the last five years of the contract term is linked to the amount of energy generated 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 for an operating premium of € 2.8/MWh throughout the life of the contract, mainly to cover fixed and variable costs related to market access and the Capacity Market.
- FiT- The decree of 17 June 2014 provides for a fixed tariff scheme, equal to € 82/MWh and subject to annual indexing, for the first ten years of production, while the tariff for the last five years of the contract is linked to the amount of energy produced in the first ten years. Low-wind sites continue to benefit from the fixed tariff for the entire contract period of fifteen years, while mid and high-wind sites will benefit from a reduction in the tariff applicable for the last five years.

Since 2017, these plants have only been subject to a CfD (Contract for Difference) type system, pursuant to the decree of 10 May 2017 and the multi-year plan of auction procedures dedicated to onshore wind power published on 5 May 2017. The features of this CfD depend on (i) the number of turbines constituting the plant and (ii) their rated power, according to the following breakdown:

1. plants with a maximum of 6 turbines, each with a maximum nominal capacity of 3 MW.
   The decree of 10 May 2017 applies as follows:
   a. the basic level of the tariff is defined according to the diameter of the largest rotor of the turbine, from a minimum of € 72/MWh to a maximum of € 74/MWh;
   b. the basic level of the tariff provides for a cap of € 40/MWh to be applied exclusively to the annual production of the plant in excess of a certain predefined level - which also depends on the diameter of the rotor;
   c. the CfD contract has a duration of 20 years;
   d. the basic level of the tariff is subject to annual indexing.
   e. an operating premium of € 2.8/MWh is applied to cover fixed and variable costs related to market access and the Capacity Market.

2. Wind farms with a minimum of 7 turbines.

The multi-year auction procedure plan dedicated to onshore wind power plants published on 5 May 2017 and amended in 2018, 2019 and 2020, sets as a target the incentivisation of 3.38 GW of aggregate power, for the period between December 2017 and November 2020, according to the following scheme:
   a. a base level of tariff, with a value equal to that submitted by the wind power project owner participating in the auction. According to the plan, the maximum value of the basic tariff is € 70/MWh;
   b. if the project involves a participatory investment or financing with local public and/or private entities, the level of the base tariff increases according to the following scheme:
      i. participatory investment (≥ 40% of shares): €3/MWh,
      ii. participatory financing (≥ 10% excluding senior debt): € 1/Mwh, the CfD contract has a duration of 20 years;
   c. the basic level of the tariff is subject to annual indexing.

The French government plans to publish a new multi-year programme of auction procedures during 2021.

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. According to the decree, the target installed capacity for onshore wind is expected to reach 24.1 GW by 2023 and between 33.2 GW and 34.7 GW by 2028. At 30 September 2020, the onshore wind capacity installed in France is equal to 17.3 GW.

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

The Falck Renewables Group has been operating in North Carolina since December 2017 with a 92 MW solar power plant, in Massachusetts since June 2018 with four solar power plants, for a total of 20.5 MW, as well as in the state of New York, Iowa and Maryland since the end of November 2020, with the acquisition of 62 MW of wind and solar projects already in operation.

The Group's projects in the United States benefit from certain federal policies, such as the Solar Investment Tax Credit (ITC) and the Production Tax Credit (PTC), and comply with certain environmental requirements in order to promote the production of renewable energy. At the state level, the Renewables Portfolio Standards (RPS), currently in place in 30 states and the District of Columbia, require utilities to guarantee a certain percentage of electricity consumption from renewable sources.

The Group also installed a 6.6 MWh storage system connected to its operating solar plant in Middleton, Massachusetts. Falck Renewables North America Development Services & Construction Management LLC has entered into a long-term capacity agreement with Middleton Electric Light Department (MELD), a Massachusetts utility, for the dispatch of stored energy during periods of high system charges. The 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 main mechanisms under federal policy to support the deployment of solar energy in the United States. The ITC is a tax credit applied as a percentage of the investment in solar power producers, which reduces the income tax of individuals or companies. The tax credit is calculated on the share of investments made in properties related to solar projects: in particular, the ITC foreseen for utility-scale projects that started construction or purchased safety equipment before the end of 2019, is 30% of the share invested in compatible assets. In 2020, the value of the JTI fell to 26%; it is expected to fall to 22% at the end of 2023 and to settle at 10% from 2026.

Production Tax Credit (PTC)

Production Tax Credit (PTC) is a tax credit applied to renewable generation from wind power, which is assigned by law a value of 1.5 cents per kWh, adjusted for the annual inflation rate, which can be claimed for a period of 10 years following the commissioning of the plant.

PTC was established in 1992 under the Energy Policy Act and was due to expire in June 1999. However, since 1999 the mechanism has been expanded several times through various laws, including the most recent one - Taxpayer Certainty and Disaster Tax Relief Act - passed in 2020.

According to the US Internal Revenue Service (IRS) guidelines, the most up-to-date values of this tax credit, depending on the year in which construction of the facility began, are:

- 100% of the value of the PTC, if construction starts in 2016 and if the plant goes into operation by the end of 2021 (the timeline takes into account the one-year extension for the occurrence of Covid-19);
- 80% of the value of the PTC, if construction starts in 2017 and if the plant goes into operation by the end of 2022 (the timeline takes into account the one-year extension for the occurrence of Covid-19);
- 60% of the value of the PTC, if construction starts in 2018 and the plant enters into operation within 4 years;
- 40% of the value of the PTC, if construction starts in 2019 and the plant enters into operation within 4 years;
- following the extension of the mechanism approved in 2019 and the approval of the Disaster Tax Relief Act, 60% of the value of the PTC, if work starts in 2020 and the plant goes into operation within 4 years.

- ***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 12.5% amount must come from solar sources - although it is estimated that 88% of new capacity under the RPS will come from solar sources - with the remainder covered by new wind farms.

Renewable Energy Certificates (REC)

North Carolina provides in its RPS that public utilities may purchase Renewable Energy Certificates (RECs) to meet their compliance obligations. In fact, in some areas of the United States, energy from renewable sources is sold by producers to utilities at the price at which it would cost the utility to generate that electricity (known as avoided cost). Every MWh of qualifying renewable energy receives three

types of payment: an energy quota, a capacity quota and the relative Renewable Energy Certificate. The total cost of the energy generated, including REC-related costs, is then passed on to the utility's end customers.
The North Carolina Utilities Commission has established a system for monitoring and issuing these certificates, known as the North Carolina Renewables Tracking System (NC-RETS), through which utilities demonstrate their compliance with the Renewable Portfolio Standard. Renewable energy producers can register their plants on the NC-RETS system to issue and sell certificates to the different entities required to meet their share of the obligation, such as Investor-Owned Utilities, Municipal Utilities and Cooperative Utilities. The NC-RETS system uses energy production data to generate a digital certificate for each MWh produced.
The in-state REC market also allows utilities to purchase up to 25% of their obligation share under the RPS in other qualified REC markets outside the state.

- ***Massachusetts***

In Massachusetts, the 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.

Solar Renewable Energy Certificate (SREC)

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

- ***New York***

Unlike most state-run RPS programs that require utilities to provide a certain percentage of their electrical load through renewable energy, the State of New York uses a centralised procurement model for its RPS program. As the central procurement agency, the New York State Energy Research and Development Authority (NYSERDA) manages several renewable development programs within the state. In return, NYSERDA holds all rights and concessions relating to the renewable qualification of the electricity generated, which is taken into account for the achievement of the State's RPS targets.
The Renewable Portfolio Standard is an integral part of the Clean Energy Standard (CES), a further measure that sets a state target of 6 GW of solar power by 2025, with a phased transition programme starting in 2017.
Under the RPS, each load serving entity (LSE) - which includes any entity or organisation such as utilities, municipal utilities and licensed electric cooperatives required to supply energy or energy services to end customers - is obliged to provide its end customers with certificates associated with new renewable sources, called Tier 1 Renewable Energy Credits (RECs). These entities have different solutions to ensure compliance with the scheme: purchasing Tier 1 RECs from NYSERDA; directly sourcing Tier 1 RECs through agreements with renewable producers or intermediaries; self-sourcing Tier 1 RECs; Alternative Compliance Payment

(ACP); or a combination of these options.
The CES has a further mechanism requiring LSEs to purchase Zero-Emissions Credits (ZECs) from NYSERDA, the value of which is estimated on the basis of the amount of government load or energy required, pro rata for each LSE, in a given year of compliance.

Renewable Energy Certificates (REC)
Unlike other states where Tier 1 certificates are reserved for a particular set of renewable energies, the Tier 1 certificate for New York State RECs is intended to promote new renewable technologies. In particular, all qualifying installations put into operation after 1 January 2015 are classified as Tier 1 sources.
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.
The New York Generation Attribute Tracking System (NYGATS), operated by NYSERDA, is responsible for monitoring and disseminating information about the electricity produced, imported and consumed within the state, as well as demonstrating LSE compliance and progress towards the CES target of 50% renewables by 2030. Utilities register on the NYGATS system where they create the relevant account through which they manage their obligations under the ESC.
LSEs that fail to meet their obligations are required to pay NYSERDA an ACP as an alternative compliance system.

Community Solar
The so-called 'Reforming the Energy Vision' (REV), introduced by the current Governor Andrew M. Cuomo in 2014, defines New York State's energy strategy. The tariff structure in place before the REV was implemented for distributed resources (DER) did not adequately compensate for many of its components. Therefore, in March 2017, the Public Service Commission (PSC) issued an order - the Value of Distributed Energy Resources (VDER) Order - to adjust these values for distributed resources with a capacity of up to 2 MWca. As of 2018, the minimum size for such distributed resources is increased to 5 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 authorise additional funding of $ 573 million to support this target and extend the program to 2025.

- ***Iowa***

Iowa's Renewable Portfolio Standard envisaged achieving a renewable energy share of 105 MW by 1999. This target, long since achieved, has never been updated, bringing the new demand for Renewable Energy Certificates close to zero.
The PPAs entered into for the Group's portfolio in Iowa include the sale of both electricity and RECs to the offtaker - the local public utility that generates and distributes electricity, called Interstate Power and Light Company (IPL).
Furthermore, Iowa Code 476C introduced a state tax credit on the production, sale and self-consumption of renewable energy, mainly from wind power. In order to be eligible, the plant must have started operation between 1 July 2005 and 31 December 2017.
This tax credit, which is cumulative with respect to the federally provided PTC, is transferable to third parties and applies to individual state income, corporate income, franchises, insurance premiums, sales and use taxes, and substitute taxes. Its value is 1.5 cents per kWh of electricity produced

by plants with a nominal capacity not exceeding 2.5 MW. The ten wind power SPVs included in the Group's portfolio in Iowa applied for the issuance of these tax credits and subsequently entered into 10-year PPAs in order to transfer the relevant certificates to investment grade buyers, thereby providing an additional revenue stream.

- ***Maryland***

Maryland's Renewable Energy Portfolio Standard, enacted in May 2004 and revised several times since then, requires the state's electricity suppliers to procure a minimum share of their retail sales of electricity from renewable sources.
In February 2017, House Bill 1106 was enacted, increasing the share of renewable energy under the RPS from the previous 20% to 25% by 2020. In 2019, a draft law was also approved that requires the state to achieve a target of 50% renewable electricity production by 2030, with 14.5% reserved for solar energy, while also evaluating possible trajectories for achieving the 2040 target of 100% clean energy.

Renewable Energy Certificates (REC)
RECs are valid for a period of three years during which they can be transferred, sold or otherwise redeemed. It is therefore possible to use them for compliance purposes during the year of generation and in the two following years. As a member of the PJM (Pennsylvania, New Jersey, Maryland) market, Maryland uses the monitoring and tracking system called PJM-GATS to certify, create, issue and track RECs.
All electricity suppliers - utilities - are required to file an annual report with the Public Service Commission demonstrating compliance with the RPS; if they fail to meet the standard, they are required to pay a contribution to the Maryland Strategic Energy Investment Fund (SEIF).
The state also provides the opportunity to participate in the solar programme, the Solar Renewable Energy Certificate (SREC), exclusively for installations located in Maryland.
Maryland's REC market is expected to continue to be undersupplied until 2030; as a result, certificate prices will follow ACP values for the next few years.

- *Customs tariffs*

Through the US Trade Representative, the Trump administration applied a series of tariffs on products imported from various states, including China, that could be used by solar energy production and storage facilities, with possible repercussions on prices. Specifically, in January 2018, the Trump administration imposed a 30% tariff on solar panels imported from China, providing for a 5% annual tariff reduction for the next four years. However, in October 2020, the previously guaranteed exemption for bifacial modules was withdrawn and the time horizon of the tariff reduction was extended, so that in 2021 the value of the duties on cells and modules will be 18%. 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 power 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.
On the basis of an agreement signed in 2011 between Sweden and Norway - *Agreement between the Government of the Kingdom of Norway and the Government of the Kingdom of Sweden on a Common Market for Electricity Certificates* - since January 2012 the two countries have implemented a common system of support for production from renewable sources, based on a system of green certificates, known as elcertificate. The agreement sets a shared renewable generation target of 28.4 TWh by 2020, with Sweden financing 15.2 TWh and Norway 13.2 TWh. Following the publication of the new Energy Act in April 2017, Sweden decided to support an additional target of 18 TWh of renewable generation for the period between 2020 and 2030, as well as to extend the system until 2045.
In terms of projects in operation and under construction, the 2020 target was reached in May 2019 and the 2030 target is also expected to be met well ahead of the base year.
To achieve the targets, a system of Tradable Green Certificates (TGC) was set up, according to which renewable energy producers receive a certificate for each MWh generated, for a period of 15 years, regardless of the technology used, the value of which is added to the wholesale price of the energy.
These certificates can also be traded on the market, where they are purchased by electricity suppliers to fulfil their state-imposed renewable energy quota obligations; alternatively, they can be stored for trading at a later stage.
Due to the technological neutrality of the system, good wind conditions and lower investment costs, the elcertificate market has favoured the installation of onshore wind turbines in both countries.
It is currently expected that the common market could end in 2021, based on a proposal by the Swedish government in March 2020 to bring forward the end of the scheme. In September 2020, the Swedish and Norwegian energy ministers signed a preliminary agreement to end the mechanism, and at the same time the Swedish bill went through the parliamentary discussion stage. Once the law is passed, renewable plants starting operation after 31 December 2021 will not be allowed to obtain certificates in either country. However, the agreement specifies that this deadline may be postponed to 2023 for Swedish projects if the national target of 46.4 TWh of renewable generation is not met by 31 March 2021.
With regard to Sweden's climate policies, a framework agreement - the Energy Agreement - was adopted in June 2016, setting out a shared trajectory towards a fully renew-

able system, with a target of 100% renewable electricity by 2040.

With regard to recent developments in Norwegian energy legislation, however, the Norwegian regulator NVE published a proposed national development plan for onshore wind energy in April 2019, which includes a review of the permit granting process. In this regard, the government published a white paper in June 2020, proposing several changes to make the authorisation process for onshore wind farms more rigorous and efficient. These proposals have not yet been formalised in any implementing law, regulation or policy.

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

The Group is developing some renewable energy plants in the Netherlands.
In September 2013, the Dutch government published the so-called Energy Agreement, which defines the national energy policy as well as climate targets until 2023. This agreement confirmed the Dutch commitment previously set at European level for 2020 of 14% of gross final energy, with the aim of reaching 16% by 2023, and set, inter alia, a specific target for onshore wind of 6 GW of installed capacity by 2020.
The 2013 Energy Agreement also confirmed the SDE+ scheme as the main instrument for supporting renewables and a more stable investment policy.
The SDE+ system provides producers with a form of incentive for the renewable energy generated, calculated on the difference between the cost price of renewable energy and that of fossil fuels. This mechanism compensates producers for this latter component, for a fixed period of time depending on the technology used and the location of the project, and also makes the level of contribution under the SDE+ dependent on energy price developments.
In November 2016, considering the significant delay in meeting the national targets for reducing greenhouse gas emissions imposed by the European Union, the government proposed an increase in the annual budget of 33% dedicated to supporting renewable projects.
In May 2019, the Climate Act was passed, among other measures, with the aim of achieving a 95% reduction in greenhouse gas emissions by 2050 compared to 1990 levels and an intermediate target of 49% by 2030. In June 2019, the Climate Agreement was also published, setting out implementing measures to achieve the 2030 target under the Climate Act. More specifically, this agreement sets a target of a minimum of 35 TWh/year to be achieved by 2030 (mainly solar PV and wind power), together with a growth in distributed RES generation. The 2019 Climate Agreement also introduced, as of January 2020, a new support scheme for renewables, known as SDE++. The revised mechanism expands the pool of eligible technologies from the previous SDE+ - which only allowed solar, onshore wind, biomass, geothermal and hydro - to more innovative technologies such as CO_2 capture and storage (CCS) and hydrogen from electrolysis.
Compared to SDE+, the new incentive is calculated on the basis of the tonnes of CO2 emissions avoided per application, using a particular benchmark. The first call for tenders under the SDE++ was held in November-December 2020 and only one call for tenders is expected to open in the autumn in 2021, according to a recent government statement.

5.2.3 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 debt excluding 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.
- Adjusted results to make it easier to understand the operating performance of the business, the economic, financial and equity results are also shown with the exclusion of some adjustments related to (i) events or transactions whose occurrence is non-recurring, i.e. those transactions or facts that do not recur frequently in the usual course of business (so-called Non-Recurring Events pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006); or (ii) events or transactions of a non-ordinary nature, i.e. not representative of the normal course of business (so-called Special items): these results are referred to as "Adjusted results".

The accounting policies and measurement criteria applied in the preparation of the interim financial report at 31 December 2020 are consistent with those adopted for the previous period and the year-end financial statements, except for those that came into effect on 1 January 2020.
In 2020 the Falck Renewables Group recorded revenue of € 384,359 thousand, an increase of € 9,865 thousand (+2.6%) compared to 2019.

The increase in revenues reflects multiple opposing dynamics, which can be summarised as follows: (i) around € 14 million for higher production resulting from the operation of the Hennøy (Norway), Åliden (Sweden) and Energia Eólica de Castilla (Spain) plants, as well as the 5 French wind farms acquired during 2019 and the Building Energy Holding US plants acquired at the end of November 2020; (ii) approximately € 2 million due to higher wind energy production in the UK, partially offset by lower production in Italy, Spain and France; (iii) approximately € 14 million due to higher volumes of energy sold to third parties by Falck Next Energy Srl; and (iv) approximately € 14 million due to the significant decrease in electricity sale prices principally in Italy, Spain and the UK, including the differential attributable to the Roc Recycle component; (v) approximately € 1 million due to a decrease in revenue in the Services sector; (vi) approximately € 4 million due to a decrease in revenue from the Rende biomass plant as a result of the planned two year maintenance shutdown; and lastly (vii) the average depreciation of the pound sterling and US dollar against the euro had a negative impact of € 2 million.

In 2020, the GWh produced by the wind sector amounted to 2,337 compared to 1,995 in the same period of 2019 (+ 17% compared to the same period of 2019). The GWh produced globally by all the Group's technologies amounted to 2,712 compared to 2,391 in 2019, up 13 % over the same period of the previous year.

With reference to the trend in electricity sale prices in 2020, there was a general reduction compared to 2019, the most significant changes of which can be summarised as follows: in Italy, for wind farms by 3% including price risk hedging, for solar plants by 4%, for WtE plants by 10%, in Spain for wind farms by 18% and in the UK for wind farms by 7%. In Italy, on the other hand, electricity prices for biomass plants increased by 4% due to the incentive component and prices for the waste disposal and treatment service by 6%, while in France the Feed-in tariff mechanism neutralised the price fluctuation (+1%).

The exchange rate delta effects are mainly related to the British pound and the US dollar due to the Group's prevalent presence in these countries.

In fact, in 2020 the average depreciation of the British pound against the euro and of the dollar against the euro, compared to the previous period, were 1.3% and 2% respectively.

The reference exchange rates in conversion transactions between euro and sterling and between euro and dollar are as follows:

	EUR/GBP	EUR/USD
End of period exchange rate 31 December 2020	0.8990	1.2271
End of period exchange rate 31 December 2019	0.8508	1.1234
Average exchange rate 31 December 2020	0.8897	1.1422
Average exchange rate 31 December 2019	0.8778	1.1195

(€ thousands)		31.12.2020	31.12.2019
Sales revenues		384,359	374,494
Operating profit/(loss)		**111,280**	**114,395**
EBITDA		**197,240**	**204,011**
Profit/(loss) before tax		**75,587**	**77,963**
Profit/(loss) for the year		**59,825**	**63,181**
Profit for the year attributable to owners of the parent		**45,606**	**48,436**
Invested capital net of provisions		1,413,723	1,328,429
Total Group and Non-controlling interest equity		708,194	607,663
Net financial position - liabilities/(assets)		**705,529**	**720,766**
of which non-recourse project financing		606,532	671,909
Investments		**99,979**	**152,150**
Personnel at the period-end	(no.)	553	499
Ordinary shares	(no.)	291,413,891	291,413,891

Revenues in 2020 may be analysed by sector as follows:

(€ thousands)	2020	%	2019	%
Sale of electricity and thermal energy	331,378	86.2	323,755	86.5
Waste disposal and treatment	19,777	5.2	19,149	5.1
Services and management of renewable energy plants	31,147	8.1	30,136	8.0
Other operating income	2,057	0.5	1,454	0.4
Total	**384,359**	**100**	**374,494**	**100**

Against growth in revenues of approximately € 9.9 million, costs were up by approximately € 19.7 million and other income rose by € 6.7 million, resulting in a fall in operating income of € 3.1 million, due to the following trends:

Other income increased by € 6,726 thousand compared to the previous year, mainly due to: (i) higher service revenues of € 2,478 thousand mainly from Novis Renewables LLC; (ii) the capital gain of € 3,865 thousand realised following the sale by the Group of 50% of the equity investment in Novis Renewables LLC (and therefore of joint control) to Eni New Energy US Inc with consequent deconsolidation of the same and initial recognition at fair value of the remaining 50% equity investment; and (iii) extraordinary income for payables to a supplier related to companies in liquidation for € 3,300 thousand ("**Non-recurring Event**"). When comparing with the same period of 2019, it is worth mentioning that this was influenced by the capital gains of Esposito Servizi Ecologici Srl, (€ 809 thousand) Tifeo (€ 1,010 thousand) and Energy Team SpA (€ 198 thousand).

Direct costs and expenses increased by € 11,579 thousand mainly due to (i) the purchase of energy from the market by Falck Next Energy Srl under Materials; (ii) higher costs and depreciation due to increased installed capacity; (iii) higher maintenance costs following the two-year shutdown of the biomass plant, net of the reversal of impairment losses recognised on the solar plant of Solar Mesagne for € 0.4 million and Eolica Petralia for € 1.2 million (special item). In 2019, this item included a writedown of € 1.8 million attributable to the Vector Cuatro Group's contract portfolio, a writedown of the Vector Cuatro Goodwill of € 0.5 million and a writedown of the Ty Ru wind farm of € 0.3 million, the write-down of € 6.1 million of Actelios Solar SpA's solar plants in anticipation of replacing 6 MW of existing solar plants with better performing models to improve the profitability of the plants and the revaluation of Rende's biomass plant for € 2.4 million.

Personnel costs increased by € 4,901 thousand compared to 2019 mainly due to the average increase in staff (+67 units) compared to 2019 as the main functions were structured to cope with the development of the new initiatives envisaged in the business plan. Higher Long Term Incentive Plan costs of € 711 thousand (of which € 448 thousand for costs of the 2017-2019 plan, special item) also affected personnel costs compared to 2019.

General and administrative expenses increased by € 3,301 thousand compared to 2019 mainly due to costs associated with development activities in the various businesses (assets, services and digital asset management), higher costs of the Long Term Incentive Plan of the CEO of Falck Renewables SpA amounting to € 953 thousand (of which € 526 thousand relates to costs of the 2017-2019 plan, special item) and costs in favour of local communities and the areas in which the Group operates to support the "Covid-19" emergency amounting to € 783 thousand (special item). These higher costs were partially offset by greater use of the risk provisions compared to the previous period.

As a result of the above trends in 2020, **EBITDA** reached € 197,240 thousand (€ 204,011 thousand in 2019) and **Operating profit** amounted to € 111,280 thousand (€ 114,395 thousand in 2019).

EBITDA for 2020 decreased compared to 2019 mainly due to the decrease in electricity selling prices, mainly attributable to the United Kingdom, Italy and Spain, partially offset by the increased electricity production of the Group due to the new installed capacity.
Without "**Non-recurring events**", **EBITDA** would have amounted to € 194,005 thousand.

Net financial expenses decreased compared to 2019 by € 5,942 thousand mainly due to the positive change in the Fair Value of the conversion option of the senior unsecured equity-linked green bond, issued on 23 September 2020, for a value, net of contractual costs and the effect of amortised cost as required by IFRS 9, of € 3,452 thousand ("**Non-recurring event**") and the positive change in the Fair Value of the put option of Energy Team for € 1,897 thousand (special item). Financial expenses fell as a result of a reduction in the average amount payable for non-recourse loans and management's efforts to streamline financial costs, partly offset by lower net exchange rate gains.

Income tax as of 31 December 2020 amounted to € 15,762 thousand (€ 14,782 thousand in the previous year).
This figure was adversely affected mainly by: (i) the adjustment of deferred taxes in the UK for a total of € 2.7 million, following the non-reduction of the income tax rate to 17% (previously approved and subsequently repealed) (special item) and (ii) lower consolidation income recognised in 2020 for approximately € 0.9 million. On the other hand, the figure was positively affected by (i) IRAP income, totalling € 0.8 million, recognised following the exemption from the obligation to pay the balance due for 2019 and the first instalment due on account for 2020 introduced by the Relaunch Decree DL 34 of 19 May 2020 as part of the facilitation measures aimed at limiting the negative effects of the pandemic crisis and (ii) the recognition of deferred tax assets, net of substitute taxes, for € 3.4 million following the revaluation of the Buddusò-Alà de Sardi plant owned by Geopower Srl pursuant to art. 110 of Legislative Decree 104/2020, which introduced the option to revalue business assets with tax benefits ("**Non-recurring event**").
As a result of these changes, **Net profits** reported a positive balance of € 59,825 thousand.

Without "**Non-recurring events**", **net profits** would have amounted to € 50,903 thousand.

Profit/(loss) attributable to owners of the parent amounted to € 45,606 thousand, a decrease compared to € 48,436 thousand in the previous year.

Without the "**Non-recurring events**", the **Profit/(loss) attributable to owners of the parent** would have been € 36,697 thousand.

The **net financial position, including the fair value of derivatives**, amounts to € 705,529 thousand compared with € 720,766 thousand at 31 December 2019. This includes:

- non-recourse financing of € 606,532 thousand, down € 65,377 thousand on the balance at 31 December 2019;
- € 90,656 million due under operating leases, which in accordance with IFRS 16 is classified as financial debt. Net of this amount, the net financial position would have been € 614,873 thousand, down by € 25,161 thousand compared to 31 December 2019;
- the fair value of derivatives hedging interest rate, exchange rate and commodities exposures amounting to € 46,150 thousand. The **net financial position without the fair value of derivatives**, shows a debit balance of € 659,379 thousand (€ 688,179 thousand at 31 December 2019);
- this item includes net financial payables of € 117,844 thousand related to projects under construction and development that, at 31 December 2020, had not yet generated full-year revenues. Excluding this amount, the fair value of derivatives and financial payables under operating leases, the net financial position would be € 450,879 thousand.

Without the "**Non-recurring events**", the net financial position, including the fair value of derivatives, would have amounted to € 728,151 thousand.

The following components led to the change in the net financial position: cash generation from operations amounted to approximately € 126.5 million and was offset by net investments including the change in the scope of consolidation made in 2020 of approximately € 188 million. The write-down of the pound sterling and the dollar against the euro positively affected net financial debt by € 21.9 million, and the change in the fair value of derivatives had a negative effect of € 15.5 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 € 10.1 million. The contribution of minorities amounted to approximately € 36.3 million, while the contribution of the senior unsecured equity-linked green bond was € 19.2 million, due to the recognition of the option portion as a reserve. Lastly, dividend payments totalled approximately € 30.7 million.

Moreover, 85% of Gross debt, amounting to € 818,040 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 € 697,753 thousand.

As a result, the net financial position, excluding the fair value of derivatives and the debt of operating leases, amounting to € 568,723 thousand, is also covered against the risk of changes in interest rates, through interest rate swaps and fixed rate loans, for an amount of 123%.

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*Economic and financial effects of the convertible bond loan "***Non-recurring Event***"*
With the approval by the extraordinary shareholders' meeting of 17 November 2020 of the proposal to convert the green senior unsecured equity-linked bond with a nominal value of € 200 million and maturing on 23 September 2025 into shares, the fair value, at that date, of the debt for the conversion option of € 19.2 million was recognised as an equity component in shareholders' equity (both in the consolidated and separate financial statements), thus leading to an improvement in the net financial position by the same amount, although this improvement will be reabsorbed in the accounts over the useful life of the loan. It affected the profit before tax for the year ended 31 December 2020 (of both the consolidated and separate financial statements):

- positively, regarding the change in the fair value of the bond conversion option for € 4.8 million;
- negatively, regarding the amortised cost, calculated in accordance with IFRS 9, of € 1.3 million.

Taxes for the year amounted to € 1.1 million, so the combined effect of the change in the fair value of the bond conversion option, net of contractual costs and amortised cost, positively affected the Group's net profits by € 2.4 million.

For a better understanding of the 2020 figures and their comparison to the 2019 financial year, the effects of "**Non-recurring events**" and special items are presented below.

(€ thousands)	31.12.2020 Adjusted	31.12.2019 Adjusted	Change
Revenues	**384,359**	**374,494**	**9,865**
Expenses net of other income	(188,597)	(170,483)	(18,114)
EBITDA	**195,762**	**204,011**	**(8,249)**
Amortisation, accruals, write-downs/(revaluations)	(87,546)	(89,616)	2,070
Operating profit/(loss)	**108,216**	**114,395**	**(6,179)**
Financial income/(expenses)	(38,546)	(39,139)	593
Investment income/(expenses)	(2,496)	2,707	(5,203)
Profit/(loss) before tax	**67,174**	**77,963**	**(10,789)**
Income tax expense	(15,302)	(20,451)	5,149
Profit/(loss) for the period	**51,872**	**57,512**	**(5,640)**
Profit attributable to non-controlling interests	15,256	14,745	511
Profit/(Loss) attributable to owners of the parent	**36,616**	**42,767**	**(6,151)**
Invested capital net of provisions	**1,409,790**	**1,322,760**	**87,030**
Total Group and Non-controlling interests equity	**681,071**	**601,994**	**79,077**
Net financial position - liabilities/(assets)	**728,719**	**720,766**	**7,953**

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

(€ thousands)	31.12.2019 Reported	Non-recurring Events	31.12.2019 net of non-recurring events	Special items	31.12.2019 Adjusted
Revenues	**374,494**		**374,494**		**374,494**
Expenses net of other income	(170,483)		(170,483)		(170,483)
EBITDA	**204,011**		**204,011**		**204,011**
Amortisation, accruals, write-downs/ (revaluations)	(89,616)		(89,616)		(89,616)
Operating profit/(loss)	**114,395**		**114,395**		**114,395**
Financial income/(expenses)	(39,139)		(39,139)		(39,139)
Investment income/(expenses)	2,707		2,707		2,707
Profit/(loss) before tax	**77,963**		**77,963**		**77,963**
Income tax expense	(14,782)		(14,782)	(5,669)	(20,451)
Profit/(loss) for the period	**63,181**		**63,181**	(5,669)	**57,512**
Profit attributable to non-controlling interests	14,745		14,745		14,745
Profit/(Loss) attributable to owners of the parent	**48,436**		**48,436**	(5,669)	**42,767**
Invested capital net of provisions	**1,328,429**		**1,328,429**	(5,669)	**1,322,760**
Total Group and Non-controlling interests equity	**607,663**		**607,663**	(5,669)	**601,994**
Net financial position - liabilities/(assets)	**720,766**		**720,766**		**720,766**

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

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

The 2020 Special items are as follows:

- a reversal of impairment losses of € 0.4 million on Solar Mesagne's solar plant and € 1.2 million on Eolica Petralia following an impairment test;
- Long Term Incentive Plan costs of € 1 million for related to the 2017-2019 Share Plan;
- expenses in favour of local communities and territories in which the Group operates in support of the "Covid-19" emergency amounting to € 0.8 million;
- adjustment of deferred taxes in the UK for a total of € 2.7 million, following the failure to reduce the income tax rate to 17% (previously approved and subsequently repealed);
- the positive change in the fair value of Energy Team's put option, amounting to € 1.9 million.

The 2019 Special items were as follows:

- recognition of deferred tax assets, for a total of € 3.8 million, following the extension of the useful life of Geopower's wind farm;
- the use by Energy Team SpA of the "Patent box" regime for the preferential taxation of income deriving from the use of intangible assets (i.e. trademarks and know-how), with a total tax impact of € 1.3 million;
- out-of-period income from tax consolidation totalling € 0.6 million.

Investments in property, plant and equipment and investments in intangible assets for the period amounted to € 99,979 thousand.
Investments in property, plant and equipment tangible fixed assets amounted to € 83,834 thousand and principally related to the construction of the wind farms of Brattmyrliden (€ 49,743 thousand) and Åliden (€ 200 thousand) in Sweden, Falck Renewables Vind (€ 5,761 thousand) in Norway, Energia Eólica de Castilla (€ 1,908 thousand) in Spain, Parc Éolien d'Illois (€ 167 thousand) in France, the construction of the Westmoreland County Solar Project (€ 11,510 thousand) in the United States of America, maintenance work on the plants of Ecosesto SpA, Actelios Solar SpA and Ambiente 2000 (totalling € 2,929 thousand), investments made by Falck Next Energy in solar plants (€ 2,519 thousand), capitalization of rights of use (€ 6,049 thousand), investments in office hardware and purchase of furniture (€ 1,169 thousand).
Investments in intangible fixed assets amounted to € 16,145 thousand and refer to operating software and licensing expenses of € 10,025 thousand and € 6,120 thousand in development costs.

<u>Other investments (change in scope of consolidation)</u>
During 2020 the Falck Renewables Group finalised the acquisition of Building Energy Holdings US LLC (BEHUS) and subsidiaries through Novis Renewables Holdings LLC. BEHUS' business includes 61.6 MW of wind and solar projects in operation in the United States of America, a development and asset management team and a pipeline of wind projects up to 160 MW. The total purchase price is $ 32.5 million.

The investment in acquisitions, recorded as a change in the scope of consolidation, amounted to € 88,062 thousand (including the net financial position acquired), which must be added to the investments in property, plant and equipment and intangible assets described above for a total of € 188,041 thousand.

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

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

(MW) **Technology**	**31.12.2020**	**31.12.2019**
Wind	962.7	922.7
WtE	20.0	20.0
Biomass	15.0	15.0
Solar	161.1	128.6
Total	**1,158.8**	**1,086.3**

The installed capacity increased by 72.5 MW compared to 31 December 2019.
In February 2020, the Spanish Energia Eólica de Castilla (Carrecastro) plant came on stream, increasing the Group's installed capacity by 10 MW and in July 2020 Falck Next Srl acquired a ground mounted solar plant with a nominal capacity of 0.9 MW from Bryo SpA (Donema) located in the province of Bologna in Italy.
In addition, in November 2020, the Group increased its installed capacity by 61.6 MW following the acquisition of Building Energy Holdings US LLC. Specifically, 30 MW relate to the Building Energy Wind Iowa LLC wind farm operating in the United States of America, while the remaining 31.6 MW relate to the following solar plants also located in the United States:

- Annapolis Solar Park LLC, with an installed capacity of 18.1 MW;
- Calypso Solar 1 (Snyder Road) LLC, with an installed capacity of 2.1 MW;
- Odyssey Solar 2 LLC (Geneva), with an installed capacity of 2.8 MW;
- Calypso Solar 3 LLC (Harford & Musgrave), with an installed capacity of 8.6 MW.

Reconciliation of equity attributable to owners of the parent and results for the period
The consolidation reserve includes the differences arising from the elimination of the book value of consolidated investments against the related share of net equity.
As a result the other equity headings correspond to the amounts disclosed in the parent company's financial statements.

The reconciliation of equity and the results for the period, as at 31 December 2020, may be summarised as follows:

(€ thousands)	Capital and reserves	Profit for the period	Total Group net equity
Falck Renewables SpA financial statements	**513,863**	**37,202**	**551,065**
Difference between adjusted shareholders' equity of consolidated companies and the carrying amounts of the related investments	(61,927)	68,298	6,371
Write-off of dividends from consolidated entities	57,850	(57,850)	
Profits realized on sales of fixed assets between Group companies, net of related depreciation	(1,262)	91	(1,171)
Investments valued applying equity method	14,647	(2,135)	12,512
Group results and equity	**523,171**	**45,606**	**568,777**

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

5.2.4 Non-financial performance indicators

The key non-financial indicators are as follows:

	Unit of measurement	31.12.2020	31.12.2019	Var	Var %
Gross electricity generated	GWh	2,712	2,391	321	13%
Total waste handled	Ton	140,356	144,414	(4,058)	-3%

The increase in electricity generation resulted from higher installed capacity and higher production in the UK, partially offset by lower production in Italy and Spain.

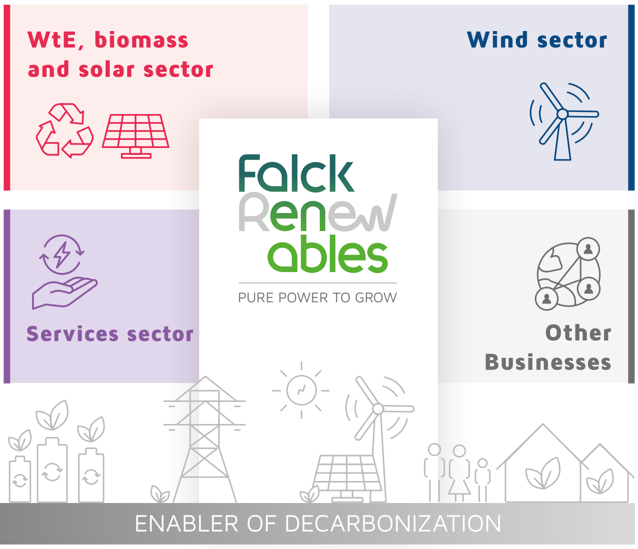
The decrease in waste managed by the Waste to Energy plant in Trezzo sull'Adda is significantly due to the temporary shortage of waste during the lockdown period.

5.2.5 Share price performance

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

In the first two months of 2020, the share performance confirmed the growth trend that began in the last part of 2019, 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 began reacting vigorously since mid-March 2020, progressively recovering the gap from the highs of the end of February and recording the highest quotation value at the end of December, reaching € 6.59 per share, an increase of 38.45% compared to the end of December 2019.
The digital presentation of the new business plan (Roadmap 2025), which took place on 12 March 2020, was an opportunity, even in an intense period of the coronavirus, to give the market a perspective on the Group's objectives up to 2025: increasing installed capacity, expanding services and accelerating the process of digitisation. The floor-and-cap mechanism underlying the dividend policy was confirmed and applied over the period of the plan.
During 2020, we significantly stepped-up communication to the market of the main themes emerging from the presentation of the business plan, despite the difficulties in organising meetings caused by 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 physical meetings in January) and internationally, organising digital roadshows and taking part in virtual events organised by the Borsa Italiana, brokers and specialised companies.
Of particular note was the participation in the European Renewables Conference organised by Jeffries, the Renewable Energy Forum organised jointly at the end of June by Oddo BHF and Natixis, the first edition of the Pan European ESG Conference organised by Kepler Cheuvreux and the Italian Conference organised by JP Morgan, where the company had the opportunity to meet some of the most important institutional investors. These events were in addition to the usual conferences both related to the STAR segment (to which the company belongs) and linked to infrastructure and sustainability issues, organised by Borsa Italiana.
On 29 January 2021 Falck Renewables no longer qualifies as an "SME" as defined in article 1, paragraph 1, letter w-quater 1) of Legislative Decree no. 58 dated 24 February 1998, ("TUF"), as its capitalisation exceeded the reference threshold during the three-year period 2018-2020. In this regard, the new relevant threshold above which the obligation to send the notification pursuant to article 120 of the TUF is triggered is 3% of the share capital.
In mid-February 2021, JP Morgan Asset Management Holdings INC announced that it had fallen below the 3% threshold.

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



5.2.6 Performance of the business sectors

The Falck Renewables Group operates in the following business sectors:

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

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

- **WtE, biomass and solar sector**

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

(€ thousands)		31.12.2020	31.12.2019
Sales revenues		64,884	68,026
EBITDA		**37,291**	**33,846**
Operating profit/(loss)		**22,911**	**13,786**
Net profit/(loss) for the period		**18,389**	**10,072**
Profit/(loss) attributable to owners of the parent		**17,005**	**9,413**
Intangible assets		**240**	**301**
Property, plant and equipment		**273,143**	**244,541**
Net financial position - liabilities/(assets)		**129,640**	**153,610**
of which non-recourse project financing		78,089	59,823
Investments		**15,798**	**6,488**
Personnel at the period-end	(no.)	72	69

This Sector is focused on the production of electricity from renewable sources and more specifically from solar energy, waste-to-energy from urban waste and biomass.
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 cover a total portfolio of 112.5 MW at the date of sale. The total value paid by ENE US to FRNA was of 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.

In addition, in November 2020, the sector increased its installed capacity by 31.6 MW following the acquisition of Building Energy Holdings US LLC.

The segment's revenues decreased 4.6% compared to the year ended 31 December 2019.
The main effect was due to the scheduled maintenance shutdown of the Rende Biomass plant and the consequent decrease in production (-16% compared to the previous period). The decrease in electricity sale prices recorded in Italy has impacted solar plants. This reduction was partially offset by the following contributions: (i) the higher production of solar plants in Italy; and (ii) the better prices for waste disposal at the Waste to Energy plant in Trezzo sull'Adda.

EBITDA amounted to € 37,291 thousand and increased by € 3,445 thousand compared to the first half of 2019: compared to revenues, it stood at 57.5% (49.8% in 2019).
The increase in EBITDA was mainly due to the gain of € 3,865 thousand realised following the sale by the Group of 50% of its interest in Novis Renewables LLC to Eni New Energy US Inc, with the consequent deconsolidation of the same and the initial recognition at fair value of the remaining 50% interest, and to extraordinary income for payables to a supplier related to companies in liquidation for € 3,300 thousand ("**Non-recurring event**") offset by lower revenues.

Operating profit rose by € 9,125 thousand and now totals € 22,911 thousand.

The operating profit for 2019 included a write-down of € 6,127 thousand relating to a solar plant of Actelios Solar SpA, in anticipation of the replacement of solar modules, for a total of 6 MW.

Investments on property, plant and equipment and intangible assets in 2020 amounted to € 15,798 thousand and primarily regarded maintenance work on the Ecosesto (€ 1,119 thousand), Actelios Solar (€ 397 thousand) and Ambiente 2000 (€ 1,413 thousand) plants, the construction of the Westmoreland County Solar Project (€ 11,510 thousand) and the purchase of software licenses (€ 140 thousand).

The acquisition of Building Energy Holdings US LLC and subsidiaries during the year resulted in a change in the scope of consolidation of € 41,485 thousand (including the net financial position acquired), which must be added to the investments in property, plant and equipment and intangible fixed assets described above for a total of € 57,283 thousand.

The net financial position, showing a debit balance of € 129,640 thousand, improved at 31 December 2019 by € 23,970 thousand mainly due to the proceeds from the sale of the interests in Novis Renewables Holdings LLC and Novis Renewables LLC to Eni New Energy US Inc and to the cash generation of operating plants net of the investments mentioned above.

The net financial position includes non-recourse project financing of € 78,089 thousand (€ 59,823 thousand as at 31 December 2019) and negative fair value of interest risk hedging derivatives of € 449 thousand (€ 11 thousand as at 31 December 2019).
In October 2019, Actelios Solar SpA renegotiated and extended a non-recourse project financing contract for three solar plants in Sicily with the addition of € 13.3 million.

- **Wind sector**

Wind sector

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

(€ thousands)		31.12.2020	31.12.2019
Sales revenues		246,702	247,080
EBITDA		**181,143**	**186,663**
Operating profit/(loss)		**116,948**	**127,512**
Net profit/(loss) for the period		**65,203**	**72,916**
Profit/(loss) attributable to owners of the parent		**52,367**	**58,787**
Intangible assets		**99,487**	**101,211**
Property, plant and equipment		**1,052,543**	**1,020,884**
Net financial position- liabilities/(assets)		**431,503**	**501,441**
of which non-recourse project financing		528,443	612,086
Investments		**60,852**	**133,847**
Personnel at the period-end	(no.)	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 Eólica de Castilla went into operation for a total increase of the Group's installed capacity of 106.8 MW.

In addition, in November 2020, the sector increased its installed capacity by 30 MW following the acquisition of Building Energy Holdings US LLC.

The segment shows a slight decrease in revenues (0.2%) compared to the previous year, due to the decrease in electricity selling prices compared to the previous year, in Italy by 4% before price risk hedges which are recorded in the "Other activities" segment, in Spain by 18% and in the UK by 7% while in France the Feed-in Tariff mechanism neutralised the price fluctuation (+1%) and due to the average depreciation of sterling against the euro compared to the previous period.

This effect was partially offset: (i) by the increase in production capacity due to the commissioning of the Hennøy (Norway), Åliden (Sweden) and Spanish Energia Eólica de Castilla wind farms; (ii) by the greater windiness recorded in the United Kingdom, which more than offset the lower production in Italy, France and Spain; (iii) by the fact that the sector enjoyed for the entire year the energy production of the 5 French wind farms, an acquisition finalized in March 2019; and (iv) by the acquisition during November 2020 of the Building Energy Wind Iowa LLC plant.

During 2020, GWh produced by the wind sector amounted to 2,337 compared to 1,995 GWh in 2019 (+17% compared to 2019), including production from the Spanish Energia Eólica de Castilla plant and the Building Energy Wind Iowa LLC plant, the latter for only about one month during 2020.

Furthermore, with reference to production in the United Kingdom, the average devaluation of the pound sterling against the euro was 1.3% in 2020 compared to the previous period.

EBITDA amounted to € 181,143 thousand, a decrease of € 5,520 thousand compared to the previous year, and as a percentage of revenue was 73.4% (75.5% in 2019).

The decrease in EBITDA is mainly due to the fact that the contribution of the higher production deriving from the increased installed capacity was reduced by the decrease in energy prices and higher costs compared to the previous period related to the increase in installed capacity, higher maintenance costs, insurance costs, rent and costs in favour of local communities and territories where the Sector operates in support of the "Covid-19" emergency.
Operating profit decreased by € 10,564 thousand compared to 2019 and amounted to 47.4% of revenue (51.6% in 2019).

The Group's net profit, on the other hand, was positively impacted by the recognition of deferred tax assets, net of substitute taxes, of € 3.4 million following the revaluation of the Buddusò-Alà dei Sardi plant owned by Geopower Srl pursuant to art. 110 of Legislative Decree no. 104/2020, which introduced the option to revalue corporate assets with tax benefits ("**Non-recurring event**").

During 2020, investments in property, plant and equipment and intangible assets amounted to € 60,852 thousand and mainly related to the construction of the Brattmyrliden (€ 50,117 thousand) and Åliden (€ 200 thousand) wind farms in Sweden, Falck Renewables Vind in Norway (€ 5,794 thousand), Energia Eólica de Castilla in Spain (€ 1,908 thousand), purchases of software licenses (€ 861 thousand) and development costs (€ 477 thousand).

The acquisition of Building Energy Holdings US LLC and subsidiaries during the year resulted in a change in the scope of consolidation of € 46,577 thousand (including the net financial position acquired), which must be added to the investments in property, plant and equipment and intangible fixed assets described above for a total of € 107,429 thousand.

The net financial position amounted to € 431,503 thousand, including non-recourse project financing of € 528,443 thousand and the negative fair value of derivatives hedging interest rate, exchange rate and commodity risk for € 37,204 thousand, a decrease of € 69,938 thousand compared with 31 December 2020 due to the cash generated by operating plants net of investments.

Borea transaction: Derisking

The Agreement entered into in 2014 with CII Holdco relating to the sale of 49% of the UK-based "Target Companies" (Ben Aketil Wind Energy Ltd, Millennium Wind Energy Ltd, Cambrian Wind Energy Ltd, Boyndie Wind Energy Ltd, Earlsburn Wind Energy Ltd, Kilbraur Wind Energy Ltd) provided that CII HoldCo Ltd would be entitled to a reduction in the sale price ("Derisking"), payable possibly in 2021, equal to the difference, only if such difference was negative, between the average annual UK energy price calculated exclusively over the period 2014-2020, and £ 25 per MWh (nominal non-inflationary), multiplied by the actual annual production in MWh over the same period of each individual wind farm to be divested and multiplied by CII Holdco Ltd's percentage interest in each individual Target Company in each year of the relevant period (subject to the cap of 49%, corresponding to the current percentage ownership in each Target Company) and taking into account the time factor through a capitalization based on an interest rate of 10% ("the Formula"). Any amount due would have been paid by the Falck Renewables Group to CII HoldCo up to the amount of dividends, interest and loan repayments paid by the Target Companies to the Group. The potential price reduction for the Group would therefore have been limited to the cash distributable by the Target Companies from 2021.
This price reduction clause would have been cancelled with immediate effect if in any year of the period under review CII HoldCo Ltd were to sell its entire stake in the Target Companies to third parties. If the resulting difference had been positive, CII HoldCo Ltd would not have been required to compensate the Falck Renewables Group.

Given that average prices per MWh were above £ 25 per MWh for all years under observation (2014-2020) no price adjustment was generated in favour of CII HoldCo Ltd.

- **Services sector**

Services sector

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

(€ thousands)		31.12.2020	31.12.2019
Sales revenues		42,901	43,713
EBITDA		**4,506**	**6,045**
Operating profit/(loss)		**(835)**	**(1,528)**
Net profit/(loss) for the period		**(1,315)**	**(452)**
Profit/(loss) attributable to owners of the parent		**(1,315)**	**(453)**
Intangible assets		**44,992**	**43,205**
Property, plant and equipment		**6,609**	**3,211**
Net financial position - liabilities/(assets)		**3,487**	**(581)**
of which non-recourse project financing			
Investments		**10,204**	**1,756**
Personnel at the period-end	(no.)	334	301

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 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.

Furthermore, in July 2020, Falck Next Srl completed the purchase by Falck Next Srl of a ground-based solar plant with a nominal capacity of 0.9 MW owned by Bryo SpA for an amount of € 2,330 thousand.

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.

Revenues decreased by € 812 thousand due to the slowdown by Energy Team SpA in the technical activities of sales and installation of metering products and those of assistance as a result of the "Covid-19 crisis" partially offset by the asset management activities in favour of third parties that recorded an increase, mainly resulting from the commercial efforts made in the second half of 2019.

EBITDA amounted to € 4,506 thousand, a decrease of approximately € 1,539 thousand compared to the previous year, and as a percentage of revenue amounted to 10.5% (13.8% in 2019) as it was affected by: i) the decrease in turnover described above, ii) the activities and start-up costs of the newly incorporated company Nuo Srl, which operates in digital asset management services, and iii) higher development costs of Falck Next Srl.

Net profit fell by € 863 thousand. It should be noted that the total net income for 2019 benefited from the "Patent box" regime by the company Energy Team SpA for € 1,274 thousand.

During 2020, investments in property, plant and equipment and intangible assets amounted to € 10,204 thousand and mainly related to software development by Nuo Srl (€ 4,502 thousand), investments in Falck Next Srl in solar plants (€ 2,519 thousand) and the capitalisation of rights of use (€ 2,136 thousand).

The net financial position is in debt and amounted to € 3,487 thousand and increased compared to 31 December 2019 by € 4,068 thousand mainly due to the purchase of the solar plant from Bryo SpA and the software from Nuo Srl.

- **Other Businesses**

Other Businesses

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

(€ thousands)		31.12.2020	31.12.2019
Sales revenues		81,359	72,378
EBITDA		**(23,082)**	**(21,907)**
Operating profit/(loss)		**(25,587)**	**(26,350)**
Net profit/(loss) for the period		**32,002**	**27,185**
Profit/(loss) attributable to owners of the parent		**32,002**	**27,192**
Intangible assets		**21,516**	**12,111**
Property, plant and equipment		**5,579**	**2,648**
Net financial position - liabilities/(asset)		**221,775**	**149,408**
of which non-recourse project financing			
Investments		**17,328**	**12,111**
Personnel at the period-end	(no.)	121	101

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

On 16 September 2020, Falck Renewables SpA placed a senior unsecured equity-linked green bond for a nominal amount of €200 million maturing on 23 September 2025. On 17 November 2020 the extraordinary shareholders' meeting of Falck Renewables SpA authorised the convertibility of the debenture loan into shares.

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 increase compared to the previous year, amounting to approximately € 8,981 thousand, derives from the greater volumes managed in relation to third-party plants, while revenues for the same management activity carried out for the Group decreased.

Negative operating profit of € 25,587 thousand improved by € 763 thousand.
The net result was influenced by the positive change in the fair value of the conversion option on the senior unsecured equity-linked green bond loan for a value, net of contractual costs and the effect of amortized cost as provided for by IFRS 9, of € 3,452 thousand.
The result was driven by higher asset development and digital asset management costs as well as the strengthening of the digital transformation, energy management and downstream and staff structures.

Investments for the period amounted to € 17,328 thousand, of which € 13,145 thousand related to intangible assets (software, licences and development costs), € 886 thousand related to hardware components and € 3,263 thousand related to the capitalisation of user rights.
This table sets out the data for the sector:

		FKR	Other companies	Eliminations	Sector
Sales revenues		81	81,356	(78)	81,359
EBITDA		**(20,989)**	**(163)**	**(1,930)**	**(23,082)**
Operating profit/(loss)		**(23,300)**	**(357)**	**(1,930)**	**(25,587)**
Net profit/(loss) for the period		**37,202**	**(3,963)**	**(1,237)**	**32,002**
Intangible assets		**11,940**	**9,576**		**21,516**
Property, plant and equipment		**5,546**	**33**		**5,579**
Net financial position - liabilities/(asset)		**218,021**	**3,754**		**221,775**
of which non-recourse project financing					
Investments		**11,901**	**5,427**		**17,328**
Personnel at the period-end	(no.)	112	9		121

Note: FKR is Falck Renewables SpA; Other companies includes Falck Renewables Energy Srl, Falck Renewables Energy Uk Ltd. and the development companies

The financial position (primarily Falck Renewables SpA) showed a net debt of € 221,775 thousand, compared with a net debt of € 149,408 thousand at 31 December 2019.
The increase in the financial position compared to 31 December 2020 is due to capital increases in companies in Italy, Norway, Sweden and Spain to support the development and construction of new plants and the distribution of dividends to shareholders net of dividends received.

The net financial position includes the negative fair value of foreign exchange and commodity hedging derivatives for € 8,497 thousand (positive for € 2,465 thousand at 31 December 2019).

5.2.7 Review of business in 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 Eólica 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 revenue 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, 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 units cover a total portfolio, at the date of sale, of 112.5 MW. The total value paid by ENE US to FRNA is of approximately $ 71 million.

On 27 March 2020 Falck Renewables SpA completed the purchase of the shares held by Ascia Renovables SL in Energia Eólica 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.

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 1.0294% 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, which may be (i) neither 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) in any case not 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 realisation 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.

Once these three conditions are met, the number of shares to be allotted to the pool of beneficiaries may vary, from a minimum of 900,000 shares to a maximum of 1,800,000 shares, depending on the price of the ordinary share as it approaches the end of the Share Plan.

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 bring the interests of the beneficiaries in line with those of the Company and its shareholders, and encourage them to work with us to meet our medium/long-term performance objectives. The Plan will be implemented using company treasury shares already in the portfolio or purchased under article 2357 of the Italian Civil Code.

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.

On 31 July 2020, Falck Next Srl purchased from Bryo SpA a ground-based solar plant with a nominal power of 0.9 MW, located in the province of Bologna in Italy.

On 16 September 2020 Falck Renewables SpA successfully placed its offer of a senior unsecured equity-linked green bond for €200 million, maturing on 23 September 2025.
With this transaction, Falck Renewables SpA has confirmed its commitment to sustainability as part of its financing strategy, contributing to the growth of the Green Finance market. The net proceeds of the equity linked green bond, under the Green Financing Framework, will be used to finance and/or refinance, in whole or in part, new or existing renewable energy assets with a significant environmental impact (Eligible Green Assets) in accordance with the Green Bond Principles published by the International Capital Markets Association (ICMA) in 2018 and the Green Loan Principles published by the Loan Market Association (LMA) in May 2020. The alignment of the Green Financing Framework to these principles has been verified by DNV GL Business Assurance Italia ("DNV GL") whose opinion is available on the website of Falck Renewables SpA www.falckrenewables.com.
On 17 November 2020 the Extraordinary Shareholders' Assembly of Falck Renewables SpA authorised the convertibility into shares of the Senior Unsecured Equity-linked Green bond with a nominal value of € 200 million maturing in 2025 (the "Green Bond") and the related share capital increase. The share capital increase, which is divisible and for cash, with the exclusion of pre-emption rights pursuant to paragraph 5 of article 2441 of the Italian Civil Code, is solely for the conversion of the Green Bond for a maximum amount of € 200 million, including any share premium, through the issue of ordinary shares of Falck Renewables SpA with the same characteristics as the ordinary shares in issue.

On 24 November 2020, Novis Renewables Holdings LLC, in which Falck Renewables North America Inc. and Eni New Energy US hold interests of 51% and 49% respectively, completed the acquisition of the 30 MW Westmoreland "ready to build" solar project located in Westmoreland County, Virginia (US) from Savion LLC. The acquisition was announced on 17 November 2020. Novis will provide safe harbour panels, finalise the financing and manage the construction of the project. The estimated development, construction and acquisition costs are $ 35 million. The project implementation is in line with the Business Plan. The plant is expected to come on stream in the fourth quarter of 2021.

On 25 November 2020, Novis Renewables Holdings LLC completed the acquisition, announced on 27 August 2020, from Building Energy SpA of Building Energy Holdings US LLC (BEHUS). BEHUS' business includes around 62 MW of wind and solar projects in operation in the United States of America, a development and asset management team and a pipeline of wind projects up to 160 MW. The total purchase price is $ 32.5 million.

On 10 December 2020, Falck Next Srl, for development, and Falck Next Energy Srl, for dispatching, were awarded 7.5 MW of storage capacity as part of the auction to procure the ultra-fast frequency regulation service (Fast Reserve) that allows batteries to participate in the dispatching services market.

On 17 December 2020 Falck Renewables SpA announced the acquisition of the remaining 30% of Big Fish SPV Srl and Iron SPV Srl from Canadian Solar Group.

5.2.8 Personnel

At the end of the year, the Group had 553 employees, as follow:

(Number)	31.12.2020	31.12.2019	Change
Managers	58	55	3
White-collar staff	464	410	54
Blue-collar staff	31	34	(3)
Total employees in consolidated entities	**553**	**499**	**54**

(Number)	31.12.2020	31.12.2019	Delta
WtE, biomass and solar sector	72	69	3
Wind sector	26	28	(2)
Services sector	334	301	33
Other Businesses	121	101	20
Total	**553**	**499**	**54**

The increase is mainly due to the services sector, the acquisition of Building Energy Holdings US LLC (5 employees) and internal growth as the main functions, in continuity with what occurred in 2019, are being structured to cope with the development of the new initiatives envisaged in the business plan.

5.2.9 Environment, health and safety

Health and safety in the workplace, environmental protection and the safety of plants and processes are primary and fundamental principles for the Falck Renewables Group. Business success is measured through the QHSE standards achieved as much as financial success. This principle is shared at all levels of the company.
Environmental protection is strongly rooted in the values and principles of the Falck Renewables Group, which is dedicated to the production of energy from renewable sources in order to protect the environment for future generations, and we strive to improve our environmental performance year after year. During 2020, LCA (Life Cycle Assessment) studies were carried out to objectively measure the environmental impact of some of our largest operating plants and a wind farm in Norway during construction. These studies will allow us on the one hand to compare ourselves with benchmark data and to identify possible areas of improvement on the other.
Throughout this year, the QHSE function has been focused on the issues caused by the Covid-19 pandemic. Group-wide procedures have been put in place for handling Covid prevention:

1. in offices;
2. during site visits and inspections;
3. for suppliers and visitors during the pandemic;
4. for safe business travel.

Specific protocols were also implemented, following the in-

dications of the Covid-19 risk management protocol signed by the Government and the trade unions.
With the support of Information Technology services, a dedicated application was developed for all Falck Renewables Group employees (Mea my enabler app) to make desk bookings in the offices, to manage the sanitisation of workstations, to distribute PPE and health material and to allow all staff, or selected categories, to receive information in real time directly on their mobile phones.
Blood screening tests were also organised and offered to all employees interested, along with the flu prevention campaign.
Human Resources took advantage of the fact that most of the staff were working from home to organise a number of online training courses. These included courses on stress management, working from home, time management and a safe driving course.
During 2020, QHSE also succeeded in maintaining all the certifications acquired in previous years, passing the surveillance audits and certifying Geopower Sardegna Srl's Buddusò site to the UNI EN ISO 14.001:2015 standard.
The updated certifications are as follows:

Company	Management system	Location
Falck Renewables SpA	Safety Management System UNI EN ISO 45001:2018	Headquarters
Ambiente 2000 Srl	Quality management system UNI EN ISO 9001:2015 Environmental management system UNI EN ISO 14001:2015 Safety Management System UNI EN ISO 45001:2018	Trezzo sull'Adda WtE plant
Prima Srl	Quality management system UNI EN ISO 9001:2015 Environmental management system UNI EN ISO 14001:2015 EMAS III registration	Trezzo sull'Adda WtE plant
Ecosesto SpA	Environmental management system UNI EN ISO 14001:2015 Safety Management System UNI EN ISO 45001:2018	Rende biomass plant
Falck Next Srl	Environmental management system UNI EN ISO 14001:2015 Quality management system UNI EN ISO 9001:2015 Safety Management System UNI EN ISO 45001:2018	Offices
Vector Cuatro Slu	Asset Management System UNI EN ISO 55001:2015	Parco Eolico di Cabezo San Roque
	Quality management system UNI EN ISO 9001:2015	Offices
Energy Team SpA	Environmental management system UNI CEI EN ISO 50001:2018 Quality management system UNI EN ISO 9001:2015 Energy service companies (ESCOs) UNI CEI 11352:2014	Offices

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. During 2020, as expected, the certification of the company Geopower Sardegna Srl was also obtained.

Here is the updated situation:

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
Geopower Sardegna Srl	Environmental management system UNI EN ISO 14001:2015	Buddusò wind farm

During 2020, there were no accidents at work among the Falck Renewables Group's personnel and there was one accident in transit.
During the year, two accidents occurred to contract staff (one at the thermal site in Trezzo sull'Adda and one at a site for the construction of a wind farm in Sweden).

Since 2018, Falck Renewables SpA has taken steps to prepare its Consolidated Non-Financial Statement prepared in accordance with the guidelines (GRI-G4) published by Global Reporting Initiatives. After exceeding the mandatory size thresholds, from this financial year Falck Renewables SpA is also required to report non-financial information within the specific document that meets the requirements of Legislative Decree 254 of 30 December 2016 issued in implementation of Directive 2014/95/EU on the disclosure of non-financial information by large companies and groups.

5.2.10 Research and development activities

The Group has continued the research and development activities started in previous years and has focused its efforts in particular on projects that it considers particularly innovative. The amount spent in 2020 was € 1,796 thousand.

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

Research activities will continue in 2021.

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

5.2.11 Risks and uncertainties

The main risks and uncertainties facing the Falck Renewables Group are analysed by type below. Please note that, under the Risk Management project, 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 is understood as both potential losses from non-payment by customers and counterparty risk related to trading in other financial assets. The credit risk associated with the activities carried out by the Falck Renewables Group is very limited in respect of both commercial customers and financial counterparties. In relation to trade customers, there is a diversification of customers as well as a limited level of risk since most of the exposure to third party customers (not related parties) is to electric utilities and/or in some cases companies through PPA (Power Purchase Agreement) contracts directly with companies (offtakers) with appropriate creditworthiness. Moreover, for most offtakers, Group companies require credit risk mitigation tools by issuing bank guarantees and/or suitable parent company guarantees in their favour.
Energy dispatching is managed in Italy and partially in the UK 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 level.
The credit risk attributable to the counterparties with which the derivative financial instruments are traded is also limited, as the derivative instruments are traded with leading banks.
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).

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

2. Liquidity risk

The Falck Renewables Group has a centralised treasury department that has a "domestic" cash pooling system between Falck Renewables SpA and all of the Group's Italian companies that are not subject to project financing (the latter are not included in the system in relation to "non-recourse" financing mechanisms).
The Group companies 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. Falck Renewables SpA's revolving syndicated loan agreement ("Corporate Loan") amended on 30 July 2018, amounting to € 325 million, was unused at 31 December 2020. 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 annual financial report.

3. Plant financing risks

The financing of the Group's projects, in particular in the wind power and solar power sectors, is mainly carried out through project financing or similar financial structures generally without recourse to shareholders (i.e. without guarantees issued by the parent company Falck Renewables SpA); pending the payment of project financing, the financial requirements of the projects, in particular during the construction period, may be managed using available liquidity (self-financing), or the Corporate Loan (€ 325 million available until its maturity date of 31 December 2023 with great flexibility), or other short-term bank loans. The Group still continues to have access to project financing or other types of financing at the best market conditions in line with those of similar projects.

In addition, in September 2020 Falck Renewables SpA issued an equity-linked Green Bond for a nominal amount of € 200 million, repayable at par on 23 September 2025. As it was issued at 101.25% with a zero coupon, it generates a yield for the investor of -0.25%. The Green Bond equity-linked bond became a Green Convertible Bond as a result of the approval, on 17 November 2020, of the convertibility by the Extraordinary Shareholders' Meeting of the Company. The initial conversion price has been set at € 7.22 per share and is subject to adjustment as per the regulations, in line with current market practice for this type of financial instrument.

The Corporate Loan and the Green Convertible Bond make it possible to support the Group's financial needs and business development.

4. Interest and exchange rate risks

- **Interest rate risk**

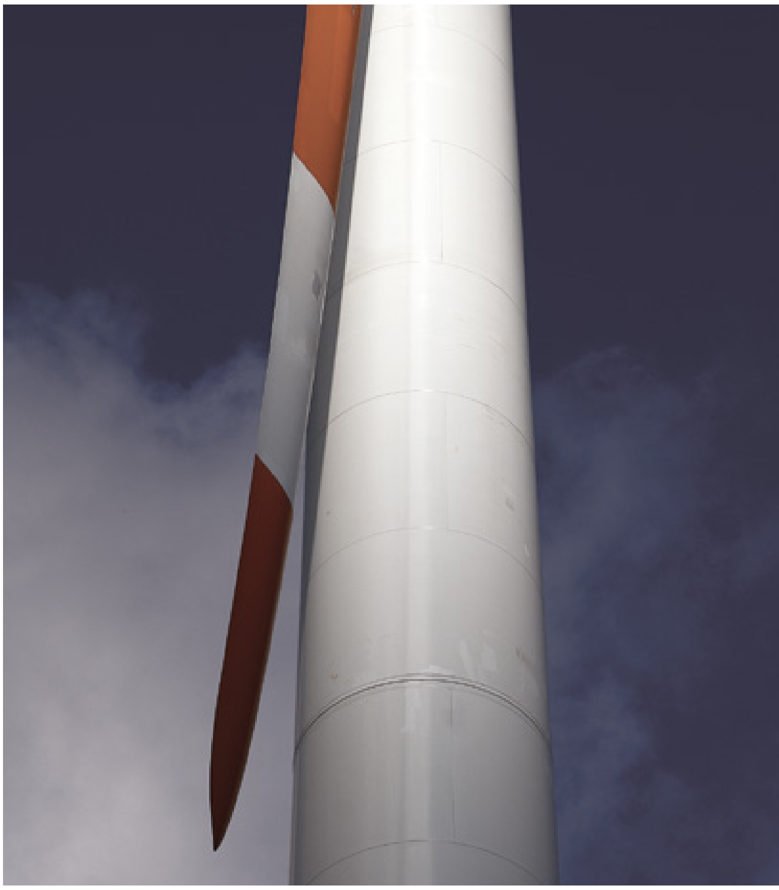
The Falck Renewables Group adopts a policy for managing the risk of interest rate fluctuations on Non-current third party loans, which provides for coverage of no less than 70% on average, unless otherwise specifically requested by the Lender Institutions.

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.

Project Financing transactions and conditions require hedging through IRS to mitigate the lenders' risks and, if the conditions are met, are accounted for in accordance



with hedge accounting rules. As a result, changes in the fair value of derivatives that do not qualify for hedge accounting follow the general rule for trading derivatives, i.e. they are recognised directly in profit or loss and impact the profit for the period. The Group had hedged a significant portion of the net debt against increases in interest rates through IRS hedging at 31 December 2020.

In fact, 85% of Gross debt, amounting to € 818,040 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 € 697,753 thousand.

As a result, the net financial position, excluding the fair value of derivatives and the debt of operating leases, amounting to € 568,723 thousand, is also covered against the risk of changes in interest rates, through interest rate swaps and fixed rate loans, for an amount of 123%.

- **Foreign exchange risk**

The exchange rate risk arises from the Group's activities in areas other than the "Euro Zone", in particular the United Kingdom, the United States, Norway, Sweden and, to a lesser extent, Japan.

The Group's exposure to exchange rates is twofold: (i) transaction risk and (i) translation risk, both of which could impact the Group's income statement and balance sheet.

(i) Transaction risk 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. As of 2019, third-party plant dispatching management also began, an activity that expanded in 2020 with a managed volume of more than 400 GWh and greater geographical and technological diversification of the portfolio. This activity will continue to expand in subsequent years, allowing the Group to better diversify its portfolio at a zonal and/or territorial level. From the third quarter of 2020, the dispatching activity was also extended to the UK in order to internalise the management of the plants in the UK portfolio. To date, the Group independently manages approximately one third of the energy produced in the UK and in subsequent years the volume managed will increase both through the management of third party plants and by internalising the management of the part of the group's portfolio currently dispatched by third party operators.
The Group's results are exposed to:

(i) volume risk resulting from the non-programmability of the production of plants powered by wind or solar energy whose production depends on the availability of natural resources;
(ii) risk of commodity price volatility;
(iii) operational risk, deriving from the level of adequacy of the set of technical and organisational measures implemented by the Group to carry out activities related to the dispatching of electricity on the market;
(IV) counterparty risk arising from the inability of the off-taker to meet its obligations during the contractual period.

In order to mitigate these risks, a specific structure has been set up within the Energy Management function which, on the basis of specific Risk Policies approved at Group level, carries out hedging activities (strategies for fixing the prices of the physical volumes underlying the portfolio), trading (strategies aimed at achieving margins by exploiting price volatility) and market analysis using statistical models. In order to optimise the execution process of hedging and trading activities, during 2019 Falck Next Energy Srl completed the onboarding process on the European Energy Exchange (EEX) market platform and increased and extended credit lines with various financial operators in order to have better real-time access to derivative contracts in the electricity markets, reducing execution risks and containing the fees associated with individual transactions. In the first half of 2020, the Group was active in the continental gas markets (TTF and others) and Henry hub (US gas) on the ICE and CME Nymex Exchanges respectively. In the second half of 2020 Falck Next Energy joined the Joint Allocation Office (JAO) platform in order to trade on the options market with the underlying price differential of Continental European power exchanges.
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. There is also a Trading Policy that defines the risk profile considered

acceptable by the Group, 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. Furthermore, in order to improve the process of hedging price risk exposure, a new hedging policy was formalised in the second quarter of 2020, which will allow the group to manage the price risk hedging process dynamically and progressively, which will be optimised in relation to predefined performance indicators.

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

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

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

4. Counterparty risk
For new projects that do not benefit from a guaranteed remuneration system (FiT, CfD) and/or incentives, the Group negotiates fixed-price Renewable Power Purchase Agreements (Renewables PPAs) with a duration of generally more than five years in order to mitigate price risk, stabilise project cash flows and also to facilitate access to financing systems for these projects through project financing. The

counterparties in these contracts (off-takers) are generally companies that consume the energy produced by the plant or other entities (traders/utility) that resell the energy withdrawn from the plant to third parties.
In the case of the Renewable PPA, the counterparty risk for the Group is the risk that the off-taker is unable to meet its obligations during the contractual period (e.g. withdrawal of the quantities of energy subject to contact, late payments and financial difficulties, etc.).
Counterparty risk management is therefore also one of the main elements of attention in order to achieve bankability of a project.
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 offtaker to issue bank guarantees or parent company guarantees covering a percentage of the notional value of the contract for its entire duration.

c) Legal

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

Start date/Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
Management agreement with the Regional Agency for Waste and Water of the Sicilian Region - EPC Sicilia Srl vs Pianimpianti Srl		
28 November 2018 Court of Milan	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.

Start date/Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
Payment of professional services - Sicily Region lawyers vs Tifeo Energia Ambiente ScpA in liquidation and Elettroambiente SpA in liquidation.		
17 March 2018 Court of Milan Supreme Court	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 aforementioned proceedings, the plaintiffs, considering that the accrued remuneration might not be paid by the Sicilian Regional Administration, refused to waive the benefit of professional solidarity. Tifeo and Elettroambiente asked for permission to request that the Sicily Region indemnify them against the claim, in application of article7 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 Sicily Region, Tifeo, Elettroambiente and Zurich, jointly and severally, to pay those amounts, (iv) ordered the Sicily Region to reimburse Tifeo, Elettroambiente and Zurich all amounts paid to Russo by them, (v) ordered the Sicily Region to reimburse Tifeo and Elettroambiente for the costs of the proceedings, of € 18 thousand, plus incidental expenses (the same amount was also paid to Zurich). 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. In their counter-appeal of 10 July 2020, Tifeo and Elettroambiente requested the Court of Cassation (i) to declare inadmissible (including, where applicable, pursuant to article 375 c.p.c.) or, in any event, to reject in its entirety, as unfounded, the appeal filed by Messrs Stallone and Russo; (ii) to order Messrs Francesco Stallone and Pietro Carmelo Russo to reimburse Tifeo and Elettroambiente for the costs of the proceedings. (iii) order Francesco Stallone and Pietro Carmelo Russo to reimburse Tifeo and Elettroambiente for the costs of the proceedings, plus tax and ancillary costs in accordance with law. Zurich also lodged a counter-appeal, requesting that the appeal notified by Mr Russo and Mr Stallone be dismissed in its entirety.	The hearing date is pending. Given the difficulty in recovering the amounts paid in the event of a negative outcome of the recovery action against the Sicily Region, the companies have already set up an adequate provision in previous years.

Start date/Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
ISTAT revaluation - Gestore Servizi Energetici vs Ecosesto SpA		
11 March 2015 Lazio Regional Court	In 2015, the Gestore Servizi Energetici (GSE) notified the Company of the start of the procedure for the recalculation of the incentive tariff, implementing the sentence of the Plenary Assembly of the Council of State no. 9 of 4 May 2012, which ordered its exclusion from the 2005 ISTAT revaluation, and the recovery of the amounts received in the meantime. Faced with the rejection of the observations submitted by the Company, the Company appealed against the final decision of the GSE of 23 November 2015 ordering the activation of the recovery of the higher amounts received by the Company by way of ISTAT revaluation.	The hearing date is pending. The Company has set aside the sum requested by the GSE in previous years, amounting to approximately €529 thousand.
ISTAT revaluation - Gestore Servizi Energetici vs Actelios Solar SpA		
07 April 2015 Lazio Regional Court	In 2015, the Gestore Servizi Energetici (GSE) notified the Company of the start of the procedure for the recalculation of the incentive tariff, implementing the sentence of the Plenary Assembly of the Council of State no. 9 of 4 May 2012, which ordered its exclusion from the 2005 ISTAT revaluation, and the recovery of the amounts received in the meantime. Faced with the rejection of the observations submitted by the Company, the Company appealed against the final decision of the GSE of 30 November 2015 ordering the activation of the recovery of the higher amounts received by the Company by way of ISTAT revaluation for € 19 thousand. Following the further communication of the GSE of 27 February 2016, containing an invitation to pay the higher amounts received by way of ISTAT revaluation, the Company filed additional grounds for the pending appeal and following the suspension of payments by the GSE.	The hearing date is pending. The Company has already set aside the sum of € 40 thousand in previous years.
Recalculation of incentives - Gestore Servizi Energetici vs Prima Srl		
16 December 2016 Lombardy Regional Court	With a resolution communicated on 16 December 2016, the Regulatory Authority for Energy, Networks and the Environment ("ARERA") approved the proposal of the Gestore Servizi Energetici (GSE) formulated on 24 March 2016 to recalculate for the period 2007-2014 the CIP 6/92 incentives recognised and already paid to the Company for the net electricity produced by the Trezzo sull'Adda plant on the assumption that the incentivisable energy had been overestimated due to the consumption of auxiliary services. Against this decision, the company filed an appeal on 14 February 2017 along with a request of stay. At the outcome of the precautionary hearing, the Regional Administrative Court rejected the application for a precautionary measure by order. An appeal was lodged against this order. In a hearing on 20 July 2017, the Council of State accepted the company's appeal as periculum in mora, suspending the provisions appealed in the first degree and returning the case to the Regional Court for decision. The date of the hearing is pending. In addition, by letter dated 10 February 2017, the GSE informed the company that it would be recognised, for the period 2008-2012, as having no green certificates due. Against this decision, the company filed an appeal on 26 May 2017.	The date of the hearing is pending. The Company, also on the basis of what has been expressed by its lawyers, has set aside in previous years the amount of € 6,532 thousand.

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

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

Start date/Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
Payment of professional services - Sicily Region lawyers vs Platani Energia Ambiente ScpA in liquidation and Elettroambiente SpA in liquidation.		
1 June 2020 Court of Milan	On 1 June 2020, Mr Russo and Mr Stallone (lawyers for the Region of Sicily) served an appeal pursuant to article 702 of the Code of Civil Procedure against Elettroambiente and Platani, seeking an order to pay the fees which they allegedly accrued against the Presidency of the Region of Sicily and the Department, in relation to the activities carried out in the administrative proceedings. The appeal is based on the allegation that the dispute was settled by judicial conciliation on 8 June 2015. Based on this assumption, they invoke the joint and several liability of Elettroambiente and Platani for the payment of the fees accrued by them for assistance to the Sicilian Administration and not paid to date. The amount claimed is €1.5 million (plus VAT and CPA) or, alternatively, €960 thousand (plus VAT and CPA), plus interest pursuant to Legislative Decree no. 231/2002 (or ex art. 1284, para. 4, in the Italian Code of Civil Procedure). On 4 December 2020, Elettroambiente and Platani entered an appearance in response, requesting the postponement of the hearing in order to be able to summon third parties pursuant to article 106 and article 702-bis, paragraph 5 of the Italian Code of Civil Procedure. (i.e. Sicily Region and Department).	The hearing date is pending. At the moment, the Company has not set up a risk provision, considering that the case is not yet ripe for a risk assessment as the first hearing has not yet taken place.

Start date/Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
Request for payment of services - Mr Curione vs Eolica Petralia		
1 June 2016 Court of Appeal, Milan	In 2016, the Company was served with a writ of summons by which Engineer Mr. Curione requested the payment of € 784 thousand for alleged works carried out in relation to the wind farm in Petralia Sottana. 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 filed an appearance and, after the hearing, the Court of Appeal adjourned the case for decision and set a time limit for filing final and reply briefs. In its judgment of 17 February 2021, the Court of Appeal of Milan rejected the appeal against the judgement of first instance, also ordering the reimbursement of legal costs. The decision is awaiting finalisation.	Milan Court of Appeal, judgement of 17 February 2021, rejection of the appeal. The Company had not set up a risk provision.

C) Current lawsuits of fully consolidated companies

Start date/Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
Appeal against plant qualification - Ecosesto vs GSE		
23 April 2010 Council of State	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 company appealed to the Council of State within the time limits laid down by law.	The date of the hearing is pending.
Grin Convention Ecosesto SpA-Eolica Petralia Srl-Eolica Sud Srl-Eolo 3W MM Srl-Geopower Sardegna Srl and Prima Srl vs GSE		
30 June 2016 Council of State	On 30 June 2016, the mentioned companies filed an appeal with the Lazio Regional Administrative Court for the annulment and/or declaration of invalidity - even partial - and ineffectiveness of the Convention for the economic regulation of the incentive on "net generation incentive" for remaining period of entitlement, after 2015, for plants that have acquired the right to benefit from Green Certificates pursuant to 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.

D) Probable and potential liabilities of equity companies:

Start date/Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
Probable liabilities **Action brought by Gestore Servizi Elettrici vs Frullo Energia Ambiente Srl**		
2016 Lombardy Regional Court Council of State Lombardy Regional Court	With an appeal filed before the Lombardy Regional Administrative Court, Frullo Energia Ambiente Srl (FEA) challenged, with a request for suspension, Resolution no. 527/2016 by which ARERA (formerly AEEGSI) adopted the findings of the GSE contained in the Communication of 28 December 2015 (the GSE proposed to ARERA to change the percentage of 4.9% attributable to ancillary services, even though it was provided for in the agreement and subject to timely verification by the GSE itself, because it was not representative of the quantities of electricity absorbed by the ancillary services themselves, by the transformation and transport losses) and consequently ordered the administrative recovery of the amounts which, according to the GSE, were overestimated and unduly received. On 2 May FEA filed an appeal on additional grounds and, at the same time, requested the suspension of memorandum no. 2266 of 1 March 2017 by which the Cassa per i Servizi Energetici e Ambientali ordered the Company to pay € 4,916 thousand by way of restitution of the excess incentives paid. For these additional grounds, the Company also requested damages for the amount of the difference between the surplus incentives paid by the GSE from 18 November 2011 to 31 December 2015 and the amounts paid by the Company in the same years for the purchase of energy used by the incinerator, on top of the taxes paid. With sentence no. 2338/2018, the Lombardy Regional Administrative Court rejected the main appeal and declared itself incompetent to decide on the additional grounds, referring the matter to the Lazio - Rome Regional Administrative Court. The judgement was challenged before the Council of State. After discussing the substance of the case, the Council of State partially accepted the appeal. The Council therefore ordered that the documents be referred to the Lombardy Regional Administrative Court, in a different composition, for a decision on the additional grounds.	A hearing on the merits is scheduled for 24 March 2021. FEA has set aside the amount requested by the GSE.
2017 Lombardy Regional Court Lazio Regional Court	By means of an action brought before the Lombardy Regional Administrative Court, FEA challenged, and requested the annulment of, the measures of the GSE in relation to the inspection carried out on 28 and 29 May 2015 pursuant to article 42 of Legislative Decree no. 28/2011 on the power plant powered by waste called "CTV2" - IAFR 2160. In particular, the GSE noted the disbursement of 11,898 excess Green Certificates that were allegedly unduly received by FEA in the period 2006-2014, for a value of € 1,134 thousand, and therefore requested their restitution. The Lombardy Regional Administrative Court issued a provision referring the matter to the territorial jurisdiction of the Lazio Regional Administrative Court (TAR). FEA in January 2019 resumed the case.	The hearing date is pending. FEA has set aside the amount requested by GSE as a provision for doubtful accounts.

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d) Tax

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

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

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

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

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

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 could 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.

In addition, the Group has specific annual insurance coverage in order to mitigate possible consequences deriving from (i) disastrous climatic and natural events, (ii) certain typical plant operating risks and (iii) third party liability. These covers aim to provide a protection profile in line with the best market practices, also taking into account the requirements of the financing banks with reference to plants financed under project financing. The plant policies cover, with pre-established limits and deductibles, in line with those foreseen for the sector in which it operates, both damage to its own structures (property damage) and also those related to so-called business interruption.

The renewal terms of the Group's insurance policies depend, at the end of their annual term, on the insurance market: an increase in insurance premiums, deductibles or a reduction in limits cannot be excluded in the future, in light of the Group's claims ratio and the global insurance market environment.

f) Strategic risks

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

The technology used to generate electricity from renewable sources is subject to continuous development and improvement in the quest to achieve greater efficiency. 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 and digital innovation. To monitor this potential risk aspect, the Group implements, among other things, processes to identify the resources to be developed and has completed the preliminary process of analysing the distinctive competences of the resources to be developed internally aimed at defining the training plan to cover any competence gaps and succession plans for the same resources: the analysis in question will be in-depth and progressively updated both with reference to the evolution of the business activities and on the basis of the new organisational requirements. The new training plan for the whole Group is currently being defined, which makes specific reference to the analysis of the distinctive skills and main business needs shared within the Group.

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

(i) the sustainability of the Group's balance sheet (expressed by the ratio of Net Financial Position to EBITDA);
(ii) achieving a three-year cumulative EBITDA target;
(iii) the continuation of the existing relationship between the beneficiary and the Company.

Once these three conditions are met, the number of shares to be allotted to the pool of beneficiaries may vary, from a minimum of 900,000 shares to a maximum of 1,800,000 shares, depending on the price of the ordinary share as it approaches the end of the Share Plan.

The Share Plan is part of the Long Term Incentive Plan, as announced at Capital Markets Day on 12 March 2020. The Plan is designed to bring the interests of the beneficiaries in line with those of the Company and its shareholders, and encourage them to work with us to meet our medium/long-term performance objectives.
The Plan will be implemented using company treasury shares already in the portfolio or purchased under article 2357 of the Italian Civil Code.
At 31 December 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 in order to implement the best solutions. The directives and regulations on renewables issued both at EU and national level can have a significant impact on the Group's activities and results. These regulations govern, inter alia, both plant construction (regarding both construction and administration authorisations) and operation, together with production incentives and environmental aspects (regulations relating to the landscape and noise pollution).
As Falck Next Energy Srl has taken over the management of the plants of the Group and of some third parties, we must also pay attention to the measures relating to the electricity market. Finally, the regulations relating to energy efficiency, self-production and self-consumption systems must also be considered.
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. Moreover, despite enjoying several incentives, the sector remains vulnerable to energy price drops due to separate, concurring factors (e.g. 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 2021/22 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.
Still in Italy, on 28 November 2019 Falck Next Energy Srl took part in so-called "mother auction" under the Regulations for the 2023 Capacity Market with the Mezzanelle and Cerro projects, both consisting of a solar plant coupled with a storage system. The premium is subject to the completion of the authorisation process by 30 June 2021, under penalty of losing the guarantee paid.

On 16 November 2020, Terna put out for consultation a revision of the Mixed Virtual Enabled Units (UVAM) regulation, proposing a number of changes that operators consider to be penalising. The proposals should have been implemented from January 2021, but the Authority temporarily suspended their implementation with the approval of Resolution 579/2020/R/eel, extending the existing scheme for the first few months of the year.
Lastly, 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 legislative and regulatory framework creates an uncertain context for the operation of the stakeholders. 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 power, 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) Risk relating to the British referendum on remaining in the European Union ("Brexit")

At 31 December 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. Of the twelve plants in operation in the UK, six, with a total of 273 MW, were subject to 49% transfer in March 2014 to CII Holdco (share 134 MW).

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

The withdrawal agreement, which was needed to define

the conditions of future cooperation, came after a transitional period during which the UK remained technically in the EU, but without participating in its decision-making bodies. Gruelling negotiations ensued, whose success by the deadline of 31 December 2020 was never to be taken for granted, due to several complex and sensitive issues that had to be addressed, including, first and foremost, the regulation of trade relations, the new competitive relationship between British and European companies, the system of movement of persons and the treatment of each other's citizens.

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

A new economic and social partnership will ensure free trade in goods and services and will also cover other sectors such as investment, competition, state aid, fiscal transparency, air and road transport, energy and sustainability, fisheries, data protection and social security coordination, with provisions to ensure that competition between EU and UK operators takes place on a level playing field that does not compromise the rights of passengers and workers.
High levels of protection will also be ensured in areas such as environmental protection, climate change and carbon pricing, labour and social rights, fiscal transparency and state aid, with effective enforcement at national level, a binding dispute settlement mechanism and the possibility, open to both parties, to take corrective measures.
The agreement allows the UK to continue participating in several EU programmes in the period 2021-2027, e.g. Horizon Europe, provided that the UK makes a financial contribution to the EU budget for this initiative.

In terms of governance, binding enforcement and dispute resolution mechanisms will ensure that the rights of businesses, consumers and individuals are respected. This means that businesses in the EU and the UK will compete on a level playing field and neither side will use its regulatory autonomy to grant unfair subsidies or distort competition. Both sides will be able to take sectoral retaliatory measures in the event of violations of the agreement, which will apply to all sectors of the economic partnership.
In terms of foreign policy, external security and defence cooperation are not covered by the agreement, as the UK has not at present wished to negotiate these issues. As a result, there is as yet no common framework governing future joint responses to foreign policy challenges, although new operational capabilities will ensure cooperation in combating and prosecuting cross-border crime and terrorism, as the UK will no longer have the structures in place within the Schengen area.

On the so-called level playing field, the UK and the EU have agreed to set a minimum level of environmental, social and labour rights standards to ensure a range of rights for EU and UK citizens. These provisions also cover EU citizens working in the UK (travelling or moving there), and UK citizens working in the EU (travelling or moving there). From 1 January 2021, for example, travel by EU citizens to the UK for extended periods of work will require a visa application, which will be approved on the basis of strict criteria.

The main topics of the agreement affecting the energy sector are summarised below:

- the free flow of energy is guaranteed between the EU and the UK, based on adequate infrastructure and without technical and regulatory barriers. The UK is currently a net importer of energy. The EU supplies it with about 5-10% of electricity and 12% of gas. The pro-

visions ensure security of supply, which is particularly important for Ireland, which will remain isolated from the EU internal energy market until new interconnections are in place;
- energy exchanges via electricity interconnectors between the EU and the UK will no longer be managed through existing single market instruments, such as market integration (coupling), as these are reserved for EU Member States. From 1 January 2021, the UK has been trading with the EU on third-country terms, although the agreement allows for the possibility of developing separate arrangements for interconnector trade over time, based on a multi-region loose volume coupling model, which is generally less efficient than coupling;
- the UK has set up a domestic Emissions Trading Scheme (UK ETS). leaving the EU Emissions Trading Scheme (EU ETS) to reduce greenhouse gas emissions, and will be excluded from its effort-sharing mechanisms that allow Member States to share the burden of meeting decarbonisation targets. A link between the two carbon pricing mechanisms, including the inclusion of new sectors within the respective ETSs, is not excluded in the future;
- the UK will set its own climate change policies and targets. However, the agreement establishes an ambitious framework for cooperation in the fight against climate change, with a focus on the development of offshore energy in the North Sea and with the common goal of achieving climate neutrality in all sectors of the economy by 2050. The agreement includes a strong principle of non-regression such that the level of climate protection in place at the end of the transitional period should be the minimum guaranteed;
- lastly, the agreement does not contain any elements relating to equivalence regimes for financial services, and the two parties will unilaterally establish new rules on access to their respective financial markets. The different monetary policies of the EU and the UK, the new trade relations and balances that will be established and the speed of economic recovery from the Covid-19 crisis may also have an impact on currency instruments in the medium to long term.

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

i) Risks associated with 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 the management of 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, on the reduction/suspension of 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.

Faced with these scenarios, the Group has implemented all the analysis activities and continuity strategies set out in its operational plans since the very beginning of the pandemic, in order to better manage the effects described above, as well as reduce the risk of contagion among staff in the workplace. On this last point, it is important to 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 ("Working from Home"), which is still allowing the Group to significantly reduce its exposure to many of the related risk factors, including staff mobility, while still ensuring an excellent level of service.

This situation had some negative effects on the Group's activities during 2020, although the latter part of the year showed signs of recovery, also related to the vaccination campaigns that began in December at a global level, mainly limited to the following areas:

- a very sharp drop in the sale prices of energy produced in the Italian market and in the other markets in which the Group operates in the first half of 2020 (as regards the component produced that is exposed to the volatility of spot prices in the electricity markets), correlated with a significant decrease in electricity demand and liquidity in the markets, as the main effect of the prolonged lockdown in March and April, which was followed by a recovery in economic activity and greater confidence in the commodities markets, which led to a slow recovery in prices until they reached values close to pre-covenant levels in December. The negative effects were only 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) 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 and the subsequent economic crisis;
- a delay in the progress of projects under development, both in Italy and in other countries (e.g. the United States of America) linked to the strong attention that public structures have had to devote to the health crisis, shortages of sick personnel and lockdown situations.

To date, these impacts have not resulted in any uncertainties that would adversely affect the going concern assumption and have resulted in a 3.3% decrease in absolute EBITDA compared to 2019.
In light of the current situation of the pandemic, in which the spread of the virus is still increasing worldwide, there are restrictive lockdown measures (even if only partial) in the countries in which the Group operates, which could lead to further volatility in the markets with a consequent reduction in demand and in the sale prices of electricity compared to what was expected, with effects on future results. These effects are difficult to quantify at the moment as they are closely linked to the continuation and/or expansion of the health emergency as well as to a very unpredictable epidemic context that generates significant volatility in economic/financial/production.
To date, further areas of the Group that are believed to be potentially impacted by new crises include:

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

5.2.12 Significant events after the balance sheet date

On 27 January 2021, Falck Renewables Power 2 SLU and Falck Renewables Power 3 SLU were awarded two lots for a total of 40 MW relating to their own solar projects as part of the tender process carried out by the Spanish government. This award ensures a fixed price for the sale of energy for a period of 12 years. This important achievement is part of Falck Renewables Group's extensive development plan in Spain, where it holds a pipeline of approximately 700 MW with grid connection rights, part of which is already in the authorisation phase.

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

On 29 January 2021 Falck Renewables SpA, in accordance with article 2-ter of the regulation adopted by Consob resolution 11971 of 14 May 1999 (the "Issuers' Regulation"), lost its status as an "SME" pursuant to article 1, paragraph 1, let-

ter w-quater 1) of Legislative Decree 58 dated 24 February 1998, ("TUF"), as its capitalisation exceeded the reference threshold during the three-year period 2018-2020.

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

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

On 25 February 2021, the wind farm in Brattmyrliden, Sweden, was energised and is now connected to the grid. The plant, owned by Brattmyrliden Vind AB, a subsidiary of Falck Renewables, has a total installed capacity of 74.1 MW. The turbines are in their final testing phase before reaching full operation, which is scheduled for the end of the first quarter of 2021.

5.2.13 Management outlook and going concern

The Group's 2021 results will benefit for around nine months from the production of the Brattmyrliden wind farm in Sweden (74 MW), and for the full year from the production of the Iowa wind farm (30 MW) and five solar plants (total capacity 32 MW, four in New York state and one in Maryland) in the US belonging to Building Energy, a 51% subsidiary of Falck Renewables North America.
The development of new renewable capacity will be given further impetus by increasing spending and investment to enhance the project pipeline.
Some dossier investments in the geographical areas of interest included in the Business Plan are currently under evaluation.
The Company is closely monitoring the effects of the situation resulting from the "Coronavirus (or Covid-19) crisis" which is re-emerging in recent months, and will be making every effort to mitigate any impact on the Group's economic and financial indicators relating to the 2020 results.
Thanks to the Group's excellent positioning, expertise, and economic and financial resources, resulting from the recent issue of the Green convertible bond for € 200 million and committed credit lines for € 325 million, we are confident that we have all the internal capacity to rise to meet future challenges.

5.3 Operating and financial review of Falck Renewables SpA

5.3.1 Financial highlights

(€ thousands)		31.12.2020	31.12.2019
Sales revenues		81	88
Operating profit/(loss)		**(23,300)**	**(26,409)**
Net Profit/(loss)		**37,202**	**27,314**
Invested capital net of provisions		769,086	680,946
Net equity		551,065	516,383
Net financial position - liabilities/(assets)		**218,021**	**164,563**
Investments		**11,901**	**7,689**
Personnel at the period-end	(no.)	112	96
Ordinary shares	(no.)	291,413,891	291,413,891

5.3.2 Performance and review of business

On 16 September 2020, Falck Renewables SpA placed a senior unsecured equity-linked green bond for a nominal amount of €200 million maturing on 23 September 2025.

The Falck Renewables SpA income statement for the year ended 31 December 2020 recorded a net profit of € 37,202 thousand compared to € 27,314 thousand for the year ended 31 December 2019.

The result was mainly influenced by the higher dividends received (€ 2,958 thousand), the positive change in the Fair Value of the derivative embedded in the senior unsecured equity-linked green bond for a value, net of contractual costs and the effect of the amortised cost in accordance with IFRS 9, of € 3,452 thousand ("**Non-recurring event**") and higher exchange gains (€ 4,768 thousand) partially offset by: (i) higher amortisation (€ 343 thousand); (ii) higher non-operating expenses (€ 1,245 thousand); (iii) higher personnel costs (€ 1,132 thousand) due to the reinforcement of certain business line and staff structures and higher Long Term Incentive Plan costs; and (iv) higher costs for fees and royalties (€ 423 thousand).
Lastly, other income increased (€ 2,906 thousand) primarily due to the gain on the sale of Nuo software to Nuo Srl and higher service costs (€ 1,421 thousand) due in particular to the higher Long Term Incentive Plan costs of the CEO of Falck Renewables SpA and higher asset development and digital asset management costs.

Without the "**Non-recurring event**", whose after-tax effect is € 2,389 thousand, the net positive result would have been € 34,813 thousand.

The financial position showed a debit balance of € 218,021 thousand, compared with a debit balance of € 164,563 thousand at 31 December 2019.

The increase in the financial position compared to 31 December 2019 is due to capital increases in companies in Italy, Norway, Sweden and Spain to support the development and construction of new plants and the distribution of dividends to shareholders net of dividends received and the net effect of the senior unsecured equity-linked green bond.

We remind you that on 12 June 2015, Falck Renewables SpA entered into a new Corporate Loan contract, subse-

quently modified on 30 July 2018, for € 325 million maturing on 31 December 2023; as of 31 December 2020 the new loan has not been used.
The net financial position also includes the positive fair value of the derivatives to hedge interest rate and foreign exchange risks for € 1,296 thousand.

Further details of this non-recurring event are provided in the notes to the financial statements of Falck Renewables SpA.

5.3.3 Personnel

The total number of Company employees at 31 December 2020 was 112, comprising 28 managers and 84 white collar workers, representing an increase of 16 compared to the total at 31 December 2019.

5.3.4 Investments

Investments for the period amounted to € 11,901 thousand, of which € 7,752 thousand related to software licences and management system developments, € 886 thousand related to hardware components and € 3,263 thousand related to the capitalisation of user rights.

5.3.5 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 3%. The Company has aligned itself with the provisions and indications provided by the control and regulatory bodies of the stock market. In particular, the following were introduced:

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

The Company is governed by a Board of Directors.
The Chair and, within the limits of their respective mandates, the Vice-Chair and the CEO are jointly and severally responsible for legal representation and signature. The latter has been granted powers for the management of ordinary administration, and for certain defined activities, powers of extraordinary administration.
The Company adheres to the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana SpA. Following the approval of a new Corporate Governance Code by the Borsa Italiana Corporate Governance Committee in January 2020, the Company's Board has revised and aligned its Corporate Governance Rules to the new Code, which will come into force in 2021.
The Board of Directors set up the Remuneration Committee and the Risk Control Committee with advisory and proposing functions, as well as the Sustainable Strategy Committee with advisory, investigative and support functions on sustainability, energy markets and technological innovation for the purpose of defining the Group's strategic objectives.

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

5.3.6 Directors, statutory auditors, key managers and their interests

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

5.3.7 Related party transactions

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

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

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

In addition to the 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 subsidiaries.

Relations with the parent company Falck SpA
At 31 December 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 or 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.

5.3.8 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. Relations with the parent company are of a commercial nature, as mentioned above, and had a positive impact on the result for the year for a total of € 176 thousand. Charges made by Falck SpA for a total of € 1,424 thousand, mainly for the use of the Falck brand 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).

5.3.9 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 31 December 2020 it held 2,210,000 own shares without nominal value 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 31 December 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, as authorised 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 1.0294% 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.

5.3.10 Purchase and sale of own shares or parent company shares

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

5.3.11 Stock option and stock grant plans

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

(i) the sustainability of the Group's balance sheet (expressed by the ratio of Net Financial Position to EBITDA);
(ii) achieving a three-year cumulative EBITDA target;
(iii) the continuation of the existing relationship between the beneficiary and the Company.

Once these three conditions are met, the number of shares to be allotted to the pool of beneficiaries may vary, from a minimum of 900,000 shares to a maximum of 1,800,000 shares, depending on the price of the ordinary share as it approaches the end of the Share Plan.

The Share Plan is part of the Long Term Incentive Plan, as announced at Capital Markets Day on 12 March 2020. The Plan is designed to bring the interests of the beneficiaries in line with those of the Company and its shareholders, and encourage them to work with us to meet our medium/long-term performance objectives.
The Plan will be implemented using company treasury 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 Re-

newables SpA was put into effect with 600,000 shares. Also in May 2020, 417,000 share rights were assigned to some Group managers.

At 31 December 2020, the total number of share rights assigned to Group managers and the Chief Executive Officer was 1,017,000.

5.3.12 Corporate governance and Code of Self Discipline

Falck Renewables SpA complies with and conforms to the Code of Self Discipline drawn up by the Corporate Governance Committee of Borsa Italiana SpA, amended to reflect the most recent recommendations issued in July 2018 and updated to reflect the Group's particular circumstances.
On 3 December 2020, the Board of Directors revised its Corporate Governance Rules to align them with the new Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana in January 2020, which will come into force with the first financial year after 31 December 2020.

The report on Corporate Governance and Structure (the Report) provides an overview of the Group's corporate governance model and discloses information regarding the ownership structure and compliance with the 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 www.falckrenewables.com website in the *Ethics and Governance - Corporate Governance - Documents section.*

5.3.13 Participation in the opt-out regime

The Board of Directors, given the regulatory simplification introduced by the Consob in Resolution 18079 dated 20 January 2012, resolved on 18 January 2013 to take part in the opt-out scheme described in 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.

5.3.14 Legislative Decree 231/2001

The Company has adopted an Organisation and Management Model as per Legislative Decree 231/2001, tailored to meet the specific requirements of Falck Renewables SpA and aimed at ensuring that the Company carries out its business correctly and transparently thus safeguarding its stakeholders.

The Supervisory Board, as per Legislative Decree 231/2001, is made up of two external components, Giovanni Maria Garegnani, as Chairman, and Luca Troyer, in addition to an internal member, Siro Tasca, in charge of the company's Internal Audit department.

5.3.15 Proposed appropriation of profit for the year

Dear Shareholders,
your Company's financial statements at 31 December 2020 closed with a net profit of € 37,201,670.54.
We propose to allocate this profit as follows:

	(euro)
To 289,203,891 ordinary shares (*) € 0.067	19,376,660.70
Retained earnings carried forward	17,825,009.84
Total 2020 results for the year	**37,201,670.54**

* net of 2,210,000 treasury shares.

On behalf of the board of directors
The Chairman
Enrico Falck

Milan, 11 March 2021

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

PURE POWER TO GROW

6.1 Consolidated Financial Statement

(€ thousands)		Notes	31.12.2020	of which related parties	31.12.2019	of which related parties
Assets						
A	**Non-current assets**					
1	Intangible assets	(1)	165,451		156,457	
2	Property, plant and equipment	(2)	1,332,993		1,266,641	
3	Investments and securities	(3)	2,573		2,318	
4	Investments accounted for using the equity method	(4)	27,738		22,931	
5	Non-current financial receivables	(5)	7,897	7,057	8,622	8,505
6	Deferred tax assets	(8)	27,212		22,857	
7	Other receivables	(7)	3,385		3,273	
	Total		**1,567,249**		**1,483,099**	
B	**Current assets**					
1	Inventories	(9)	28,361		30,128	
2	Trade receivables	(6)	83,975	1,213	93,530	1,261
3	Other receivables	(7)	44,674	7,484	42,398	8,102
4	Current financial receivables	(5)	6,012	3,018	7,681	1,700
5	Securities	(3)	858		852	
6	Cash and cash equivalents	(10)	239,230		131,232	
	Total		**403,110**		**305,821**	
C	**Non-current assets held for sale**					
Total assets			**1,970,359**		**1,788,920**	
Liabilities						
D	**Net equity**					
1	Share capital		291,414		291,414	
2	Reserves		231,757		209,732	
3	Retained earnings					
4	Profit for the period		45,606		48,436	
	Equity attributable to owners of the parent	(11)	**568,777**		**549,582**	
5	Non-controlling interest		139,417		58,081	
	Total equity	(11)	**708,194**		**607,663**	
E	**Non-current liabilities**					
1	Non-current financial liabilities	(14)	843,640	17,470	773,608	20,108
2	Trade payables	(15)	3,220		2,321	
3	Other liabilities	(16)	52,035	3,644	55,389	1,884
4	Deferred tax liabilities	(8)	43,685		43,612	
5	Provisions for risks and charges	(12)	106,304		96,093	
6	TFR (Staff leaving indemnity)	(13)	5,712		4,812	
	Total		**1,054,596**		**975,835**	
F	**Current liabilities**					
1	Trade payables	(15)	60,322	1,493	70,620	708
2	Other payables	(16)	32,219	6,107	40,109	10,601
3	Current financial liabilities	(14)	115,028		94,693	1,858
4	Provisions for risks and charges	(12)				
	Total		**207,569**		**205,422**	
G	**Liabilities attributable to non-current assets held for sale**					
Total liabilities			**1,970,359**		**1,788,920**	

For details of "related party transactions", see page 162
For the effects of significant non-recurring transactions see page 177.

6.2 Consolidated Income statement

(€ thousands)		Notes	31.12.2020	of which related parties	31.12.2019	of which related parties
A	**Revenues**	(17)	**384,359**	**1,593**	**374,494**	**239**
	Direct costs	(19)	(211,476)	(1,328)	(199,897)	
	Personnel costs	(18)	(46,123)		(41,222)	
	Other income	(20)	17,473	2,996	10,747	1,189
	Administrative expenses	(21)	(32,984)	(1,588)	(29,683)	(1,337)
	Net margin from trading activities		31		(44)	
B	**Operating profit/(loss)**		**111,280**		**114,395**	
	Financial income/(expenses)	(22)	(33,197)	(58)	(39,139)	(78)
	Investment income/(expenses)	(23)	10		37	
	Share of profit of investments accounted for using the equity method	(24)	(2,506)	(2,506)	2,670	2,670
C	**Profit/(loss) before tax**		**75,587**		**77,963**	
	Total income tax	(25)	(15,762)		(14,782)	
D	**Profit/(loss) for the year**		**59,825**		**63,181**	
E	Profit attributable to non-controlling interests		14,219		14,745	
F	**Profit/(loss) attributable to owners of the parent**		**45,606**		**48,436**	
	Earnings per share attributable to owners of the parent (€)	(11)	0.158		0.167	
	Diluted Profit/(loss) attributable to owners of the parent (€)	(11)	0.157		0.167	

For details of "related party transactions", see page 178.
For the effects of significant non-recurring transactions see page 177.

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6.3 Consolidated statement of comprehensive income

		2020			2019		
(€ thousands)		Gross	Tax	Net	Gross	Tax	Net
A	**Profit for the period**	**75,587**	**(15,762)**	**59,825**	**77,963**	**(14,782)**	**63,181**
	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	(28,573)		(28,573)	15,750		15,750
	Fair value adjustment of held for sale financial assets						
	Other items included in equity concerning associated and joint venture companies measured with the equity method	(127)		(127)	16		16
	Fair value adjustments of derivatives designated as cash flow hedges	(15,307)	3,717	(11,590)	5,322	(1,750)	3,572
B	**Total other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax**	**(44,007)**	**3,717**	**(40,290)**	**21,088**	**(1,750)**	**19,338**
	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	(4)		(4)	(23)		(23)
	Balance of actuarial gains/(losses) on personnel defined benefit plans	(264)		(264)	(118)		(118)
C	**Total other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax**	**(268)**		**(268)**	**(141)**		**(141)**
B+C	**Other comprehensive income/(loss)**	**(44,275)**	**3,717**	**(40,558)**	**20,947**	**(1,750)**	**19,197**
A+B+C	**Total comprehensive income/(loss)**	**31,312**	**(12,045)**	**19,267**	**98,910**	**(16,532)**	**82,378**
	Attributable to:						
	- Owners of the parent			13,757			65,101
	- Non-controlling interests			5,510			17,277

6.4 Statement of cash flows

(€ thousands)	Notes	2020	2020 of which related parties	2019	2019 of which related parties
Cash flow from operating activities					
Profit for the period		59,825		63,181	
Adjusted for:					
Amortisation of intangible assets	(19) - (21)	4,299		3,617	
Depreciation of property, plant and equipment	(19) - (21)	77,535		73,445	
Impairment/(revaluation) of intangible assets	(19) - (21)	164		3,034	
Impairment/(revaluation) of property, plant and equipment	(19) - (21)	(1,462)		4,065	
Adjustment of non-current assets					
Staff leaving indemnity provision	(18)	1,400		1,143	
Stock grant plan costs		2,088		611	
Financial income	(22)	(27,918)	(437)	(36,727)	(794)
Financial expenses	(22)	61,115	495	75,866	766
Dividends				(37)	
Share of profit of investments valued using equity method	(24)	2,506	2,506	(2,670)	(2,670)
(Gain)/loss on sale of intangibles				(198)	(198)
(Gain)/loss on disposal of property, plant and equipment		(4,012)		(2,093)	
Investment (income)/expenses	(23)	(10)			
Other changes		1,072		(24)	
Capital grants		(2,102)		(1,923)	
Income tax (income statement)	(25)	15,762		14,782	
Operating income before changes in net working capital and provisions		**190,262**		**196,072**	
Change in inventories	(19)	1,766		(24,300)	
Change in trade receivables		11,396		4,571	
Change in trade payables		(11,422)		21,321	
Change in other receivables/payables		(18,678)		(3,147)	
Net change in provisions		(2,159)		(3,248)	
Change in personnel provisions - staff leaving indemnity paid during year	(13)	(805)		(835)	
Cash flow from operating activities		**170,360**		**190,434**	
Interest paid and exchange differences		(47,742)	(106)	(62,452)	(193)
Tax paid/collected		(19,179)		(13,051)	
Payments for stock grant plan		(5,700)			
Net cash flow from operating activities (1)		**97,739**		**114,931**	
Cash flow from investing activities					
Dividends received		2,450	2,450	2,065	2,028
Proceeds from sale of property, plant and equipment		15		2,458	
Proceeds from sale of intangible assets				355	
Proceeds from sale of investment activities				1,849	
Purchases of intangible assets	(1)	(16,145)		(11,401)	
Purchases of property, plant and equipment	(2)	(77,795)		(117,498)	
Purchase of shares and capital increases		(12,076)	(8,125)	(13,935)	(12,833)
Disposals of equity investments with loss of control		2,014			
Purchase of own shares	(10)				
Purchase of subsidiaries net of cash		(21,696)		(30,923)	
Interest received and exchange rate gains		17,493	437	36,683	794
Net cash flow from investing activities (2)		**(105,740)**		**(130,347)**	
Cash flow from financing activities					
Dividends paid		(30,412)	(22,750)	(32,382)	(25,220)
Proceeds from share capital increase and capital contribution net of expenses		18,835	18,545	3,811	3,811
Change in the scope of consolidation					
Net change in financial receivables		1,550	1,550	1,623	1,623
Loans granted		(1,972)	(1,972)		
New borrowings		5,733		52,577	
Issue of convertible bond		199,050			
Repayment of borrowings		(135,452)	(1,758)	(101,586)	(565)
Disposals of equity investments without loss of control		62,128			
Net cash flow from financing activities (3)		**119,460**		**(75,957)**	
Net (decrease)/increase in cash and cash equivalents (1+2+3)		**111,459**		**(91,373)**	
Cash and cash equivalents at 1 January		131,232		218,188	
Translation (loss)/gain on cash and cash equivalents		(3,461)		4,417	
Cash and cash equivalents at 31 December	(9)	**239,230**		**131,232**	

6.5 Consolidated Statement of changes in equity

(€ thousands)	Share capital	Reserves	Profit for the period	Equity attributable to owners of the parent	Non-controlling interests	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)	(13,312)	(31,532)
Other comprehensive profit items included in net equity**		16,665		16,665	2,532	19,197
Purchase of own shares						
Other movements		1,778		1,778	(580)	1,198
Profit for the period at 31 December 2019**			48,436	48,436	14,745	63,181
At 31.12.2019	**291,414**	**209,732**	**48,436**	**549,582**	**58,081**	**607,663**
Appropriation of 2019 profit		48,436	(48,436)			
Dividends paid		(19,377)		(19,377)	(11,296)	(30,673)
Other comprehensive profit items included in net equity**		(31,849)		(31,849)	(8,709)	(40,558)
Convertible bond reserve		19,170		19,170		19,170
Stock grant plan fair value		(2,811)		(2,811)		(2,811)
Effects from the sale of US minority companies		11,569		11,569	47,694	59,263
Other movements		(3,113)		(3,113)	39,428	36,315
Profit for the period at 31 December 2020**			45,606	45,606	14,219	59,825
At 31.12.2020	**291,414**	**231,757**	**45,606**	**568,777**	**139,417**	**708,194**

* 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 Eólica de Castilla SI.

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

6.6 Notes to the financial statements

6.6.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2020 have been prepared on a going concern basis in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as supplemented by the relevant interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC) and adopted by the European Union, as well as with the measures issued in implementation of article 9 of Legislative Decree no. 38/2005.
The consolidated financial statements are prepared on a going concern basis, applying the historical cost method and taking into account impairment losses where appropriate, with the exception of those items which, under IFRS, must be measured at fair value, as described in the accounting policies below.

It should be noted that, also following the simplifications introduced by Legislative Decree 25 of 15 February 2016 (which has assimilated Directive 2013/50/EU, so-called Transparency II) on periodic financial information to the public and in accordance with 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 financial statements used for consolidation purposes are those presented by the board of directors for approval at the shareholders' meetings of each subsidiary, associate and joint venture, reclassified and adjusted in line with International Financial Reporting Standards (IAS/IFRS) and Group policy.

The accounting policies adopted for the preparation of the consolidated financial statements are consistent with those used for the preparation of the consolidated financial statements for the year ended 31 December 2019, except for those that came into effect on 1 January 2020.

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

- ***Consolidated financial statement***
  The Consolidated 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 cash flow statement***
  The consolidated statement of cash flows presents an analysis by areas that generate cash flows as required by International Financial Reporting Standards.
- ***Consolidated statement of changes in equity***
  The statement of changes in equity is presented as required by International Financial Reporting Standards with separate disclosure of the profit for the period and each item of revenues, income, cost and expense not recorded in the income statement but recognised directly in consolidated equity based on specific IAS/IFRS requirements.

The consolidated reports are shown in EUR and the balances and notes are expressed in thousands of EUR, unless specifically indicated otherwise.
These consolidated financial statements as of 31 December 2020 will be up for approval and authorisation for publication by the board of directors' meeting on 11 March 2021.

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

6.6.2 Scope of consolidation

The consolidated financial statements for the year ended 31 December 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 163 companies, of which 146 are consolidated on a line-by-line basis, and 17 are consolidated applying the equity method.

During 2020, the following companies were consolidated line-by-line:

- 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, solar, 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, on the date of sale, to ENE US for a total capacity of 112.5 MW. The transaction resulted in a capital gain, net of transaction costs and tax, of € 11,569 thousand recognised in equity.

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

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

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.

On 1 July 2020, Falck Renewables SpA acquired the shares held by EPC Sicilia Srl in Palermo Energia Ambiente ScpA in liquidation. As a result of this transaction Falck Renewables SpA increased its holding from 71.27% to 73.27%. Also on 1 July 2020, Elettroambiente SpA in liquidation acquired the shares held by EPC Sicilia Srl in Platani Energia Ambiente ScpA in liquidation. As a result of this transaction Elettroambiente SpA in liquidation increased its holding from 87.18% to 99.18%.

With effect from 31 July 2020, the following new companies have been incorporated and registered in the United States of America, 100% owned by Novis Renewables Holdings LLC:

- WMC Solar Holdings LLC;
- TLS Holdco LLC.

In addition, with effect from 6 August 2020, the German company Falck Renewables Verwaltungs GmbH has been definitively removed from the Trade Register, having completed the liquidation procedure.

With effect from 4 November 2020, the following new companies were established and registered:

- NOV RF Holdings LLC, 100% owned by Novis Renewables Holdings LLC;
- NOV RF Lessee LLC, 100% owned by NOV RF Holdings LLC.

On 9 November 2020, the following companies were deleted from the commercial register:

- Falck Renewables Latitude LLC;
- Route 212 Solar Farm LLC;
- Birch Road Solar Farm LLC.

Furthermore, on the same date Falck Renewables Wind Ltd increased its shareholding in Naturalis Energy Developments Limited from 70% to 77.5%.

On 24 November 2020, following the closing of the Westmoreland Project, Westmoreland County Solar Project LLC, 100% owned by WMC Solar Holdings LLC, was acquired.

On 25 November 2020, following the closing of the Building Energy project, TLS Holdco LLC acquired 100% of Building Energy Holding US LLC, which owns, directly or indirectly, the following companies:

- Building Energy Holdco I LLC;
- Building Energy Wind Iowa LLC;
- Green Cyclones LLC;
- Michelangelo Wind 1 LLC;
- Michelangelo Wind 3 LLC;
- Michelangelo Wind 4 LLC;
- Venus Wind 3 LLC;
- Leonardo Wind 1 LLC;
- Optimum Wind 3 LLC;
- Optimum Wind 4 LLC;
- Optimum Wind 5 LLC;
- Optimum Wind 6 LLC;
- Optimum Wind 7 LLC;
- Calypso Solar 3 LLC;
- Odyssey Solar 3 LLC;
- Daphne Solar LLC;
- Apollo Solar LLC;
- Laertes Solar LLC;
- Artemis Solar LLC;
- Odyssey Solar 2 LLC;
- Telemachus Solar LLC;
- Argos Solar LLC;
- Building Energy Asset Management LLC;
- Calypso Solar 1 LLC;
- Odyssey Solar 1 LLC;
- Penelope Solar LLC;
- Ulysses Solar LLC;
- Annapolis Solar Park LLC;
- Cassiopea Solar LLC;
- Andromeda Solar LLC;
- Perseus Solar LLC;
- Building Energy Development US LLC;
- Mistral Wind LLC;
- Taku Wind LLC;
- Admiral Wind LLC;
- Grizzly Wind LLC;
- Black Bear Wind LLC;
- Brave Wind LLC.

The following new companies were incorporated and registered in the Netherlands on 4 December 2020 and are 95% owned by Falck Renewables Nederland BV:

- Winssen Wind Energy BV;
- Waalwijk Wind Energy BV.

On 17 December 2020 Falck Renewables SpA completed the acquisition of the remaining 30% stake in Big Fish SPV Srl and Iron SPV Srl from Canadian Construction Srl.
With effect from 18 December 2020, the Board of Directors of Vector Cuatro UK Limited resolved to change the company's name to Vector Renewables UK Ltd.
The company VC Servicios SL was deleted from the commercial register with effect from 21 December 2020.

During the year Falck Next Srl changed its shareholding percentage in the consortia:

- Energy Aggregator Consortium from 51.28% to 52.63%;
- Energy Cloud Consortium from 82.19% to 74.07%.

Temporary Purchase Price Allocation of Building Energy Holding US acquisitions

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

The primary purpose of the business combination is to increase the portfolio in the United States of America with onshore wind projects, both in operation and under development, by strengthening the development and operations team.

The companies belonging to the BEHUS Group have been consolidated on a balance sheet and financial basis with effect on the consolidated income statement from 1 December 2020 (approximating to this date the transfer of control). The cost of the acquisition amounted to € 26,342 thousand, of which € 710 thousand was temporarily retained as security. The remainder was paid in cash.

The acquisition was accounted for in accordance with IFRS 3, applying the purchase method, by calculating the fair value of the assets and liabilities acquired.

Consolidated shareholders' equity at the date of acquisition was € 26,496 thousand. The difference of € 154 thousand between the net assets acquired and the price paid has been allocated to the income statement. The amounts contributed to the consolidated financial statements of the companies acquired in 2020 are shown below:

(EUR/000)	**Building Energy**
Property, plant and equipment	88,062
Trade receivables/(payables)	(291)
Other assets/(liabilities)	(7,779)
Financial receivables/(payables)	(39,477)
Badwill	(154)
Non-controlling interests	(17,955)
Price	**22,406**

Cash flow analysis of the acquisition:	
Total acquisition cost	**26,342**
Cash and cash equivalents acquired	3,936
Price	**22,406**
Payable for acquisitions at 31.12.2020	710
Net financial outlay for acquisitions	**21,696**

The revenues and results at 31 December 2020 of the companies acquired, as from the date of their consolidation in the Falck Renewables Group, are as follows:

(EUR/000)	**2020**
Revenues	587
Profit/(loss) from the period	(6)

6.6.3 Principles of consolidation

The companies included within the scope of consolidation applying the line-by-line method are those controlled by the parent company, also through indirect holdings.
Associated companies and those entities on which the parent company exercises joint control together with other third parties are consolidated using the equity method.
The financial statements of the companies included within the scope of consolidation have been adjusted, where necessary, to bring them into line with Group accounting policies that conform to IAS/IFRS.
The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the parent company gains control and up to the date on which this control ceases.
The assets and liabilities, income and expenses of consolidated entities are fully recognised on a line-by-line basis in the consolidated financial statements (line-by-line integration method); the carrying amount of investments in each

of the controlled entities is eliminated against the corresponding portion of equity of each of the investee entities, including any fair value adjustments to the value of assets and liabilities made at the date control is acquired. The portions of shareholders' equity and profit or loss attributable to non-controlling interests are shown separately under the appropriate headings in the shareholders' equity, income statement and statement of comprehensive income.
Changes in investments held (directly or indirectly) by the Company in controlled entities that do not result in a change in the classification of the investment as a controlled entity are recognised as equity transactions. The carrying amount of equity attributable to owners of the parent and non-controlling interests is adjusted to reflect the change in ownership interest. The difference between the carrying amount of non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity attributable to the owners of the parent.
In contrast, the disposal of shares resulting in the loss of control results in recognition in profit or loss: (i) any gain or loss calculated as the difference between the consideration received and the corresponding portion of equity transferred; (ii) the effect of adjusting any residual investment retained to its fair value; (iii) any amounts recognised in other comprehensive income relating to the former controlled entity that are required to be reversed through profit or loss. The fair value at the date of loss of control of the retained interest, if any, represents the new carrying amount of the investment and, therefore, the reference value for the subsequent measurement of the investment in accordance with the applicable measurement criteria. Dividends received by the parent company or other consolidated companies from investments included within the scope of consolidation are reversed in the consolidated income statement.
The assets and liabilities in the financial statements of subsidiaries denominated in foreign currencies are translated to € 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 value 2020	31.12.2020	Average value 2019	31.12.2019
British Pounds (GBP)	0.8897	0.8990	0.8778	0.8508
US dollar (USD)	1.1422	1.2271	1.1195	1.1234
Polish Zloty (PLN)	4.443	4.5597	4.2976	4.2568
Mexican Pesos (MXN)	24.5194	24.416	21.5565	21.2202
Bulgarian Lev (BGN)	1.9558	1.9558	1.9558	1.9558
Japanese Yen (JPY)	121.8458	126.49	122.0058	121.94
Chilean Peso (CLP)	903.14	872.52	786.89	844.86
United Arab Emirates Dirham (AED)	4.1947	4.5065	4.1113	4.1257
Australian Dollar (AUD)	1.6549	1.5896	1.6109	1.5995

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

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

At the date of acquisition of control, identifiable assets acquired and liabilities assumed of investee companies is determined by attributing their fair value to individual assets and liabilities. Any residual difference with respect to the price, if positive, is recorded under the asset item "Goodwill". If the fair value of the net assets acquired exceeds the consideration transferred, the Group ensures that the identification of all of the assets acquired and liabilities assumed is complete and reviews the procedures used to determine the amounts recognised at the date of acquisition. If the remeasurement still results in a fair value of the net assets acquired that exceeds the consideration, the difference (gain) is recognised in profit or loss if not previously attributable to a reduction in assets; if negative, it is recognised in profit or loss.
In the case of non-total control, the portion of shareholders' equity of non-controlling interests is determined on the basis of the share of the fair values attributed to assets and liabilities at the date of assumption of control, excluding any goodwill attributable to them (the so-called "partial goodwill method"). Alternatively, the entire amount of goodwill generated by the acquisition is recognised, including the portion attributable to non-controlling interests (the "full goodwill method"); in the latter case, non-controlling interests are stated at their full fair value, including goodwill attributable to them. The Group decides separately for each business combination how to determine goodwill (Partial goodwill method or Full goodwill method).
If control is assumed in stages, the acquisition price is determined by adding the fair value, at the date of acquiring control, of the previously held equity interest in the acquiree and the amount paid for the additional equity interest. The difference between the fair value of the previously held equity investment restated at the time of acquisition of control and the related carrying amount is recognised in profit or loss. On taking control, any components previously recognised in other comprehensive income are recognised in profit or loss or in another equity item, if no reversal to profit or loss is envisaged. When the values of the acquiree's assets and liabilities are determined provisionally in the period in which the business combination is completed, the recognised values are adjusted retrospectively, no later than twelve months after the acquisition date, to reflect new information about facts and circumstances that existed at the acquisition date.

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

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

6.6.4 Accounting policies

The accounting policies used for the preparation of the consolidated reports are in line with those applied for the consolidated financial statements at 31 December 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

Regarding accounting standards, interpretations or improvements effective from 1 January 2020, compared to those applicable to the 2019 financial year, the following changes have had and may have an impact on the Group's consolidated financial statements:

<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.

This amendment had no significant impact on the Group's consolidated financial statements.

<u>IFRS 16 Rent Concession Covid 19</u>
The Covid-19 pandemic, and the consequent forced closure of many businesses, has led to a significant increase in the phenomenon of rent concessions, as many lessees have obtained reductions, cancellations and/or deferrals of lease payments from their landlords due to the impossibility of using the leased assets due to the compulsory closure of certain businesses or due to the excessive cost of the rent as a result of the significant reduction in the turnover of certain businesses.

The amendment exempts lessees from having to look at individual leases to determine whether the incentives granted as a result of the Covid-19 pandemic are contract modifications and allows lessees to account for these incentives as if they were not modifications, and therefore immediately in the income statement.

The amendment only applies to incentives related to leases occurring as a direct consequence of the Covid-19 pandemic and only if all the following conditions are met:

- the modification results in payments that are substantially the same as or lower than the payments provided for before the modification;
- any reduction in rent payments only affects payments up until 30 June 2021;
- there is no material change relating to other contractual terms and conditions.

This amendment had no significant impact on the Group's consolidated financial statements.

<u>IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform -Phase 1</u>
In 2018, IASB noted the increasing level of uncertainty related to interest rate reform and decided to add a project to its agenda to examine the financial reporting implications of the reform.
The amendments to IFRS 9, IAS 39 and IFRS 7 provide exceptions so that companies may continue to apply the requirements of hedge accounting assuming that the benchmark interest rate on which the hedged risk is hedged or the cash flows of the hedging instrument are not changed as a result of the IBOR reform.

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

– Amendments to IAS 1 and IAS 8: Definition of Material;
– Amendment to References to the Conceptual Framework in IFRS Standards.

New standards issued and endorsed by the EU but effective from 1 January 2021
Below are the new standards, interpretations or improvements issued but not yet in force:

– Amendment to Insurance Contracts - deferral of IFRS 19;
– Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2.

New principles issued but not yet in force as not yet endorsed by the EU
Below are the new standards, interpretations or improvements issued and not yet endorsed by the EU:

- Amendment to IFRS 17 Insurance Contracts;
- Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- Amendment to IFRS 3 Business Combinations;
- Amendment to IAS 16 Property, Plant and Equipment;
- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;

- Annual improvements to IFRS Standards (Cycle 2018–2020)
- Amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

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

Intangible assets

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

Research and development costs

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

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

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

Property, plant and equipment

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

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

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

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

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

necessary to complete the development and for the use or sale of the intangible asset in question.

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

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

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

Impairment losses on non-financial fixed assets
When there are situations potentially generating impairment losses (and in any case at least once a year for goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use), tangible and intangible assets are tested for impairment by estimating the recoverable amount of the asset and comparing it with the related net carrying amount. The recoverable value of an asset or CGU is the greater of value in use and fair value less cost of disposal.
If the recoverable value is lower than the book value, the latter is consequently reduced. This reduction constitutes an impairment loss (allocated in priority to goodwill up to its amount), which is recognised in the income statement. Impairment losses on goodwill are not reversed.
When there is an indication that an impairment loss recognised in a previous accounting period is no longer required, the carrying value is restated to the new estimated recoverable value which may not exceed the carrying value that would have been recognised had the original impairment not occurred. The value reversal is also recorded in the income statement.
The Group defines CGUs as the smallest, reasonably identifiable group of operations that generates cash flows substantially independently from the cash flows generated by other units or groups of units.
Given the nature of the renewable energy business (WtE, biomass, wind and solar energy) whereby individual plants in special purpose project companies are identified and measured separately and are generally financed separately from other projects through non-recourse debt to the shareholders, the CGUs represent either the proprietary project companies or those that operate renewable energy power plants. Consequently, these are independent from others generating their own cash flows and operating in an active market with their own products.

Investments and securities
Investments in other companies and other investments
Financial assets representing non-controlling interests, be-

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

Investments in associates/joint ventures

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

Financial instruments

Financial assets - debt instruments

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

Impairment of financial assets

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

Financial liabilities

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

Offsetting financial assets and liabilities

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

Derivative financial instruments and hedge accounting

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

Fair value measurement

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

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

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

Inventories

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

Cash and cash equivalents

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

Non-current assets held for sale and discontinued operations

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

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

Litigation provision
This provision includes the charge for future costs relating to legal proceedings.

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

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

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

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

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

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

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

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

Incentive plan
On 7 May 2020 the shareholders of Falck Renewables SpA approved the 2020-2022 incentive plan, which is governed by equity instruments. The plan involves awarding a maximum of 1,800,000 ordinary shares in Falck Renewables SpA, representing a maximum of approximately 0.6177% of the share capital, free of charge to the CEO and certain executives and key employees within the Company and its subsidiaries.

The cost of equity-settled transactions is determined by the fair value at the date the assignment is made using an appropriate valuation method, as explained in detail in the notes to this financial report in question, and is not subject to any subsequent updates.
The fair value of the services received by the owners of the plan in exchange for the shares received was calculated indirectly with reference to the fair value of the shares. This cost was recorded throughout the vesting period under personnel costs, or service costs if the beneficiary was not an personnel, balanced by a specific reserve in equity. The accumulated costs were recorded according to the best estimate of the number of shares that will effectively reach maturity. The cost recorded under the results for the period represents the variation in the accumulated cost recorded at the beginning and end of the period.
No costs were recorded for rights that did not reach maturity due to failure to achieve performance or service targets.

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

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

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

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

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

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

v) Interests
Finance income is accounted for applying the accruals concept.

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

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

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

Tax
Income tax is calculated and provided for based on estimated taxable income for the year and applying existing tax legislation.
Deferred taxes are calculated applying the liability method on all temporary differences between the tax bases of assets and liabilities and the financial reporting values at the balance sheet date.
Deferred tax assets are recognised only where it is probable that the temporary differences will reverse in the immediate future and to the extent that there will be sufficient taxable income against which these temporary differences may be utilised. The balance of Deferred tax assets is reviewed at each balance sheet date and a valuation allowance is provided in the event that it is no longer probable that sufficient future taxable profits will be available to offset all or part of the tax credit. Unrecognised Deferred tax assets are reviewed at each balance sheet date and are recognised where it is probable that they may be recovered against future taxable profits.

Income taxes on items recognised directly in equity are also recognised in equity and not through the income statement. Deferred tax assets and liabilities are measured at the enacted tax rates that will be in effect in the periods in which the assets are realised or the liability is settled and are classified in non-current assets and liabilities, respectively.

Value added tax (VAT)
Revenue, costs and assets are recorded net of VAT except where:

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

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

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

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

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

6.6.5 Financial risk management: objectives and criteria

The Group's financial instruments, other than derivatives, comprise bank borrowings, demand and short-term bank deposits. Similar instruments are employed in financing the Group's operating activities. The Group has performed derivative transactions, mainly interest rate swaps. The scope is to sterilise the interest rate risk for Group operations and its financing sources.
The Group's debt financing exposes it to a variety of financial risks that include foreign exchange risk, interest rate, liquidity and credit risk.

Foreign exchange risk
The foreign exchange risk deriving from fluctuations in exchange rates between the date a foreign currency transaction takes place and the settlement date (receipt/payment) is defined transaction risk. This risk directly impacts the result for the period and is determined for the accounting currency of each Group company.
The Group foreign exchange risk management policy involves monitoring the foreign exchange balance to identify exposure and stipulate plain vanilla currency forward sale or purchase transactions.

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

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

Liquidity risk
The objective of the Group is to achieve a balance between maintaining available funds and ensuring flexibility through the use of loans and bank overdrafts. The Group entered into a loan agreement for € 325,000 thousand on 12 June 2015 that matures on 31 December 2023 with the purpose of funding the parent company's liquidity requirements and to provide capital to, and finance, its subsidiaries. At 31 December 2020, the Group had not made use of this loan.
The loan is subject to, inter alia, financial covenants based on the ratio of net financial position/EBITDA and net financial position/total equity calculated using the amounts disclosed in the consolidated financial statements: these parameters were met as at 31 December 2020, based on these financial statements.

Cash and cash equivalents not restricted under project financing amounted to € 148,084 thousand at 31 December 2020 and are deposited with banks following assessment of the related counterparty risk.

The cash and cash equivalents of Group companies financed under project financing principally comprise the current account balances that are restricted by the obligations established under the project financing contracts. For the wind power sector, this liquidity totalled € 83,092 thousand, while that relating to WtE, biomass and solar projects amounted to € 8,054 thousand. The Group considers the level of credit risk associated with these deposits to be acceptable.

On 16 September 2020 Falck Renewables SpA successfully placed its offer of a senior unsecured equity-linked green bond for €200 million, maturing on 23 September 2025.
With this transaction, Falck Renewables SpA has confirmed its commitment to sustainability as part of its financing strategy, contributing to the growth of the Green Finance market. The net proceeds of the equity linked green bond, under the Green Financing Framework, will be used to finance and/or refinance, in whole or in part, new or existing renewable energy assets with a significant environmental impact (Eligible Green Assets) in accordance with the Green Bond Principles published by the International Capital Markets Association (ICMA) in 2018 and the Green Loan Principles published by the Loan Market Association (LMA) in May 2020.

6.6.6 Capital risk management

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

At 31 December 2020, all Group companies that had subscribed to project financing without recourse showed financial parameters above the minimum default levels, with the exception of the Eolo 3W Minervino Murge wind farm, which experienced a slight temporary drop in cash flows in the last half-year, which did not, however, prevent it from meeting regular debt service, without any use of the specific reserve account. The Company received a letter of waiver from the lending banks, after 31 December 2020, confirming that the aforementioned parameter deviation did not result in any event of default. Even though the waiver was received, IAS 1 requires the entire amount of the project financing to be accounted for in current payables at 31 December 2020 and consequently the financial liability of € 21,157 relating to the Eolo 3W Minervino Murge wind farm was reclassified from non-current to current.

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

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

Please refer to the report on operations for a description of the main impacts of the Covid-19 emergency on the Group's activities. These impacts have not so far had any significant impact on the income statement, nor have they generated uncertainties such as to reflect negatively on the going concern assumption.
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.

6.6.7 Sector information

Set out below are details of the results of operations and financial position by business segment in accordance with IAS/IFRS disclosure requirements.
The segments identified represent the organisation and production structure adopted by 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	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues	64,884	68,026	246,702	247,080	42,901	43,713	81,359	72,378	(51,487)	(56,703)	384,359	374,494
Direct costs	(43,895)	(48,676)	(113,575)	(105,871)	(18,791)	(22,959)	(79,092)	(70,601)	43,877	48,210	(211,476)	(199,897)
Personnel costs	(6,313)	(5,660)	(3,238)	(3,429)	(22,293)	(20,095)	(14,309)	(12,501)	30	463	(46,123)	(41,222)
Other income	12,535	7,152	3,650	2,650	910	1,946	8,235	7,420	(7,857)	(8,421)	17,473	10,747
Administrative expenses	(4,300)	(7,056)	(16,591)	(12,918)	(3,562)	(4,133)	(21,811)	(23,002)	13,280	17,426	(32,984)	(29,683)
Net margin from trading activities							31	(44)			31	(44)
Operating profit/(loss)	**22,911**	**13,786**	**116,948**	**127,512**	**(835)**	**(1,528)**	**(25,587)**	**(26,350)**	**(2,157)**	**975**	**111,280**	**114,395**
Financial income/(expenses)	(4,668)	(4,008)	(33,181)	(35,682)	(558)	(257)	7,743	2,378	(2,533)	(1,570)	(33,197)	(39,139)
Investment income/(expenses)	336		11		1		49,469	46,262	(49,807)	(46,225)	10	37
Share of profit of investments accounted for using the equity method	2,415	2,669				1	(4,921)				(2,506)	2,670
Profit/(loss) before tax	**20,994**	**12,447**	**83,778**	**91,830**	**(1,392)**	**(1,784)**	**26,704**	**22,290**	**(54,497)**	**(46,820)**	**75,587**	**77,963**
Tax	(2,605)	(2,375)	(18,575)	(18,914)	77	1,332	5,298	4,895	43	280	(15,762)	(14,782)
Profit/(loss) for the year	**18,389**	**10,072**	**65,203**	**72,916**	**(1,315)**	**(452)**	**32,002**	**27,185**	**(54,454)**	**(46,540)**	**59,825**	**63,181**
Profit/(loss) attributable to non-controlling interests	1,384	659	12,836	14,129		1		(7)	(1)	(37)	14,219	14,745
Profit/(loss) attributable to owners of the parent	**17,005**	**9,413**	**52,367**	**58,787**	**(1,315)**	**(453)**	**32,002**	**27,192**	**(54,453)**	**(46,503)**	**45,606**	**48,436**

(€ thousands)	WtE, biomass, solar		Wind		Services		Other Businesses		Elimination		Consolidated	
Financial position	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Intangible fixed assets	240	301	99,487	101,211	44,992	43,205	21,516	12,111	(784)	(371)	165,451	156,457
Property, plant and equipment	273,143	244,541	1,052,543	1,020,884	6,609	3,211	5,579	2,648	(4,881)	(4,643)	1,332,993	1,266,641
Net financial position	129,640	153,610	431,503	501,441	3,487	(581)	221,775	149,408	(80,876)	(83,112)	705,529	720,766
Investments in the period	15,798	6,488	60,852	133,847	10,204	1,756	17,328	12,111	(4,203)	(2,052)	99,979	152,150

6.6.8 Financial Statement contents and movements

Assets

A Non-current assets

1 Intangible assets

Movements in the period were as follows:

(€ thousands)		At 31.12.2019	Acquisitions	Foreign exchange variation	Reclassifications	Disposals	Other movements	(impairment) revaluation	Amortisations	At 31.12.2020
1.1	Industrial patent and intellectual property rights	783	3		3,041		(3)		(595)	3,229
1.2	Concessions, licences, trade marks and similar rights	7,790	67	(2)			1		(376)	7,480
1.3	Goodwill	96,399		(2,762)			(1)			93,636
1.4	Other intangibles	28,493	185	(13)	2,610		(2)	(35)	(3,156)	28,082
1.5	Rights of use	444							(172)	272
1.6	Assets under construction and advances	22,548	15,890	(10)	(5,651)		104	(129)		32,752
Total		**156,457**	**16,145**	**(2,787)**			**99**	**(164)**	**(4,299)**	**165,451**

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 (Sicily solar plants)
- Annapolis Solar Park LLC (Maryland solar plants)
- 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)
- Building Energy Wind Iowa,LLC (solar plant in Iowa)
- Calypso Solar 1 LLC (Snyder Road solar plant)
- Calypso Solar 3 LLC (Harford & Musgrave solar plants)
- Cambrian Wind Energy Ltd (Cefn Croes wind farm)
- Julia (Eol Team SAS, Ferme Éolienne de Noyales, Parc Éolien du Bois Ballay, Parc Éolien de Mazeray et de Bignay, Parc Éolien 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 Eólica de Castilla SL (Carrecastro wind farm)
- 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 (Dartmouth solar plant, 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 (Middleton solar plant, Massachusetts)
- Innovative Solar 42 LLC (Fayetteville solar plant, North Carolina)
- Kilbraur Wind Energy Ltd (Kilbraur wind farm)
- Kingsburn Wind Energy Ltd (Kingsburn wind farm)
- Millennium Wind Energy Ltd (Millennium wind farm)
- NOV RF Pledgor LLC (Westmoreland solar plant)
- Nutberry Wind Energy Ltd (Nutberry wind farm)
- Odyssey Solar 2 LLC (Geneva solar plant)
- Parc Éolien du Fouy SAS (Maine et Loire wind farm)
- Parc Éolien d'Illois Sarl (Parc Éolien d'Illois wind farm)
- Parc Éolien des Crêtes 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 (Leominster solar plant, Massachusetts)

- Syncarpha Palmer LLC (Palmer, Massachusetts solar plant)
- Ty Ru Sas (Plouigneau wind farm)
- West Browncastle Wind Energy Ltd (West Browncastle wind farm)

The financial expenses charged during the year to intangible assets amounted to € 79 thousand.

Goodwill at 31 December 2020 comprised:

(€ thousands) **Goodwill**	**Book value at 31.12.2020**
Energy Team SpA	9,119
Geopower Sardegna Srl	16,246
Cambrian Wind Energy Ltd	12,349
Falck Renewables Wind Ltd	10,222
Ben Aketil Wind Energy Ltd	9,729
Earlsburn Wind Energy Ltd	9,581
Millennium Wind Energy Ltd	9,287
Vector Cuatro SLU	5,624
Boyndie Wind Energy Ltd	4,067
Kilbraur Wind Energy Ltd	3,697
Eolica Sud Srl	1,967
Eolo 3W Minervino Murge Srl	1,748
Total	**93,636**

With reference to development costs, a write-down of € 129 thousand was recorded under intangible assets in progress and advances, referring to green field projects.

Investments in intangible fixed assets amounted to € 16,145 thousand and refer to operating software and licensing expenses of € 10,025 thousand and € 6,120 thousand in development costs.

Asset values include rights of use, for which please refer to paragraph 26 "Disclosures in accordance with IFRS 16".

Impairment test Intangible and tangible fixed assets

During the year, no specific events occurred at Group level that would alter or affect the production capacity of the assets, which therefore continued to produce regularly without having to interrupt operations despite the Covid-19 pandemic. However, the reduction in energy commodity prices due to the pandemic was considered a cross-cutting impairment indicator and therefore impairment testing was performed in accordance with IAS 36 for all CGUs. For assets located in the United States only, the recoverable amount was determined on the basis of the fair values resulting from recent transactions involving those assets.

Impairment test plant CGUs

- Activities to verify the amount recoverable from individual cash-generating units were performed following the procedure required by IAS 36. The recoverable amount of CGUs related to plants has generally been determined as value in use based on a schedule of operating cash flows discounted at a rate representative of the weighted average cost of specific invested capital, net of taxes and determined according to the expected life of the various plants. Given the nature of the particular type of business, the present value of operating cash flows has been estimated on the basis of the residual life of the various projects, assuming for all industrial plants a zero terminal value present in the service activities. With reference to the main basic assumptions used for the projection of flows, note that:

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 range of discount rates used for CGUs operating within the highlighted technologies/countries is shown below:

WtE and biomass Italy:	from 3.5% to 3.8%
Wind sector UK:	from 3.1% to 3.8%
Wind sector Italy:	from 3.6% to 4.2%
Wind sector Spain:	from 3.6% to 4.0%
Wind sector France:	from 3.0% to 3.5%
Nordic Wind Power (Sweden and Norway):	from 3.3% to 3.4%
Photovoltaic Italy:	from 3.9% to 4.1%

The key factors that individually or jointly influenced the valuations and impacted the impairment tests, in respect of intangible assets, property, plant and equipment and investments accounted for using the equity method that are commented on separately but were influenced by the same factors are detailed below. These factors had varying effects depending on the technological, geographical, competitive and incentive system features of the CGU.

General and sector-specific factors for plant CGUs:

- Italy: first of all, the price variations of energy are strongly controlled for wind and biomass plants by the mechanism for calculating the incentive, which for 78% (even if offset by one year) recovers the variations. Prices (calculated as the sum of energy and incentives) are broadly in line with those used last year;
- United Kingdom: growth in the wholesale price curves used for the cash flow projection in the 2019 financial statements was low compared to the previous year. In contrast, the estimated incentive component remained the same as before;
- Spain: like the UK, the market rate shows lower growth than assumed last year;
- France: electricity rates rose less than those used in last year's reports. This reduction affects plants from the end of the period in which they benefit from a so-called Feed-in Tariff regime (15 years from plant start-up);
- Nordics (Sweden and Norway): as for the other markets, the price projections prepared by the Energy Management function were adopted in the Nordic countries. The lower growth of the energy curve compared to that used last year was particularly pronounced in this geographical area. Nonetheless, also in light of the young age of the underlying assets, no critical issues were identified for this year;
- USA: with reference to the assets operating (Dartmouth, Middleton, Fayetteville, Leominster and Palmer solar plants) in this market, the sale of 49% of the operating assets of Falck Renewables North America Inc. on 20 March 2020 to Eni New Energy US Inc. of 49% of these assets (for a total capacity of 112.5 MW calculated on a 100% basis), which generated a consolidated gain of USD 12.8 million, is representative of the fair value of the assets and therefore the value defined in this agreement was used as a reference and the acquisition, in November 2020, of Building Energy Holdings US, LLC, whose assets were subject to a purchase price allocation at fair value;
- there were no significant changes in the tax laws in the various countries compared to those included in the previous forecasts made for the financial statements of the previous year, except for the United Kingdom for which a tax rate of 19% has been applied to the prospective flows (instead of the previous 17% used in the financial statements at 31 December 2019), as the progressive reduction of the tax rate previously provided for has been abolished;
- the WACC rates used to discount cash flows were updated on the basis of the performance of long-term government bond yields (underlying the risk free component of the WACC itself), the interest rates applied to bank debt and taking into account the residual useful life of each individual facility. The updating of the various parameters led to a general reduction in the WACC rate used to discount flows, with the sole exceptions of Waste to Energy and Biomass and Services. As a result, almost all of the Group's wind farms and solar plants have benefited from this reduction;
- as in 2019, the company also updated its estimates of future production for individual wind farms in 2020. Falck Portfolio's internal Technical Asset Management division carried out its assessments taking into account both the actual wind levels recorded historically at the various sites and estimates prepared by third parties that are market leaders in the assessment of wind levels, taking into account the availability of each individual plant. These forecasts are substantially in line with those used in the financial statements at 31 December 2019.

<u>Results</u>

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. In the case of two CGUs, the conditions also existed for a partial reversal of property, plant and equipment previously written down. These comprise the Eolica Petralia Srl CGU with a revaluation of € 1,204 thousand and Solar Mesagne Srl for € 382 thousand. The principal factors that led to the reversal were the reduction in the discount rate and an improvement in certain industrial inputs such as ordinary investments and operating costs.

<u>Impairment test of the Services Sector</u>

As for the other CGUs, the Service Sector CGUs (mainly Vector Cuatro and Energy Team) were subjected to an impairment test on the specific assets of the multi-year contract portfolio and the residual goodwill allocated.
The recoverable amount was determined as value in use based on an explicit operating cash flow plan for a period of 5 years and a terminal value. The discount rate applied was calculated taking into consideration a sample of comparable companies operating in the services sector.
The terminal value was calculated as a perpetual annuity

on the basis of a normalised cash flow considered representative of the flows at regime to which a growth rate (g) equal to zero was applied.
The impairment test thus carried out in the context of these financial statements did not reveal any critical issues.

The range of discount rates used for CGUs operating within the countries highlighted is shown below:

Services Spain/Italy: from 5.6% to 6.3%.

Sensitivity analyses
Impairment tests are based on estimates of production, electricity prices and other revenues/cost items (waste transfer) and the interest rates calculated using latest available information at the balance sheet date.
As each estimate is subject to uncertainty, a sensitivity analysis has been performed on the recoverable amount of the various CGUs, both industrial and financial.
In relation to the volatility of electricity prices, which is now a characteristic of recent years, the following sensitivity tests were carried out on operating plants compared to the "base case": electricity prices lower than 10% and 0.5% increase in the discount rate and electricity prices higher than 10% with 0.5% lower discount rate.
Compared to the Base Case, the following are the scenarios described above in which both financial and operational/industrial sensitivity are combined:

Variation vs Base Case (millions of euro)	Base case	Electricity prices -10%; Discount rate +0.5%	Electricity prices +10%; Discount rate -0.5%
Net revaluations/ (impairments)	1.6	(12.9)	2.2

The wind farms in France (Parc Éolien de Fouy, Parc Éolien des Crêtes, Ty Ru, Esquennois and Julia assets) and the Ålid-en wind farm in Sweden have a potential impairment loss.
Conversely, in the case of a more favourable sensitivity, in addition to the Solar Mesagne and Petralia plants, the French wind farm in Ty Ru would also be reinstated (from previous write-downs).
After reviewing the various outcomes and taking into consideration the variables used to prepare the base case, the directors consider the valuations made to perform the impairment tests with reference to the base case and the relative impairments and adjustments to be adequate. They also confirm that the trend in these variables will be monitored in order to identify any adjustments in the estimates of the recoverable values of the amounts recorded in the financial statements.

2 Property, plant and equipment

Movements in the period were as follows:

(€ thousands)	Balance at 31.12.2019	Acquisitions	Change in scope of consolidation	Reclassification	Foreign exchange differences	Disposals	Other movements	(Impairment) revaluation	Amortisations	Balance at 31.12.2020
Gross values										
2.1 Land	7,607				(18)					7,589
2.2 Industrial buildings	1,863				(9)					1,854
2.3 Plants and machinery	1,717,353	5,829	80,736	18,583	(51,152)	(4,247)	5,377	1,307		1,773,786
2.4 Industrial and office equipment	2,109	6		8						2,123
2.5 Other assets	5,557	191	223	1,600	(35)	(137)	(67)	(5)		7,327
2.6 Assets operated under concession	94,354			1,351						95,705
2.7 Rights of use	83,484	6,049	7,181	(59)	(3,512)		3,767			96,910
2.8 Assets under construction and advances	52,517	71,759		(21,542)		(13)	(196)			102,525
Total gross value	**1,964,844**	**83,834**	**88,140**	**(59)**	**(54,726)**	**(4,397)**	**8,881**	**1,302**		**2,087,819**
Accumulated depreciation										
2.1 Land										
2.2 Industrial buildings	(1,153)				1				(58)	(1,210)
2.3 Plants and machinery	(607,428)				15,051	4,247	129		(65,899)	(653,900)
2.4 Industrial and office equipment	(1,643)						2		(132)	(1,773)
2.5 Other assets	(3,967)		(78)		23	135	58		(519)	(4,348)
2.6 Assets operated under concession	(77,804)						1		(4,514)	(82,317)
2.7 Rights of use	(6,208)			59	251		1,033		(6,413)	(11,278)
Total depreciation	**(698,203)**		**(78)**	**59**	**15,326**	**4,382**	**1,223**		**(77,535)**	**(754,826)**
Net book amounts										
2.1 Land	7,607				(18)					7,589
2.2 Industrial buildings	710				(8)				(58)	644
2.3 Plants and machinery	1,109,925	5,829	80,736	18,583	(36,101)		5,506	1,307	(65,899)	1,119,886
2.4 Industrial and office equipment	466	6		8			2		(132)	350
2.5 Other assets	1,590	191	145	1,600	(12)	(2)	(9)	(5)	(519)	2,979
2.6 Assets operated under concession	16,550			1,351			1		(4,514)	13,388
2.7 Rights of use	77,276	6,049	7,181		(3,261)		4,800		(6,413)	85,632
2.8 Assets under construction and advances	52,517	71,759		(21,542)		(13)	(196)			102,525
Total property, plant and equipment	**1,266,641**	**83,834**	**88,062**		**(39,400)**	**(15)**	**10,104**	**1,302**	**(77,535)**	**1,332,993**

Capital expenditure on tangible fixed assets amounted to € 83,834 thousand and principally related to the construction of the wind farms of Brattmyrliden (€ 49,743 thousand) and Åliden (€ 200 thousand) in Sweden, Falck Renewables Vind (€ 5,761 thousand) in Norway, Energia Eólica de Castilla (€ 1,908 thousand) in Spain, Parc Éolien d'Illois (€ 167 thousand) in France, the construction of the Westmoreland County Solar Project (€ 11,510 thousand) in the United States of America, maintenance work on the plants of Ecosesto SpA, Actelios Solar SpA and Ambiente 2000 (totalling € 2,929 thousand), investments made by Falck Next Energy in solar plants (€ 2,519 thousand), capitalization of rights of use (€ 6,049 thousand), investments in office hardware and purchase of furniture (€ 1,169 thousand).

Property, plant and equipment at 31 December 2020 did not include amounts relating to revaluations carried out in accordance with local monetary revaluation legislation or arising from economic revaluations.

Borrowing costs contributed during the year to tangible fixed assets amounted to EUR 51 thousand.
The change in the scope of consolidation of €88,062 thousand related to the acquisition of Building Energy Holdings US, LLC subject to provisional purchase price allocation, in accordance with IFRS 3. For further details, please refer to the Notes to the Consolidated Financial Statements in paragraph 6.6.2 Scope of consolidation.

Details of impairment tests carried out on property, plant and equipment, are illustrated in the note above.

Asset values include rights of use, for which please refer to paragraph 26 "Disclosures in accordance with IFRS 16".
With reference to the ownership and property, plant and machinery pledged as collateral for financial liabilities, reference should be made to the paragraph "Information on energy production plants".

3 Investments and securities
These are Energy Team securities for a total of EUR 953 thousand (of which EUR 858 thousand short-term), the 1.807% shareholding in Fondo Italiano per l'Efficienza Energetica SGR SpA for a total of EUR 2,378 thousand and options to purchase shares in Norway for a total of EUR 100 thousand.
During 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)	Balance at 31.12.2019	Acquisitions	Revaluation (Impairment)	Adjustment to total equity	Capital increases/ (dividends)	Other movements	Balance at 31.12.2020
Frullo Energia Ambiente Srl	22,912		2,415	(131)	(2,646)	(1)	22,549
Parque Eolico La Carracha Sl					131		131
Parque Eolico Plana de Jarreta Sl					105		105
Naturalis Energy Developments Limited			(934)		924	10	
Nuevos Parque Eolico La Muela AIE							
Novis Renewables, LLC		1,932	(3,616)		6,519	118	4,953
Vector Cuatro Servicios SL	19					(19)	
Total	**22,931**	**1,932**	**(2,135)**	**(131)**	**5,033**	**108**	**27,738**

These are the shareholdings in Frullo Energia Ambiente Srl (49%), Parque Eólico La Carracha Sl and Parque Eólico Plana de Jarreta Sl (both 26%), each of which owns 50% of the capital of Nuevos Parque Eólicos La Muela AIE (50%), Naturalis Energy Developments Limited (77.5%) and the Novis Renewables Group (50%).

The company VC Servicios SL was deleted from the commercial register with effect from 21 December 2020.

The assessment of the recoverability of the value of investments in accordance with IAS 36 was positive.

Details of the balance sheets and income statements of significant non-controlling interests (in accordance with IFRS 12), are disclosed in section 9. Supplementary information to the Falck Renewables SpA separate financial statements.

5 Financial receivables
As at 31 December 2020, this item is broken down as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	8,648	7,057	1,591	10,284	8,505	1,779	(1,636)	(1,448)	(188)
Amounts owed by associates and joint ventures	1,439		1,439				1,439		1,439
Derivative financial instruments	3,822	840	2,982	6,019	117	5,902	(2,197)	723	(2,920)
Total	**13,909**	**7,897**	**6,012**	**16,303**	**8,622**	**7,681**	**(2,394)**	**(725)**	**(1,669)**

This item is shown net of the provision for doubtful accounts of € 1,408 thousand.

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 € 2,442 thousand at 31 December 2020 (€ 585 thousand at 31 December 2019).

In order to hedge against commodity risk, hedging derivative instruments were activated, with a fair value at 31 December 2020 of € 1,380 thousand (€ 5,365 thousand at 31 December 2019).

Please note that the fair value of non-current derivatives at 31 December 2020 has been adjusted for counterparty risk (CVA - Credit Valuation Adjustment) in line with IFRS 13.

The following table shows the details of the credit valuation adjustments made, by rating and by sector:

(€ thousands)	Fair value risk free	Fair value - Credit Valuation adjusted	Delta
Rating			
S&P A+	643	635	(8)
Reuters BBB-	206	205	(1)
Total	**849**	**840**	**(9)**
Sector			
Banks	643	635	(8)
Other	206	205	(1)
Total	**849**	**840**	**(9)**

6 Trade receivables

As at 31 December 2020, this item is broken down as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by clients	82,993		82,993	92,521		92,521	(9,528)		(9,528)
Amounts owed by associates and joint ventures	175		175	81		81	94		94
Amounts owed by parent company	806		806	837		837	(31)		(31)
Amounts owed by other Falck Group companies	1		1	91		91	(90)		(90)
Total	**83,975**		**83,975**	**93,530**		**93,530**	**(9,555)**		**(9,555)**

The decrease in trade receivables compared to 31 December 2019 is mainly due to lower revenues during the last months of the year compared to the same period in 2019. The analysis of trade receivables by geographical location is as follows:

(€ thousands)	31.12.2020
Italy	43,218
United Kingdom	20,728
Germany	8,316
United States	3,289
Spain	1,025
France	3,879
Japan	715
Mexico	578
Other	1,245
Total	**82,993**

The receivables in question are shown net of the provision for doubtful accounts, which at 31 December 2020 amounted to € 1,037 thousand, recognised to adjust them to their estimated realizable value.
Total third party trade receivables of € 82,993 thousand at 31 December 2020, comprised € 40,521 thousand not yet due and € 38,056 thousand not more than one month overdue and € 4,416 thousand more than one month overdue.

7 Other receivables

As at 31 December 2020, this item is broken down as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	2,290	656	1,634	1,693	280	1,413	597	376	221
Amounts owed by associates and joint ventures	2,646		2,646	2,450		2,450	196		196
Amounts owed by parent company	4,838		4,838	5,300		5,300	(462)		(462)
Advances	74		74	87		87	(13)		(13)
Tax credits	27,486		27,486	24,202		24,202	3,284		3,284
Guarantee deposits	1,131	993	138	1,149	988	161	(18)	5	(23)
Accrued income and prepayments	9,594	1,736	7,858	10,790	2,005	8,785	(1,196)	(269)	(927)
Total	**48,059**	**3,385**	**44,674**	**45,671**	**3,273**	**42,398**	**2,388**	**112**	**2,276**

Other receivables are shown net of the provision for doubtful accounts recognised to adjust them to their estimated realizable value which, at 31 December 2020, amounted to € 9,277 thousand, mainly relating to tax receivables.

Other receivables increased mainly due to the increase in tax receivables in the context of tax consolidation.
Tax receivables mainly refer to VAT receivables accrued by Group companies in the various jurisdictions in which they operate, as well as receivables recognised in the context of tax consolidation.
The increase in current tax receivables mainly refers to VAT receivables claimed for reimbursement by companies under construction.

Amounts owed by parent companies principally relate to amounts owed by Falck SpA in respect of VAT credits transferred as part of the Group VAT settlement.

The item related to associated companies and joint ventures refers to the previous dividends resolved by the shareholders of Frullo Energia Ambiente Srl, but not yet paid, for € 2,646 thousand.

Accrued income and prepayments largely relate to plant maintenance prepayments, deferred charges on the expenses incurred to raise borrowings and insurance premiums.

8 Deferred tax assets and liabilities

Deferred tax asset and liabilities may be analysed as follows:

(€ thousands)	31.12.2020	31.12.2019
Intangible assets	(7,814)	(8,749)
Property, plant and equipment	(37,500)	(37,324)
Risk and expenses provisions	4,979	4,721
Taxable bad debt reserve	132	93
Tax losses	13,745	13,545
Other allocations	502	588
Derivative financial instruments	10,141	7,195
Amortised cost	(773)	(1,568)
Other	115	744
Total	**(16,473)**	**(20,755)**

The amount shown in the table above, which totalled € 16,473 thousand, represents the value of deferred tax assets (€ 27,212 thousand) net of deferred tax liabilities (€ 43,685 thousand).

Deferred tax assets and liabilities generated by temporary differences are offset when there is the possibility of compensation and when they are subjected to the same tax jurisdiction.

Deferred tax assets on tax losses were posted where deemed recoverable.

The improvement in net deferred taxes is mainly due to the deterioration of the fair value of derivative instruments.

Movements in Deferred tax assets may be summarised as follows:

(€ thousands)	
31 December 2019	**22,857**
Movements through the income statement	(571)
Movements recorded within equity	734
Change in the scope of consolidation	
Reclassifications	4,397
Other movements and foreign exchange effects	(205)
31 December 2020	**27,212**

Movements in Deferred tax liabilities were as follows:

(€ thousands)	
31 December 2019	**(43,612)**
Movements through the income statement	2,326
Movements recorded within equity	279
Change in the scope of consolidation	
Reclassifications	(4,397)
Other movements and foreign exchange effects	1,719
31 December 2020	**(43,685)**

B Current assets

9 Inventories

Inventories at 31 December 2020 consisted of the following:

(€ thousands)	31.12.2020	31.12.2019	Change
Raw materials and consumables	4,011	4,298	(287)
Semi-finished goods			
Work in progress			
Finished goods	24,350	2,785	21,565
Advances		23,045	(23,045)
Total	**28,361**	**30,128**	**(1,767)**

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 goods, on the other hand, include the stocks of Ecosesto SpA, the instruments of Energy Team SpA and the solar panels of Novis Renewables Holdings LLC, classified in the advances in 2019, the use of which will be defined as part of the strategic agreements with ENI.

10 Cash and cash equivalents

(€ thousands)	31.12.2020	31.12.2019	Change
Current bank and post office deposits	239,220	131,217	108,003
Cash in hand	10	15	(5)
Total	**239,230**	**131,232**	**107,998**

The increase in liquidity is mainly due to the financial resources raised through the issue of the Green Convertible Bond with a nominal value of €200 million maturing on 23 September 2025, net of the investments made during 2020.

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 € 91,146 thousand, of which € 83,092 thousand related to the wind sector and € 8,054 thousand to the WtE, biomass and solar sector.

The cash balances linked to project financing contracts analysed by company at 31 December 2020 were as follows:

(€ thousands)	
Actelios Solar Spa	4,448
Innovative solar 42 LLC	1,042
Annapolis Solar Park LLC (Annapolis Solar plant)	1,629
Odyssey Solar 2 LLC (Geneva Solar plant)	190
Odyssey Solar 3 LLC (H&M Solar plant)	670
Odyssey Solar 1 LLC (Snyder Rd Solar plant)	75
Total WtE, biomass and solar sectors	**8,054**
FRUK Holdings No1 Ltd	3,945
Cambrian Wind Energy Ltd	4,665
Boyndie Wind Energy Ltd	262
Earlsburn Mezzanine Ltd	949
Earlsburn Wind Energy Ltd	2,042
Ben Aketil Wind Energy Ltd	1,935
Millennium Wind Energy Ltd	5,574
Kilbraur Wind Energy Ltd	4,358
Nutberry Wind Energy Ltd	3,371
West Browncastle Wind Energy Ltd	2,307
Spaldington Airfield Wind Energy Ltd	1,677
Kingsburn Wind Energy Ltd	2,711
Assel Valley Wind Energy Ltd	2,934
Auchrobert Wind Energy Ltd	4,105
Eolica Sud Srl	9,949
Eolo 3W Minervino Murge Srl	5,306
Geopower Sardegna Srl	16,296
Eolica Petralia Srl	2,550
Se Ty Ru SAS	1,019
Parc Éolien du Fouy SAS	861
Parque Éolien des Crêtes SAS	843
Esquennois Energie SAS	1,256
CEP Tramontane 1 SAS	1,654
Ferme Éolienne de Noyales SAS	1,646
Parc Éolien du Bois Ballay SAS	33
Parc Éolien des Coudrays SAS	21
Parc Éolien de Mazeray et de Bignay SAS	23
Building Energy Wind Iowa LLC (Iowa Wind plant)	800
Total Wind sector	**83,092**
Total cash balances linked to project financing	**91,146**

Lastly, we note that the cash held by the parent Falck Renewables SpA amounted to € 100,865 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 31 December 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 number of shares outstanding remained unchanged during the year 2020.

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 1.0294% 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.

Movements in equity during 2020 and 2019 were as follows:

		Reserves									
(€ thousands)	**Share capital**	**Share premium reserve**	**Reserve from splitting under common control**	**Conversion reserve**	**Cash flow hedge reserve**	**Actuarial gains/ losses reserve**	**Other reserves**	**Profit (loss) for the period**	**Net Group equity**	**Net third party equity**	**Total**
At 31.12.2018*	**291,414**	**470,335**	**(371,598)**	**(1,731)**	**(35,554)**	**(690)**	**105,089**	**43,658**	**500,923**	**54,696**	**555,619**
Allocation of the Holding's 2018 result to reserves							43,658	(43,658)			
Dividends paid							(18,220)		**(18,220)**	(13,312)	**(31,532)**
Other comprehensive profit items included in net 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 Eólica de Castilla Sl.
** These items are included in the Statement of other comprehensive income.

		Reserves									
(€ thousands)	**Share capital**	**Share premium reserve**	**Reserve from splitting under common control**	**Conversion reserve**	**Cash flow hedge reserve**	**Actuarial gains/ losses reserve**	**Other reserves**	**Profit (loss) for the period**	**Net Group equity**	**Net third party Equity**	**Total**
At 31.12.2019	**291,414**	**470,335**	**(371,598)**	**11,380**	**(31,864)**	**(826)**	**132,305**	**48,436**	**549,582**	**58,081**	**607,663**
Allocation of the Holding's 2019 result to reserves							48,436	(48,436)			
Dividends paid							(19,377)		**(19,377)**	(11,296)	**(30,673)**
Other comprehensive profit items included in net equity**				(20,249)	(11,345)	(255)			**(31,849)**	(8,709)	**(40,558)**
Convertible bond reserve							19,170		**19,170**		**19,170**
Stock grant plan fair value							(2,811)		**(2,811)**		**(2,811)**
US minority divestment effect							11,569		**11,569**	47,694	**59,263**
Other movements							(3,113)		**(3,113)**	39,428	**36,315**
Profit for the year**								45,606	**45,606**	14,219	**59,825**
At 31.12.2020	**291,414**	**470,335**	**(371,598)**	**(8,869)**	**(43,209)**	**(1,081)**	**186,179**	**45,606**	**568,777**	**139,417**	**708,194**

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

Earnings per share

In compliance with IAS 33, the figures used to calculate the diluted and financial earnings per share are provided below. Basic earnings per share are calculated by dividing the net income for the period attributable to parent company shareholders by the average weighted number of ordinary shares in circulation during the period of reference, excluding treasury shares and including any shares and financial instruments with a possible diluting effect.

At 31 December 2020, the weighted average number of outstanding shares was increased to take into account the dilutive effects of the existing stock grant plan and the Green Bond.

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

(€ thousands)	31.12.2020	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)	45,606	48,436
Profit/(loss) per base share (€ per share)	**0.158**	**0.167**

(€ thousands)	31.12.2020	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)	1,017,000	1,086,398
Weighted average number of potential shares that would have been issued at Fair Value	(568,282)	
Weighted average number of ordinary shares in issue (number) following diluted profit	289,652,609	290,290,289
Profit attributable to ordinary equity holders of the parent (€ thousands)	45,606	48,436
Diluted profit/(loss) per share (€ per share)	**0.157**	**0.167**

The potential shares held against the Green Bond convertible bonds had no dilution effect.

12 Provisions for risks and charges

(€ thousands)	Balance at 31.12.2019	Change in scope of consolidation	Provisions	Uses/ Releases	Other movements	Foreign exchange differences	Balance at 31.12.2020
Non-current provisions for risks and charges							
litigation provision							
investments provision					368	(1)	367
environmental provision	74,693	3,962		(110)	6,836	(1,793)	83,588
restructuring and liquidation fund							
other risks provision	21,400	1,760	3,699	(4,200)	2	(312)	22,349
Total non-current provisions for risks and charges	**96,093**	**5,722**	**3,699**	**(4,310)**	**7,206**	**(2,106)**	**106,304**
Non-current provisions for risks and charges							
other risks provision							
Total current provisions for other liabilities and charges							
Total provisions for liabilities and charges	**96,093**	**5,722**	**3,699**	**(4,310)**	**7,206**	**(2,106)**	**106,304**

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 EUR 5,722,000 relates to the first-time consolidation of the US companies belonging to the Building Energy Holding US, LLC group and joining the Group as of 25 November 2020.

The amount of €3,699 thousand mainly relates to provisions related to wind farms for the risk of recharging works and for penalties due to the UK grid operator, for price adjustments with offtakers and for tax risks.

The amount of € 4,200 thousand mainly related to the use and release of provisions for the settlement of disputes related to the Sicily Project companies in liquidation.

The amount of € 6,836 thousand mainly related to provisions for future charges to be incurred for environmental restoration related to plants entering into operation during 2020 and to adjustments of existing ones for changes in interest and inflation rates.

The amount of € 368,000 refers to a provision set aside for the company accounted for under the equity method Naturalis Energy Developments Ltd.

13 Staff leaving indemnity (TFR)

(€ thousands)	Balance 31.12.2019	Provisions	Interest costs	Other movements	Actuarial (gains)/ losses	Uses and payments	Balance 31.12.2020
Managers	643	331	4	100	15	(284)	809
White and blue-collar staff	4,169	1,069	34	(97)	249	(521)	4,903
Total	**4,812**	**1,400**	**38**	**3**	**264**	**(805)**	**5,712**

The *Trattamento di Fine Rapporto*, "TFR" (staff leaving indemnity provision), was subjected to an actuarial valuation by an independent expert in accordance with IAS 19R.

The actuarial financial assumptions utilised to calculate the estimated cost in 2020, compared to 2019, are as follows:

(%)	31.12.2020	31.12.2019	Change
Annual discount rate	0.34%	0.77%	-0.43%
Annual inflation rate	1.39%	1.48%	-0.09%
Annual total pay increase rate*	2.46%	2.00%	0.46%
Annual TFR increase rate	2.54%	2.61%	-0.07%

* The annual rate of salary increase used for 2021 is 2.4%, for 2022 it is 2.10%, for 2023 it is 2.20%, for 2024 it is 3.10% and 2.5% for the following years

The discount rate was based on the *iBoxx Eurozone Corporates AA 10+* index at the time of calculation.

A sensitivity analysis was carried out on the actuarial assumptions used in the model in accordance with IAS 19R. The base case used the rates in the table above and increases and decreases of a half, a quarter and two percentage points respectively were applied to the most significant assumptions namely, the average discount rate, average inflation rate and turnover rate.
The results of the sensitivity analyses are summarised as follows:

Sensitivity analysis - Annual discount rate

(€ thousands)	+0.50%	-0.50%
Managers	783	834
White and blue-collar staff	4,655	5,184

Sensitivity analysis - Annual inflation rate

(€ thousands)	+0.25%	-0.25%
Managers	813	802
White and blue-collar staff	4,958	4,858

Sensitivity analysis - Annual turnover rate

(€ thousands)	+2.00%	-2.00%
Managers	793	823
White and blue-collar staff	4,720	5,148

An estimate of expected future contributions in accordance with IAS 19R is provided below:

Future cash flows					
(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	5 - 10 years	> 10 years
Managers	65	71	266	445	895
White and blue-collar staff	297	354	1,303	2,425	10,421
Total	**362**	**425**	**1,569**	**2,870**	**11,316**

14 Financial liabilities

As at 31 December 2020, this item is broken down as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	35,034	30,577	4,457	76,964	66,058	10,906	(41,930)	(35,481)	(6,449)
"Non-recourse" project financing	606,532	511,226	95,306	671,909	595,325	76,584	(65,377)	(84,099)	18,722
Convertible bonds	176,429	176,429					176,429	176,429	
Financial leasing debts	90,701	85,571	5,130	80,821	75,809	5,012	9,880	9,762	118
Derivative financial instruments	49,972	39,837	10,135	38,607	36,416	2,191	11,365	3,421	7,944
Total	**958,668**	**843,640**	**115,028**	**868,301**	**773,608**	**94,693**	**90,367**	**70,032**	**20,335**

Amounts due to third parties represent borrowings secured by other Group companies and are detailed further, together with project financing loans and derivative financial instruments, in the additional disclosures on financial instruments.
Financial payables to third parties decreased mainly due to the repayment of the Corporate Loan, which amounted to € 32,000 thousand at 31 December 2019. At 31 December 2020 the amount used is zero.

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.
The parent company has placed a pledge on the shares held in Falck Renewables Wind Ltd in respect of this loan corresponding to a nominal value of GBP 37,755 thousand.

The loan is subject to, inter alia, financial covenants based on the ratio of net financial position/EBITDA and net financial position/total equity calculated using the amounts disclosed in the consolidated financial statements: these parameters were met as at 31 December 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.

It should be noted that, in order to protect themselves from the risk of interest rate fluctuations and to convert the interest rate from variable to fixed, the companies financed under project financing entered into interest rate swap (IRS) contracts related to the project financing, at conditions substantially in line with the market, whose fair value at 31 December 2020 was negative for €38,411 thousand (€36,382 at 31 December 2019).

In order to hedge the exchange rate risk on current accounts and certain foreign currency transactions of the Parent Company and other subsidiaries, hedging derivatives were implemented towards third parties, whose fair value at 31 December 2020 was negative € 5 thousand (negative € 2,186 thousand at 31 December 2019).

In order to hedge against commodity risk, hedging derivatives were activated towards third parties, whose fair value at December 31, 2020 was negative by € 11,556 thousand (negative by € 39 thousand at December 31, 2019).

Details of Falck Renewables Group's outstanding interest rate and forex hedging agreements at 31 December 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.

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 31 December 2020, all Group companies that had subscribed to project financing without recourse showed financial parameters above the minimum default levels, with the exception of the Eolo 3W Minervino Murge wind farm, which experienced a slight temporary drop in cash flows in the last half-year, which did not, however, prevent it from meeting regular debt service, without any use of the specific reserve account. The Company received a letter of waiver from the lending banks, after 31 December 2020, confirming that the aforementioned parameter deviation did not result in any event of default. Although a waiver has been obtained, IAS 1 requires that the entire amount of the project financing is in any case accounted for among current payables at 31 December 2020 and consequently the financial payable of € 21,157 thousand relating to the Eolo 3W Minervino Murge wind farm has been reclassified from non-current to current.

On 16 September 2020 Falck Renewables SpA successfully placed its offer of a senior unsecured equity-linked green bond for € 200 million, maturing on 23 September 2025.
On 17 November 2020 the extraordinary shareholders' meeting of Falck Renewables SpA authorised the convertibility of the bond issue (the "Green Bond") into shares and the related share capital increase. The share capital increase, which is divisible and for cash, with the exclusion of pre-emption rights pursuant to paragraph 5 of article 2441 of the Italian Civil Code, is solely for the conversion of the Green Bond for a maximum amount of € 200 million, including any share premium, through the issue of ordinary shares of Falck Renewables SpA with the same characteristics as the ordinary shares in issue.

Characteristics of the Green Convertible Bond

Nature of the debenture loan: convertible debenture loan, with the possibility for the investor to convert into newly issued ordinary shares of Falck Renewables SpA. The bond is characterised as Green in that, pursuant to the Green Financing Framework published by the Company, the net proceeds of the convertible bond will be used to finance and/or refinance, in whole or in part, new or existing renewable energy assets resulting in a significant environmental impact (Eligible Green Assets) in accordance with the Green Bond Principles published by the International Capital Markets Association (ICMA) in 2018 and the Green Loan Principles published by the Loan Market Association (LMA) in May 2020;

Total nominal amount: € 200 million;

Minimum denomination of bonds: € 100,000;

Duration: 5 years, expiring 23 September 2025;

Target: institutional investors;

Issue price: 101.25% of the nominal value of the bond;

Interest rate: zero;

Repayment: on expiry, the principal must be repaid in a lump sum for an amount equal to 100% of the nominal value, except in cases of early repayment;

Early repayment: the company can repay the bond in advance and in full at its nominal value:

(i) at nominal value if conversion or early repayment rights have been exercised in a percentage equal to or greater than 85% of the nominal amount of the loan (so-called clean-up call);
(ii) at nominal value if, as from 8 October 2023, the listing of the company's ordinary shares is, for a number of days identified in the regulations, higher than 130% of the Conversion Price (so-called issuer's soft call); or
(iii) if the company is required, in relation to the payments due, to pay taxes attributable to bondholders as a result of changes in tax regulations (so-called tax call).

Change of control and free float event: if there is a change of control of the company (or if the free float of the company's ordinary shares calculated in accordance with the procedures set out in the regulations) falls below 20% and remains there for at least 30 trading days from the first day on which it fell below this threshold (free float event), each holder of the bonds will alternatively have the right to request (i) early redemption at nominal value or (ii) recognition of a new conversion price, lower than the original and based on the time between the event and the maturity of the bonds (if applicable, according to the mechanism of the so-called cash alternative amount); all in accordance with the terms and procedures identified in the regulation.

Pursuant to the regulation, a change of control will be deemed to have occurred if one or more parties in concert acquire control of the company or the possibility of exercising a dominant influence, pursuant to article 93 of the TUF, over the company's shareholders' assembly and the right to appoint or remove all or the majority of the company's directors.

Conversion right: the bonds are convertible into newly issued ordinary shares of the company at the conversion price.

Initial conversion price: € 7.22 per share, subject to adjustment as per the settlement, in line with market practice in force for this type of financial instrument.

Conversion price adjustments: the bond regulations state that the initial conversion price is subject to adjustments in accordance with current market practice for this type of debt instrument upon the occurrence of, among other things, the following events: grouping or splitting of shares, free capital increase through allocation of profits or reserves to capital, distribution of dividends, issue of shares or financial instruments reserved for shareholders, assignment of options, warrants or other rights to subscribe/purchase shares or financial instruments to shareholders, issue of shares or assignment of options, warrants or other subscription rights, issue of financial instruments convertible or exchangeable into shares, change in conversion/exchange rights associated with other financial instruments, change of control and other relevant events identified in the bond loan regulations.
In particular, if the company distributes dividends during the bond's duration in excess of the amounts of € 0.067 per share in 2021 and € 0.069 per share in 2022, 2023, 2024 and 2025, the conversion price will be adjusted in order to compensate the bondholders for the dividends distributed ("dividend protection" clause);

Quotation: Vienna MTF managed by the Vienna Stock Exchange;

Applicable law: the bond loan regulations are governed by English law, without prejudice to the rules of the bondholders' meeting which will be governed by Italian law.

Economic and financial effects
At the issue date of 23 September 2020, the projection of the impact of the equity-linked bond on the net financial position (both consolidated and that of Falck Renewables SpA alone) only changed the structure of the net financial position but did not affect the total value: in fact against a positive impact on cash and cash equivalents of € 202.5 million (as the bond was issued at 101.25% with an issue premium of € 2.5 million), gross of issue costs, there was a negative impact of the same amount resulting from the sum of the two debt components ("bond payable" and "conversion option payable").
At the issue date, the bond debt amounted to € 175.2 million and the conversion option debt to € 24.3 million. Until the date of the extraordinary shareholders' meeting of the proposed convertibility of the bond into shares, the change in the fair value of the option to convert the bond, net of contractual costs, influenced the result (both in the consolidated and separate financial statements).
The result was also affected by the amortised cost in accordance with IFRS 9.
With the approval by the extraordinary shareholders' meeting of 17 November 2020 of the proposal to convert the loan into shares, the fair value, at that date, of the debt for the conversion option of € 19.2 million was recognised as an equity component in shareholders' equity (both in the consolidated and separate financial statements), thus leading to an improvement in the net financial position by the same amount, although this improvement will be reabsorbed in the accounts over the useful life of the loan. It affected pre-tax income for the period ended 31 December 2020 (of both the consolidated and separate financial statements):

- positively, the change in the fair value of the conversion option of the bond for € 4.8 million; and
- negatively, regarding the amortised cost, calculated in accordance with IFRS 9, of € 1.3 million.

Taxes for the period amounted to € 1.1 million, so the combined effect of the change in the fair value of the bond conversion option, net of contractual costs and amortised cost, positively affected the Group's net profits by € 2.4 million.

At maturity (23 September 2025), assuming the total conversion of the bond loan into ordinary shares of the company, there will be an improvement in the net financial position of € 200 million and a corresponding increase in shareholders' equity (for the consolidated financial statements, an increase in the portion of "shareholders' equity attributable to the shareholders of the parent company"), net of the difference between the issue premium and the issue costs.

15 Trade payables

Trade payables at 31 December 2020 compared to the previous year are as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	62,476	3,220	59,256	72,386	2,321	70,065	(9,910)	899	(10,809)
Amounts due to associates and joint ventures	575		575				575		575
Amounts due to parent company	491		491	555		555	(64)		(64)
Total	**63,542**	**3,220**	**60,322**	**72,941**	**2,321**	**70,620**	**(9,399)**	**899**	**(10,298)**

Trade payables due to parent companies relate to amounts due to Falck SpA, the parent company of Falck Renewables SpA, for the use of the Falck trademark.
Non-current trade payables relate to allocations for maintenance costs and rent due after more than one year.
Trade payables 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 31 December 2020 compared to 31 December 2019 are as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	31,588	4,449	27,139	35,911	2,204	33,707	(4,323)	2,245	(6,568)
Amounts due to subsidiaries									
Amounts due to associates									
Amounts due to parent company	2,442		2,442	3,363		3,363	(921)		(921)
Amounts due to other Falck Group companies	4		4				4		4
Advances	13		13	113		113	(100)		(100)
Accrued expenses and deferred income	50,207	47,586	2,621	56,111	53,185	2,926	(5,904)	(5,599)	(305)
Total	**84,254**	**52,035**	**32,219**	**95,498**	**55,389**	**40,109**	**(11,244)**	**(3,354)**	**(7,890)**

Amounts due to third parties may be detailed as follows:

(€ thousands)	31.12.2020	31.12.2019
Tax payables	9,770	11,414
Company acquisition debt	3,185	4,119
Debts to partners and shareholders in the consolidated tax regime	6,999	4,602
Other amounts due to employees and holiday pay	7,863	8,712
Dividends payable	2	1,052
Social security payables	2,156	1,412
Payables for capital increases to be approved		2,780
Other smaller payables	1,613	1,820
Total	**31,588**	**35,911**

The liability for the acquisition of companies relates to the amount due to the former shareholders of Åliden Vind AB, Brattmyrliden Vind AB, Falck Renewables Vind AS, Building Energy Holdings US, LLC and Windfor Srl including accrued interest. This debt decreased mainly due to payments made during the year to the previous shareholders of Energy Team SpA, Energia Eólica de Castilla SL and Big Fish SPV Srl.

Amounts due to parent companies relate to payables arising from the national tax consolidation scheme and Group VAT settlement payables with the parent company Falck SpA.

The item accruals and deferrals, amounting to € 50,207 thousand, is mainly composed of capital grants recognised using the indirect method, i.e. grants pursuant to Law 488 and ITC (Investment Tax Credit) grants. In detail:

(€ thousands)	31.12.2020	31.12.2019
ITC contributions (Investment Tax Credit)	42,118	47,464
Law 488 contributions	7,187	7,667
Advance payments	226	207
Other	676	773
Total	**50,207**	**56,111**

Non-current assets and liabilities held for sale
There were no non-current assets and liabilities held for sale during the year.

Commitments and contingencies
Guarantees issued at 31 December 2020 amounted to € 147,628 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 € 81,348 thousand and guarantees issued to the VAT authorities in relation to requests for repayment of VAT receivables for € 1,646 thousand. Also included are € 33,361 thousand of bank guarantees and other guarantees of € 31,273 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 € 3,000 thousand, at 31 December 2020, of which € 361 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.

	Trade receivables			Trade payables		
(€ thousands)	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
Parent company						
Falck SpA	806	837	(31)	491	555	(64)
Total parent company	**806**	**837**	**(31)**	**491**	**555**	**(64)**
Associates and joint ventures						
Frullo Energia Ambiente Srl	83	81	2			
Novis Renewables LLC	70		70	575		575
Naturalis Energy Development Ltd	22		22			
Total associates and joint ventures	**175**	**81**	**94**	**575**		**575**
Other Group companies						
Falck Energy SpA		62	(62)			
Sesto Siderservizi Srl	1	29	(28)			
Total other Group companies	**1**	**91**	**(90)**			
Other related parties						
CII HoldCo Ltd	22	13	9	103	97	6
Svelgen Kraft Holding and associates	209	239	(30)	324	56	268
Total other related parties	**231**	**252**	**(21)**	**427**	**153**	**274**
Total	**1,213**	**1,261**	**(48)**	**1,493**	**708**	**785**
% incidence on income statement heading	**1.4 %**	**1.3 %**		**2.3 %**	**1.0 %**	

(€ thousands)	Financial receivables 31.12.2020	31.12.2019	Change	Financial liabilities 31.12.2020	31.12.2019	Change
Associates and joint ventures						
Parque Eólico La Carracha SL						
Parque Eólico Plana de Jarreta SL						
Vector Cuatro Servicios Sl						
Naturalis Energy Development Ltd	1,439		1,439			
Total associates and joint ventures	**1,439**		**1,439**			
Other related parties						
CII HoldCo Ltd	8,103	10,205	(2,102)		1,858	(1,858)
REG Damery Developers Ltd	533		533			
Firstar Development LLC				517	534	(17)
Energy Team SpA shareholders				16,953	18,723	(1,770)
Energia Eólica de Castilla SL shareholders					98	(98)
Canadian Solar Group					753	(753)
Total other related parties	**8,636**	**10,205**	**(1,569)**	**17,470**	**21,966**	**(4,496)**
Total	**10,075**	**10,205**	**(130)**	**17,470**	**21,966**	**(4,496)**
% incidence on income statement heading	**72.4%**	**62.6%**		**1.8%**	**2.5%**	

(€ thousands)	Other receivables 31.12.2020	31.12.2019	Change	Other payables 31.12.2020	31.12.2019	Change
Parent company						
Falck SpA	4,838	5,300	(462)	2,442	3,363	(921)
Total parent company	**4,838**	**5,300**	**(462)**	**2,442**	**3,363**	**(921)**
Falck Group companies						
Falck Energy SpA				4		4
Total Falck Group companies				**4**		**4**
Associates and joint ventures						
Frullo Energia Ambiente Srl	2,646	2,450	196			
Parque Eólico La Carracha SL						
Parque Eólico Plana de Jarreta SL						
Total associates and joint ventures	**2,646**	**2,450**	**196**			
Other related parties						
CII HoldCo Ltd				2,308	1,601	707
Svelgen Kraft Holding and associates		352	(352)	306	3,086	(2,780)
Energy Team SpA shareholders					499	(499)
Energia Eólica de Castilla SL shareholders					795	(795)
Firstar Development LLC				1,861	3,001	(1,140)
Nationwide Group				156		156
Capital One, N.A.				2,674		2,674
Canadian Solar Group					140	(140)
Total other related parties		**352**	**(352)**	**7,305**	**9,122**	**(1,817)**
Total	**7,484**	**8,102**	**(618)**	**9,751**	**12,485**	**(2,734)**
% incidence on income statement heading	**15.6%**	**17.7%**		**11.6%**	**13.1%**	

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

(€ thousands)	31.12.2020	31.12.2019	Change
Financial payables to third parties	(109,943)	(89,722)	(20,221)
Financial payables for operating leases	(5,085)	(4,971)	(114)
Financial receivables from third parties	4,573	7,681	(3,108)
Financial receivables from associates and joint ventures	1,439		1,439
Other securities			
Cash and cash equivalents	239,230	131,232	107,998
Current net financial position	**130,214**	**44,220**	**85,994**
Financial payables to third parties	(581,640)	(697,847)	116,207
Financial payables for operating leases	(85,571)	(75,761)	(9,810)
Convertible bonds (Green Bond)	(176,429)		(176,429)
Non-current net financial position	**(843,640)**	**(773,608)**	**(70,032)**
Net financial position pursuant to Consob circular DEM/6064293/2006	**(713,426)**	**(729,388)**	**15,962**
Non-current financial receivables from third parties	7,897	8,622	(725)
Non-current financial receivables from associates and joint ventures			
Total net financial position	**(705,529)**	**(720,766)**	**15,237**
of which "non-recourse" project financing	(606,532)	(671,909)	65,377
of which fair value of derivatives	(46,150)	(32,587)	(13,563)
of which financial liabilities for operating leases	(90,656)	(80,732)	(9,924)
Net financial position net of fair value of derivatives	**(659,379)**	**(688,179)**	**28,800**
Net financial position excluding operating leases	**(614,873)**	**(640,034)**	**25,161**
Net financial position excluding operating leases and derivatives	**(568,723)**	**(607,447)**	**38,724**

Disclosures relating to electric power plants
The disclosures presented in accordance with the CONSOB Recommendation of 28 February 2013 in relation to information to be provided in financial reports and press releases of listed issuers in the renewable energy sector are summarised below:

1. Disclosures relating to power plants in service at 31 December 2020

DISCLOSURES RELATING TO POWER PLANTS IN SERVICE

Plant	Company Owner	Percentage ownership	Start date	Installed capacity (MW)	Energy produced (GWh)	Accounting (€ thousands)
WtE plant Trezzo (MI) **	Prima Srl	85%	Sept 2003	20.0	100.0	13,465
Biomass plant Rende (CS) ***	Ecosesto SpA	100%	revamp Jan 2011	15.0	92.2	15,687
Photovoltaic Rende (CS)	Ecosesto SpA	100%	Jul 2007	1.0	1.4	2,381
Photovoltaic plants Sicily*	Actelios Solar SpA	100%	Apr 2011	13.1	19.1	24,465
Photovoltaic plant Mesagne (BR) *	Solar Mesagne Srl	100%	July 2009 May 2010	2.0	3.0	4,576
Bologna solar plant (BO)	Falck Next Srl (Donema)	100%	Jul 2011	0.9	0.4	2,566
Photovoltaic plant North Carolina (USA)*	Innovative Solar 42 LLC	51% class B	Sept 2017	92.0	131.1	111,063
Middleton solar plant, Massachusetts (USA) *	HG Solar Development LLC	51% class B	June 2018	6.0	7.9	12,537
Dartmouth solar plant, Massachusetts (USA) *	Fisher Road Solar I LLC	51%	May 2014 (A)	6.0	7.4	14,062
Palmer solar plant, Massachusetts (USA) *	Syncarpha Palmer LLC	51% class B	Dec 2015 (A)	6.0	7.8	14,818
Leominster solar plant, Massachusetts (USA) *	Syncarpha Massachusetts LLC	51% class B	May 2015 (A)	2.5	3.2	5,830
Solar plant New York (US)	Calypso Solar 1 LLC (Snyder Rd Solar)	48.45%	Dec 2013 (C)	2.1	0.0	590
Solar plant New York (US)	Calypso Solar 3 LLC (Harford &Musgrave)	48.45%	Dec 2016 (C)	8.6	0.1	8,730
Solar plant New York (US)	Odyssey Solar 2 LLC (Geneva)	48.45%	May 2016 (C)	2.8	0.1	1,903
Maryland solar plant (USA)	Annapolis Solar Park LLC	51%	Jul 2018 (C)	18.1	1.1	26,919
Iowa wind farm (USA)	Building Energy Wind Iowa LLC	51%	Mar 2017 (C)	30.0	9.2	45,199
Wind farm Cefn Croes (Wales)*	Cambrian Wind Energy Ltd	51%	Apr 2005	58.5	170.5	16,635
Wind farm Boyndie (Scotland)*	Boyndie Wind Energy Ltd	51%	June 2006 June 2010	16.7	42.0	8,458
Wind farm Earlsburn (Scotland)*	Earlsburn Wind Energy Ltd	51%	Dec. 2007	37.5	113.5	19,756
Wind farm Ben Aketil (Scotland)*	Ben Aketil Wind Energy Ltd	51%	Jun 2008 Jan 2011	27.6	93.8	14,468
Wind farm Millennium (Scotland)*	Millennium Wind Energy Ltd	51%	Mar 2009 Feb 2011	65.0	163.8	54,608
Wind farm Kilbraur (Scotland)*	Kilbraur Wind Energy Ltd	51%	Feb 2009 Sept 2011	67.5	155.3	50,881
Wind farm Nutberry (Scotland)*	Nutberry Wind Energy Ltd	100%	Oct. 2013	15.0	57.1	23,333
Wind farm West Browncastle (Scotland)*	West Browncastle Wind Energy Ltd	100%	June 2014	30.0	83.0	44,593
Wind farm Spaldington (England)*	Spaldington Airfield Wind Energy Ltd	100%	May 2016	11.8	29.9	20,304
Wind farm Kingsburn (Scotland)*	Kingsburn Wind Energy Ltd	100%	May 2016	22.5	83.6	33,625
Wind farm Assel Valley (Scotland)*	Assel Valley Wind Energy Ltd	100%	Oct. 2016	25.0	78.3	39,962
Wind farm Auchrobert (Scotland)*	Auchrobert Wind Energy Ltd	100%	Apr 2017	36.0	98.2	52,958
Wind farm San Sostene (CZ)*	Eolica Sud Srl	100%	Oct. 2009 Oct. 2010	79.5	154.9	76,151
Wind farm Minervino Murge (BT) *	Eolo 3W Minervino Murge Srl	100%	Dec. 2008	52.0	73.6	55,613
Wind farm Buddusò - Alà dei Sardi (OT) ****	Geopower Sardegna Srl	100%	Jul 2011 Dec. 2011	138.0	304.3	132,421
Wind farm Petralia Sottana (PA) *	Eolica Petralia Srl	100%	Apr 2012	22.1	34.3	28,124
Wind farm Finistère (France)*	SE Ty Ru SAS	100%	Jul 2012	10.0	23.4	10,691
Wind farm Maine et Loire (France)*	Parc Éolien du Fouy SAS	100%	Apr 2009	10.0	20.3	7,370
Wind farm Maine et Loire (France)*	Parc Éolien des Crêtes SAS	100%	Apr 2009	10.0	20.0	7,986
Wind farm Oise (France)*	Esquennois Energie SAS	100%	Jul 2009	12.0	26.9	10,236
Wind farm Marne (France)*	Eol Team SAS	100%	Aug 2006 (B)	12.0	26.1	9,898
Wind farm Aisnes (France)*	Ferme Éolienne de Noyales SAS	100%	Aug 2009 (B)	10.0	22.4	8,727
Wind farm Cher (France)*	Parc Éolien du Bois Ballay SAS	100%	Sept 2011 (B)	12.0	26.3	15,102
Wind farm Charente-Maritime (France)	Parc Éolien de Mazeray et de Bignay SAS	100%	Mar 2013 (B)	12.0	23.6	16,974
Parc Éolien Cher wind farm (France) *	Parc Éolien des Coudrays SAS	100%	June 2011 (B)	10.0	19.6	12,358
Åliden wind farm (Sweden)	Åliden Vind AB	100%	Dec. 2019	46.8	160.9	60,918
Hennøy wind farm (Norway)	Falck Renewables Vind AS	88.64%	Dec. 2019	50.0	153.2	60,751
Wind farm Zaragoza (Spain)*	Eolica Cabezo San Roque Sau	100%	Jan 2004	23.3	42.9	5,504
Carrecastro wind farm (Spain) *	Energia Eólica de Castilla SL	100%	Feb 2020	10.0	26.1	14,567
Total				**1,158.8**	**2,711.5**	**1,217,763**

* 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
C. The company was included in the scope of consolidation of the Falck Renewables Group from December 2020 following an acquisition.

INFORMATION ON FINANCIAL DEBT

Plant	Owner	Associated financial exposure				
		Book value financial liabilities (€ thousands)	Technical form	Maturity	Commitments, guarantees given to lenders (footnote)	Significant contractual clauses (footnote)
WtE plant Trezzo (MI)	Prima Srl		N.A.	N.A.	N.A.	N.A.
Biomass plant Rende (CS)	Ecosesto SpA		N.A.	N.A.	N.A.	N.A.
Photovoltaic Rende (CS)	Ecosesto SpA		N.A.	N.A.	N.A.	N.A.
Photovoltaic plants Sicily	Actelios Solar SpA	(27,876)	Project financing	31/12/2029	A	C
Photovoltaic plant Mesagne (BR)	Solar Mesagne Srl	D	Current account of correspondence with parent company	N.A.	N.A.	N.A.
Bologna solar plant (BO)	Falck Next Srl (Donema)	E	Current account of correspondence with parent company	N.A.	N.A.	N.A.
Photovoltaic plant North Carolina (USA)	Innovative Solar 42 LLC	(26,752)	Loan note*	28/02/2033	A	C
Middleton solar plant, Massachusetts (USA)	HG Solar Development LLC		N.A.	N.A.	N.A.	N.A.
Dartmouth solar plant, Massachusetts (USA)	Fisher Road Solar I LLC		N.A.	N.A.	N.A.	N.A.
Palmer solar plant, Massachusetts (USA)	Syncarpha Palmer LLC		N.A.	N.A.	N.A.	N.A.
Leominster solar plant, Massachusetts (USA)	Syncarpha Massachusetts LLC		N.A.	N.A.	N.A.	N.A.
Solar plant New York (US)	Calypso Solar 1 LLC (Snyder Rd Solar)	(680)	Project Financing*	15/01/2032	A	C
Solar plant New York (US)	Calypso Solar 3 LLC (Harford &Musgrave)	(5,980)	Project Financing*	15/01/2032	A	C
Solar plant New York (US)	Odyssey Solar 2 LLC (Geneva)	(1,303)	Project Financing*	31/03/2023	A	C
Maryland solar plant (USA)	Annapolis Solar Park LLC	(15,498)	Project Financing*	30/07/2033	A	C
Iowa wind farm (USA)	Building Energy Wind Iowa LLC	(7,137)	Project Financing*	31/03/2027	A	C
Wind farm Cefn Croes (Wales) Wind farm Boyndie (Scotland)	FRUK Holdings (No.1) Ltd	(24,398)	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	(19,550)	Project financing	31/03/2026	A	C
Wind farm Earlsburn (Scotland)	Earlsburn Wind Energy Ltd	(4,737)	Project financing	15/04/2022	A	C
Wind farm Ben Aketil (Scotland)	Ben Aketil Wind Energy Ltd	(9,227)	Project financing	31/12/2024	A	C
Wind farm Millennium (Scotland)	Millennium Wind Energy Ltd	(23,697)	Project financing	15/04/2024 15/10/2024 15/04/2027	A	C
Wind farm Kilbraur (Scotland)	Kilbraur Wind Energy Ltd	(30,606)	Project financing	15/04/2024 15/10/2027	A	C
Wind farm Nutberry (Scotland)	Nutberry Wind Energy Ltd	(16,932)	Project financing	31/03/2029	A	C
Wind farm West Browncastle (Scotland)	West Browncastle Wind Energy Ltd	(33,906)	Project financing	31/12/2033	A	C
Wind farm Spaldington (England)	Spaldington Airfield Wind Energy Ltd	(12,158)	Project financing	30/06/2034	A	C
Wind farm Kingsburn (Scotland)	Kingsburn Wind Energy Ltd	(28,148)	Project financing	30/06/2034	A	C
Wind farm Assel Valley (Scotland)	Assel Valley Wind Energy Ltd	(38,563)	Project financing	31/12/2034	A	C
Wind farm Auchrobert (Scotland)	Auchrobert Wind Energy Ltd	(49,183)	Project financing	31/12/2035	A	C
Wind farm San Sostene (CZ)	Eolica Sud Srl	(43,979)	Project financing	30/06/2025	A	C
Wind farm Minervino Murge (BT)	Eolo 3W Minervino Murge Srl	(21,157)	Project financing	31/12/2023	A	C
Wind farm Buddusò - Alà dei Sardi (OT)	Geopower Sardegna Srl	(120,271)	Project financing	30/06/2027 30/06/2024	A	C
Wind farm Petralia Sottana (PA)	Eolica Petralia Srl	(11,600)	Project financing	30/06/2027 30/06/2027	A	C
Wind farm Finistère (France)	SE Ty Ru SAS	(5,034)	Project financing	30/09/2022 30/06/2028	A	C
Wind farm Maine et Loire (France)	Parc Éolien du Fouy SAS	(3,751)	Project financing	15/07/2026	A	C
Wind farm Maine et Loire (France)	Parc Éolien des Crêtes SAS	(3,773)	Project financing	15/07/2026	A	C
Wind farm Oise (France)	Esquennois Energie SAS	(5,033)	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 Éolienne de Noyales SAS	(1,642)	Project financing	31/08/2022	A	C
2 wind farms Cher (France) Wind farm Charente-Maritime (France)	CEP Tramontane 1 SAS**	(13,961)	Project financing	31/12/2025 31/12/2025 30/06/2027	A	C
Wind farm Cher (France)	Parc Éolien du Bois Ballay SAS**		N.A.	N.A.	N.A.	N.A.
Wind farm Charente-Maritime (France)	Parc Éolien de Mazeray et de Bignay SAS**		N.A.	N.A.	N.A.	N.A.
Parc Éolien Cher (France)	Parc Éolien des Coudrays SAS**		N.A.	N.A.	N.A.	N.A.
Åliden wind farm (Sweden)	Åliden Vind AB		N.A.	N.A.	N.A.	N.A.
Hennøy wind farm (Norway)	Falck Renewables Vind AS		N.A.	N.A.	N.A.	N.A.
Wind farm Zaragoza (Spain)	Eolica Cabezo San Roque Sau		N.A.	N.A.	N.A.	N.A.
Carrecastro wind farm (Spain) *	Energia Eólica de Castilla SL		N.A.	N.A.	N.A.	N.A.
Total Project Financing		**(606,532)**				
Total others						
Overall total		**(606,532)**				

* A form of financing similar to project financing
** Parc Éolien du Bois Ballay SAS, Parc Éolien du Coudrays SAS, Parc Éolien de Mazeray et de Bignay SAS and CEP Tramontane 1 SAS are part of the same financing with credit lines granted to CEP Tramontane 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 € 2,802 thousand as at 31 December 2020
E Amount not included in consolidation and equal to € 2,209 thousand as at 31 December 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.

2. Disclosures relating to power plants not yet in service at 31 December 2020

INFORMATION ON ENERGY PRODUCTION PLANTS NOT YET IN OPERATION

Plant	Owner	Progress	Installed capacity (MW)	Estimated start date	NBV at 31.12.2020 (€ thousands)
Wind farm Illois (France)	Parc Éolien d'Illois Sarl	Authorised	Up to 12	End of fourth quarter of 2022	1,100
Okla wind farm (Norway) *	Falck Renewables Vind AS	Under construction	21	March/April 2021	18,760
Brattmyrliden wind farm (Sweden) *	Brattmyrliden Vind AB	Under construction	74.1	End of first quarter 2021	87,823
Westmoreland solar plant (USA)	Westmoreland County Solar Project LLC	Under construction	30	End of fourth quarter of 2021	11,510

The state of progress is updated as of the date of this annual 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).

6.6.9 Income statement contents and movements

17 Revenues

Revenues consisted of the following:

(€ thousands)	31.12.2020	31.12.2019	Change
Sale of goods	331,378	323,755	7,623
Sale of services	52,981	50,739	2,242
Total	**384,359**	**374,494**	**9,865**

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

(€ thousands)	31.12.2020	31.12.2019	Change
Sale of electricity and incentives	329,124	319,921	9,203
Sale of other goods	2,254	3,834	(1,580)
Total	**331,378**	**323,755**	**7,623**

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

(€ thousands)	31.12.2020	31.12.2019	Change
Waste treatment and disposal	19,777	19,149	628
Services and management of renewable energy plants	14,195	11,903	2,292
Plant maintenance	16,952	18,233	(1,281)
Other operating income	2,057	1,454	603
Total	**52,981**	**50,739**	**2,242**

Revenues from Services and renewable energy plants were mainly generated by the Vector Cuatro Group and Energy Team.

The increase in revenues reflects multiple opposing dynamics, which can be summarised as follows: (i) around € 14 million for higher production resulting from the operation of the Hennøy (Norway), Åliden (Sweden) and Energia Eólica de Castilla (Spain) plants, as well as the 5 French wind farms acquired during 2019 and the Building Energy Holding US plants acquired at the end of November 2020; (ii) approximately € 2 million due to higher wind energy production in the UK, partially offset by lower production in Italy, Spain and France; (iii) approximately € 14 million due to higher volumes of energy sold to third parties by Falck Next Energy Srl; and (iv) approximately € 14 million due to the significant decrease in electricity sale prices principally in Italy, Spain and the UK, including the differential attributable to the Roc Recycle component; (v) approximately € 1 million due to a decrease in revenue in the Services sector; (vi) approximately € 4 million due to a decrease in revenue from the Rende biomass plant as a result of the planned two year maintenance shutdown; and lastly (vii) the average depreciation of the pound sterling and US dollar against the euro had a negative impact of € 2 million.

Revenues by country of origin per customer are broken down as follows as at 31 December 2020 and 31 December 2019:

31.12.2020

(€ thousands) Revenues by Geographic Area	Sales revenues from electricity	Revenues from incentives/green certificates	Sales revenues from sale of products	Total sale of electricity and other assets	Revenues from plant management	Revenues from waste treatment and disposal	Other revenues	Total
Italy	84,810	74,759	2,078	**161,647**	21,138	19,777	120	**202,682**
United Kingdom	45,403	48,002	2	**93,407**	322		1,420	**95,149**
Germany	15,266	17,016	38	**32,320**	63		78	**32,461**
France	19,764		44	**19,808**	67			**19,875**
United States	8,886	2,922	1	**11,809**	312			**12,121**
Sweden	5,096			**5,096**			14	**5,110**
Norway	4,572	21		**4,593**			425	**5,018**
Spain	2,550		3	**2,553**	3,345			**5,898**
Japan					4,414			**4,414**
Mexico			4	**4**	1,273			**1,277**
Other		57	84	**141**	213			**354**
Total revenues	**186,347**	**142,777**	**2,254**	**331,378**	**31,147**	**19,777**	**2,057**	**384,359**

31.12.2019

(€ thousands) Revenues by Geographic Area	Sales revenues from electricity	Revenues from incentives/green certificates	Sales revenues from sale of products	Total sale of electricity and other assets	Revenues from plant management	Revenues from waste treatment and disposal	Other revenues	Total
Italy	79,305	75,489	3,546	**158,340**	21,376	19,149	99	**198,964**
United Kingdom	54,268	50,694	2	**104,964**	255		756	**105,975**
Germany	14,397	12,696	30	**27,123**	11		509	**27,643**
France	16,743		75	**16,818**	336			**17,154**
United States	8,866	2,864	13	**11,743**				**11,743**
Spain	2,317		1	**2,318**	3,125		90	**5,533**
Japan			1	**1**	3,350			**3,351**
Sweden	1,548			**1,548**				**1,548**
Mexico			16	**16**	1,328			**1,344**
Other	403	331	150	**884**	355			**1,239**
Total revenues	**177,847**	**142,074**	**3,834**	**323,755**	**30,136**	**19,149**	**1,454**	**374,494**

The following table shows a breakdown of revenues by sector at 31 December 2020 and 31 December 2019:

31.12.2020

(€ thousands) Revenues by type of service	WtE, biomass, solar	Wind	Services	Other businesses	Eliminations	Consolidated
Sales revenues from electricity	27,022	119,554	107	77,286	(37,622)	186,347
Revenues from incentives/green certificates	17,647	125,167		3,659	(3,696)	142,777
Sales revenues from sale of products			2,547		(293)	2,254
Total sale of electricity and other assets	**44,669**	**244,721**	**2,654**	**80,945**	**(41,611)**	**331,378**
Revenues from services and plant management	**399**	**14**	**40,247**	**333**	**(9,846)**	**31,147**
Revenues from waste treatment and disposal	**19,777**					**19,777**
Other revenues	**39**	**1,967**		**81**	**(30)**	**2,057**
Total	**64,884**	**246,702**	**42,901**	**81,359**	**(51,487)**	**384,359**

31.12.2019

(€ thousands) Revenues by type of service	WtE, biomass, solar	Wind	Services	Other businesses	Eliminations	Consolidated
Sales revenues from electricity	29,514	122,851		72,063	(46,581)	177,847
Revenues from incentives/green certificates	19,237	122,837				142,074
Sales revenues from sale of products			3,917		(83)	3,834
Total sale of electricity and other assets	**48,751**	**245,688**	**3,917**	**72,063**	**(46,664)**	**323,755**
Revenues from services and plant management	**118**	**37**	**39,486**	**226**	**(9,731)**	**30,136**
Revenues from waste treatment and disposal	**19,149**					**19,149**
Other revenues	**8**	**1,355**	**310**	**89**	**(308)**	**1,454**
Total	**68,026**	**247,080**	**43,713**	**72,378**	**(56,703)**	**374,494**

The following table shows revenues divided by their recognition date:

(€ thousands)	31.12.2020	31.12.2019	Change
Goods/services transferred on a specific date	354,427	344,809	9,618
Services provided over time	29,932	29,685	247
Total	**384,359**	**374,494**	**9,865**

18 Personnel costs

Personnel costs may be analysed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Salaries and wages	35,405	30,343	5,062
Social security costs	7,959	7,894	65
Staff leaving indemnity (TFR)	1,400	1,143	257
Other costs	1,359	1,842	(483)
Total	**46,123**	**41,222**	**4,901**

The average number of employees was as follows:

(number)	31.12.2020	31.12.2019
Managers	57	54
White-collar staff	446	380
Blue-collar staff	32	34
Total average number of employees	**535**	**468**

Personnel costs increased by € 4,901 thousand compared to 2019 mainly due to the average increase in staff (+67 units) compared to 2019 as the main functions were structured to cope with the development of the new initiatives envisaged in the business plan. Higher Long Term Incentive Plan costs of € 711 thousand (of which € 448 thousand for costs of the 2017-2019 plan, special item) also affected personnel costs compared to 2019.

19 Direct costs

Direct costs may be analysed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Consumables	51,908	40,435	11,473
Services	55,839	52,816	3,023
Other costs	26,736	26,825	(89)
Change in inventories	(650)	(1,255)	605
Typical allocation to/(use) of operating provisions	(110)	(126)	16
Amortisation of intangible assets	3,720	3,183	537
Net impairment and recovery of intangible assets	35	2,353	(2,318)
Depreciation of property, plant and equipment	70,793	67,377	3,416
Amortisation of rights to use	4,667	4,224	443
Net impairment and recovery of property, plant and equipment	(1,462)	4,065	(5,527)
Total	**211,476**	**199,897**	**11,579**

Direct costs and expenses increased by € 11,579 thousand mainly due to (i) the purchase of energy from the market by Falck Next Energy Srl under Materials; (ii) higher costs and depreciation due to increased installed capacity; (iii) higher maintenance costs following the two-year shutdown of the biomass plant, net of the reversal of impairment losses recognised on the solar plant of Solar Mesagne for € 0.4 million and Eolica Petralia for € 1.2 million (special item). In 2019, this item includes a writedown of €1.8 million attributable to the Vector Cuatro Group's contract portfolio, a writedown of the Vector Cuatro Goodwill of €0.5 million and a writedown of the Ty Ru wind farm of €0.3 million, the write-down of 6.1 million of Actelios Solar SpA's solar plants in anticipation of replacing 6 MW of existing solar plants with better performing models to improve the profitability of the plants and the revaluation of Rende's biomass plant for €2.4 million.

20 Other income

Other income may be analysed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Current operating income	5,509	2,847	2,662
Non-current operating income	11,964	7,900	4,064
Total	**17,473**	**10,747**	**6,726**

Other income increased by € 6,726 thousand compared to the previous year, mainly due to: (i) higher service revenues of € 2,478 thousand mainly from Novis Renewables LLC; (ii) the capital gain of € 3,865 thousand realised following the sale by the Group of 50% of the equity investment in Novis Renewables LLC (and therefore of joint control) to Eni

New Energy US Inc with consequent deconsolidation of the same and initial recognition at fair value of the remaining 50% equity investment; and (iii) extraordinary income for payables to a supplier related to companies in liquidation for € 3,300 thousand ("**Non-recurring Event**"). The comparison with the same period in 2019 was influenced by the capital gains of Esposito Servizi Ecologici Srl (€ 809 thousand), Tifeo (€ 1,010 thousand) and Energy Team SpA (€ 198 thousand).

Other income from operating activities may be further detailed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Service revenues	3,185	569	2,616
Rental income	13	74	(61)
Capital and operating grants	2,226	2,134	92
Other income	85	70	15
Total	**5,509**	**2,847**	**2,662**

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)	31.12.2020	31.12.2019
ITC contributions *(Investment Tax Credit)*	1,434	1,444
Law 488 contributions	480	479
FPTC contributions *(Federal Production Tax Credit)*	188	
Operating contributions	124	211
Total	**2,226**	**2,134**

Income from non-operating activities may be further detailed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Extraordinary income	5,545	2,424	3,121
Gains on disposal of property, plant and equipment	4,089	2,528	1,561
Insurance compensation payments	1,962	1,900	62
Contractual penalties	313	345	(32)
Other	55	703	(648)
Total	**11,964**	**7,900**	**4,064**

Contingent assets include the effects of payables to a supplier related to a company in liquidation for € 3,300 thousand ("**Non-recurring event**").

Contractual penalties largely relate to the cancellation of services contracts.

21 Administrative expenses

Administrative expenses may be further detailed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Consumables	953	1,450	(497)
Services	19,772	15,877	3,895
Other costs	7,206	6,819	387
Non-current operating expenses	2,978	6,112	(3,134)
Amortisation of intangible assets	407	362	45
Impairment of intangible assets	129	681	(552)
Depreciation of rights to use intangible assets	172	72	100
Depreciation of property, plant and equipment	329	196	133
Depreciation of rights to use property, plant and equipment	1,746	1,648	98
Allocations to/(use of) risk provisions	(708)	(3,534)	2,826
Total	**32,984**	**29,683**	**3,301**

General and administrative expenses increased by € 3,301 thousand compared to 2019 principally due to costs associated with development activities in the various businesses (assets, services and digital asset management), higher costs of the Long Term Incentive Plan of the CEO of Falck Renewables SpA amounting to € 953 thousand (of which € 526 thousand relates to costs of the 2017-2019 plan, special item) and costs in favour of local communities and the areas in which the Group operates to support the "Covid-19" emergency of € 783 thousand (special item). These higher costs were partially offset by greater use of the risk provisions compared to the previous period.

22 Financial income and expenses

Financial income and expenses comprised:

(€ thousands)	31.12.2020	31.12.2019	Change
Financial expenses	(37,996)	(41,337)	3,341
Financial expenses for leasing debts under IFRS 16	(3,220)	(3,108)	(112)
Foreign exchange losses	(19,899)	(26,181)	6,282
Financial income	8,358	2,391	5,967
Foreign exchange gains	19,430	28,974	(9,544)
Financial expenses capitalised on assets under construction	130	122	8
Total	**(33,197)**	**(39,139)**	**5,942**

Net financial expenses decreased compared to 2019 by € 5,942 thousand mainly due to the positive change in the Fair Value of the conversion option of the senior unsecured equity-linked green bond, issued on 23 September 2020, for a value, net of contractual costs and the effect of amortised cost as required by IFRS 9, of € 3,452 thousand ("**Non-recurring event**") and for the positive change in the fair value of Energy Team's put option for € 1,897 thousand (special item). Financial expenses fell as a result of a reduction in the average amount payable for non-recourse loans and management's efforts to streamline financial costs, partly offset by lower net exchange rate gains.

Finance costs for 2020 and 2019 may be further analysed as follows:

31.12.2020				
(€ thousands)	From bonds	From banks	From others	Total
Payable to others	1,264	51,888	7,963	61,115
Total	**1,264**	**51,888**	**7,963**	**61,115**

31.12.2019				
(€ thousands)	From bonds	From banks	From others	Total
Payable to others		60,525	10,101	70,626
Total		**60,525**	**10,101**	**70,626**

Finance income for 2020 and 2019 may be further analysed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Interest income and commission from banks	202	1,262	(1,060)
Foreign exchange gains	19,430	28,974	(9,544)
Interest income and commission from others	8,156	1,129	7,027
Total	**27,788**	**31,365**	**(3,577)**

The change compared to 2019 in financial income is mainly due to lower foreign exchange gains (€ 9,544 thousand) partially offset by the positive change in the Fair Value of the derivative embedded in the senior unsecured equity-linked green bond for a value, net of contractual costs and the effect of amortised cost as required by IFRS 9, of € 3,452 thousand ("**Non-recurring event**") and for the positive change in the Fair Value of Energy Team's put option for € 1,897 thousand (special item).

23 Investment income

Investment income may be analysed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Dividends		37	(37)
Revaluation	10		10
Total	**10**	**37**	**(27)**

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

This includes the valuation of investments in associated entities accounted for using the equity method:

(€ thousands)	31.12.2020	31.12.2019	Change
Frullo Energia Ambiente Srl	2,415	2,669	(254)
Palermo Energia Ambiente SpA in liquidation			
Parque Eólico La Carracha Sl			
Parque Eólico Plana de Jarreta Sl			
Vector Cuatro Servicios Sl		1	(1)
Naturalis Energy Developments Ltd	(1,305)		(1,305)
Novis Renewables LLC	(3,616)		(3,616)
Total	**(2,506)**	**2,670**	**(5,176)**

Income and expenses from investments accounted for using equity decreased by €5,176 thousand compared to 2019, as a result of the negative results of the Novis Renewables group, Naturalis Energy Developments Limited and the lower result of Frullo Energia Ambiente Srl.

25 Income tax expense

(€ thousands)	31.12.2020	31.12.2019	Change
Current tax	17,515	17,745	(230)
Deferred income tax	(1,753)	(2,963)	1,210
Total	**15,762**	**14,782**	**980**

Current taxes are based on the estimated taxable income for the period calculated in accordance with current tax legislation.

Income tax as of 31 December 2020 amounted to € 15,762 thousand (€ 14,782 thousand in the previous year).
This figure was adversely affected mainly by: (i) the adjustment of deferred taxes in the UK for a total of € 2.7 million, following the non-reduction of the income tax rate to 17% (previously approved and subsequently repealed) (special item) and (ii) lower consolidation income recognised in 2020 for approximately € 0.9 million. On the other hand, the figure was positively affected by (i) IRAP income, totalling € 0.8 million, recognised following the exemption from the obligation to pay the balance due for 2019 and the first instalment due on account for 2020 introduced by the Relaunch Decree DL 34 of 19 May 2020 as part of the facilitation measures aimed at limiting the negative effects of the pandemic crisis and (ii) the recognition of deferred tax assets, net of substitute taxes, for € 3.4 million following the revaluation of the Buddusò-Alà de Sardi plant owned by Geopower Srl pursuant to art. 110 of Legislative Decree 104/2020, which introduced the option to revalue business assets with tax benefits ("**Non-recurring event**").

Note that under IFRIC 23, there are no material uncertainties regarding income tax treatments.
The reconciliation between theoretical income tax and the actual expense is detailed below.

(€ thousands)	31.12.2020	31.12.2019
Profit before taxation	**75,587**	**77,963**
Taxes calculated applying tax rate to profit	(20,236)	(20,358)
Profits not subject to tax	7,734	6,628
Expenses not deductible for tax purposes	(5,104)	(7,561)
Deferred tax assets due to change in tax rate	(2,964)	178
Use of retained losses from previous years	(169)	(198)
Revaluation benefits ex. DL 104/2020	3,382	
Consolidation revenues	458	1,375
IRAP income for waiver of payments	797	
Prepaid taxes following review of useful life		3,792
Tax benefit from Patent Box	247	1,274
Other differences	93	88
Total income tax	**(15,762)**	**(14,782)**

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 31 December 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 31 December 2020, broken down by type of asset leased and changes during the year:

(€ thousands)	Balance at 31.12.2019	Increase	Change in scope of consoli-dation	Reclas-sifica-tion	Foreign exchange differ-ences	Other move-ments	(Impair-ment.) Revalu-ation.	Amorti-sations	Balance at 31.12.2020
Gross values									
Rights of use - Land	76,461	261	4,871		(3,344)	5,248			83,497
Rights of use - Buildings	5,130	5,230	2,310	(30)	(158)	(1,291)			11,191
Rights of use - Other assets	1,893	558		(29)	(10)	(190)			2,222
Total gross values of property, plant and equipment	83,484	6,049	7,181	(59)	(3,512)	3,767			96,910
Right of use - Software	516								516
Total gross values of intangible fixed assets	516								516
Total gross value	**84,000**	**6,049**	**7,181**	**(59)**	**(3,512)**	**3,767**			**97,426**
Accumulated depreciation									
Rights of use - Land	(4,101)				218	2		(4,225)	(8,106)
Rights of use - Buildings	(1,631)			30	31	977		(1,560)	(2,153)
Rights of use - Other assets	(476)			29	2	54		(628)	(1,019)
Total provision for depreciation of property, plant and equipment	(6,208)			59	251	1,033		(6,413)	(11,278)
Right of use - Software	(72)							(172)	(244)
Total provision for amortization of intangible fixed assets	(72)							(172)	(244)
Total depreciation	**(6,280)**			**59**	**251**	**1,033**		**(6,585)**	**(11,522)**
Net book amounts									
Rights of use - Land	72,360	261	4,871		(3,126)	5,250		(4,225)	75,391
Rights of use - Buildings*	3,499	5,230	2,310		(127)	(314)		(1,560)	9,038
Rights of use - Other assets	1,417	558			(8)	(136)		(628)	1,203
Total net values of property, plant and equipment	77,276	6,049	7,181		(3,261)	4,800		(6,413)	85,632
Right of use - Software	444							(172)	272
Total net values of intangible fixed assets	444							(172)	272
Total net rights of use	**77,720**	**6,049**	**7,181**		**(3,261)**	**4,800**		**(6,585)**	**85,904**

* The balance at 31 December 2020 includes € 359 thousand relating to a lease contract for a building classified as a finance lease under IAS 17.

Below are details of the financial liability for leasing at 31 December 2020:

(€ thousands)	
31 December 2019	80,821
Increases	6,045
Change in the scope of consolidation	7,240
Increase for interest	3,220
Payments	(8,198)
Foreign exchange differences	(3,156)
Other movements	4,729
at 31 December 2020*	**90,701**
Current	5,130
Non-current	85,571

* The balance at 31 December 2020 includes € 45 thousand relating to a lease contract for a building classified as a finance lease under IAS 17.

Details of the costs charged to the income statement at 31 December 2020 are shown below:

(€ thousands)	
Amortisation of rights of use for land	4,225
Amortisation of rights of use for buildings*	1,560
Amortisation of rights of use for other assets	628
Amortisation of rights of use for software	172
Total amortisation	**6,585**
Total financial expenses for financial liabilities	**3,220**
Short term, low value leasing costs	**1,195**
Variable leasing costs	**4,499**
Total costs recorded on the Income statement	**15,499**

* The balance at 31 December 2020 includes €20 thousand relating to a lease contract for a building already classified as a financial lease under IAS 17.

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	6,099		6,099
Variable lease payment with minimum payment	2,099	2,305	4,404
Variable lease payment		1,599	1,599
Total	**8,198**	**3,904**	**12,102**

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 07 May 2020 the parent company's Shareholders' Assembly approved a 2020-2022 incentive plan, under which the CEO and certain key managers and employees within the company and its subsidiaries will receive shares in Falck Renewables SpA for free.

The purpose of the three-year incentive plan is to assign free of charge to the beneficiaries a maximum of 1,800,000 ordinary shares of Falck Renewables SpA, equal to a maximum of approximately 0.6177% of the share capital. The stock grant Plan is subject to:

(i) the sustainability of the Group's balance sheet (expressed by the ratio of Net Financial Position to EBITDA);
(ii) achieving a three-year cumulative EBITDA target;
(iii) the continuation of the existing relationship between the beneficiary and the Company or its subsidiaries.

Once these three conditions are met, the number of shares to be allotted to the pool of beneficiaries may vary, from a minimum of 900,000 shares to a maximum of 1,800,000 shares, depending on the price of the ordinary share as it approaches the end of the Share Plan.

The "2020-2022 stock grant Plan" is in line with what was announced during the Capital Markets Day on 12 March 2020 and is designed to provide incentives for beneficiaries to pursue medium-long term value creation objectives and to align the interests of the latter with those of the Group and its shareholders. The plan will be implemented with Falck Renewables SpA treasury 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

The incentive plan for the CEO of Falck Renewables SpA was put into effect with 600,000 shares in May 2020. 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)	4.1560
Exercise price	(Euro)	NA
Vesting period	(years)	3
Forecast dividends	(Euro)	0.2052
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 31 December 2020, worth € 575 thousand, was posted under general and administrative expenses, balancing the Other reserves heading under net equity.

Group managers
In May 2020, some Group managers were also granted a total of 417,000 shares. The fair value per share assigned, calculated as the weighted average share price on the date of assignment net of forecast dividends during the vesting period, was of € 3.9508.

The following parameters were used to calculate the fair value:

Share price	(Euro)	4.1560
Exercise price	(Euro)	NA
Vesting period	(years)	3
Forecast dividends	(Euro)	0.2052
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 31 December 2020, worth € 399 thousand, was posted under personnel costs, balancing the Other reserves heading under net equity.

At 31 December 2020, the following rights were held:

	Number of shares	Average exercise price
Rights existing at 01.01.2020	**1,094,039**	**N/A**
New rights assigned during the period	1,017,000	
(Rights cancelled during the period)		
(Rights converted into cash during the period)	(1,094,039)	5.21
(Rights expired during the period)		
Rights existing at 31.12.2020	**1,017,000**	**N/A**
available for exercise at the end of the year		

28 Significant non-recurring events and transactions
In accordance with CONSOB communication DEM/6064293 of 28 July 2006, please note that no significant non-recurring transactions took place in the Falck Renewables Group SpA in the course of 2020:

- the positive change in the fair value of the conversion option of the senior unsecured equity-linked green bond, issued on 23 September 2020, for a value, net of contractual costs and the effect of amortised cost as required by IFRS 9, of € 3.5 million. For subsequent years, the effect of imputed amortised cost charges will be a special item; while the effect on financial indebtedness was € 22.6 million, mainly due to the recognition of the optional part as a reserve;
- recognition of deferred tax assets, net of substitute taxes, on ancillary costs, for € 3.3 million following the revaluation of the Buddusò-Alà de Sardi plant owned by Geopower Srl pursuant to article 110 of Legislative Decree 104/2020, which introduced the option to revalue corporate assets with tax benefits;
- extraordinary income for payables due to a supplier relating to a company in liquidation totalling € 3.3 million.

Below is information on the impact of the event on the Group's financial position, results of operations and cash flows.

	Net equity		Profit/(loss) for the year		Net result for the period		Net financial debt		Financial flows*	
(€ thousands)	Value ass.	% indic.	Value ass.	% indic.	Value ass.	% indic.	Value ass.	% indic.	Value ass.	% indic.
Balance sheet values	**708,194**		**59,825**		**45,606**		**(705,529)**		**107,998**	
Green Bond	(21,559)	-3.0%	(2,389)	-4%	(2,389)	-5.2%	(22,622)	3.2%	(199,050)	-184.3%
Geopower revaluation	(3,317)	-0.5%	(3,317)	-5.5%	(3,317)	-7.3%				
Surplus supplier company in liquidation	(3,216)	-0.5%	(3,216)	-5.4%	(3,203)	-7.02%				
Notional balance sheet value	**680,102**		**50,903**		**36,697**		**(728,151)**		**(91,052)**	

The percentage of incidence is calculated on the balance sheet value
Values are shown net of tax

* Cash flows refer to the increase (or decrease) in cash and cash equivalents during the year.

29 Related party transactions

In compliance with the CONSOB communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, no uncharacteristic or uncommon transactions take place with related parties that are beyond the normal business operations or are detrimental to the Group's results of operations, state of affairs and financial position.

Related party transactions represent the day to day business activities that are carried out at arm's length. These comprise the recharge of costs between Group companies and intercompany current accounts that give rise to financial income and expenses. In accordance with IAS 24 Related Party Disclosures and the disclosures pursuant to CONSOB communication 6064293 of 28 July 2006, all related party transactions and the corresponding incidence of related party transactions on the Falck Renewables Group's income statement headings are provided below.

(€ thousands)	Revenues from sales of goods	Revenues from sales of services	Other income	Direct costs	Admin-istrative expenses	Financial expenses	Financial income	Income from equity in-vestments
Parent company								
Falck SpA			176		(1,424)			
Total parent company			**176**		**(1,424)**			
Associates and joint ventures								
Frullo Energia Ambiente Srl			119					2,415
Naturalis Energy Development Ltd			103				53	(1,305)
Novis Renewables LLC		14	2,513	(1,103)				(3,616)
Vector Cuatro Servicios Sl								
Total associates and joint ventures		**14**	**2,735**	**(1,103)**			**53**	**(2,506)**
Group companies								
Sesto Siderservizi Srl			11			(51)		
Falck Energy SpA			21					
Total Group companies			**32**			**(51)**		
Other related parties								
Firstar Development, LLC						(200)		
Nationwide Group						(1)		
Capital One, N.A.						(10)		
ENI New Energy US Inc.				(28)				
Energy Team SpA shareholders			53			(127)		
ex Soci Energia Eólica de Castilla								
Svelgen Kraft Holding and associates	1,579			(197)	(164)		62	
REG Damery Developers Ltd							5	
CII HoldCo Ltd						(106)	317	
Total other related parties	**1,579**		**53**	**(225)**	**(164)**	**(444)**	**384**	
Total	**1,579**	**14**	**2,996**	**(1,328)**	**(1,588)**	**(495)**	**437**	**(2,506)**
% incidence on income statement heading	**0.5%**	**0.0%**	**17.1%**	**0.6%**	**4.8%**	**0.8%**	**1.6%**	**-100.4%**

30 Auditors' remuneration

(€ thousands)	Audit of financial statements	Other activities
Other activities	314	55
WtE, biomass and solar sector	423	8
Wind sector	461	17
Services sector	62	4
Total	**1,260**	**84**

The Parent Company's fees amount to € 359 thousand, of which € 54 thousand for other activities.

Please note that most of the companies consolidated on a line-by-line basis were audited by Pricewaterhouse Coopers SpA.

Other activities principally relate to the certification of covenants, the certification of the non-financial disclosure and the accounting unbundling activities.

31 Public grants - information pursuant to Law 124 of 4 August 2017 - article 1, paragraphs 125-129

"Law 124 of 4 August 2017 - article 1, paragraphs 125-129. Transparency and publicity obligations" introduced a series of publicity and transparency obligations for entities having economic relations with the Public Administration, starting with the 2018 financial statements.

This provision has raised questions of interpretation and application that are still unresolved. The Group has therefore carried out the necessary in-depth studies and, also in the light of the most recent guidelines, considers that the following do not fall within the scope of the publication obligation:

- the general measures that can be used by all companies that fall within the general structure of the reference system defined by the State (for example, ACE);
- non-selective (general) economic advantages, received under an aid scheme, which are available to all undertakings meeting certain conditions, on the basis of predetermined general criteria (e.g. grants and credits for research and development projects and tax benefits). In this regard, therefore, it is considered that the aid recognised for IRAP purposes, for a total of €0.8 million, attributable to the exemption from the obligation to pay the balance due for 2019 and the first instalment due on account for 2020, introduced by the "Decreto Rilancio DL 34" of 19 May 2020 as part of the facilitation measures aimed at limiting the negative effects of the crisis, do not fall within the publication obligation;
- public resources from public bodies in other countries (European or non-European) and from European institutions;
- training contributions received from inter-professional funds (e.g. Fondimpresa and Fondirigenti); as funds having the associative form and legal nature of private-law bodies, which are financed by contributions paid by the same companies;
- Recognition of green certificates for wind farms and incentive tariffs for solar farms.

In light of these considerations, the Group has not benefited from any public funding in Italy.

32 Remuneration of the supervisory bodies, general managers and other key management

						Non-equity variable payments						
Name and Surname	Office	Period in office	Expiry of the term of office	Fixed payments	Committee participation payments	Bonuses and other incentives	Profit sharing	Fringe benefits	Other payments	Total	Equity payment fair value	Director and employee severance indemnity
Enrico Falck	Chairman	01.01.2020 - 31.12.2020	2022 financial statement approval	305,027				18,444		323,471		
Guido Corbetta	Deputy Chairman	01.01.2020 - 31.12.2020	2022 financial statement approval	44,754						44,754		
Toni Volpe	Chief Executive Officer and General Manager	01.01.2020 - 31.12.2020	2022 financial statement approval	500,000 (1)		293,532 (2)		27,371		820,903	638,344 (3)	
Federico Falck	Director	01.01.2020 - 31.12.2020	2022 financial statement approval	38,005				26,599	108,251 (4)	172,856		
Filippo Marchi	Director	01.01.2020 - 31.12.2020	2022 financial statement approval	38,005					45,519 (4)	83,525		
Elisabetta Caldera	Director	01.01.2020 - 31.12.2020	2022 financial statement approval	38,005	63,251 (5)					101,257		
Georgina Grenon	Director	01.01.2020 - 31.12.2020	2022 financial statement approval	38,005	39,754 (6)					77,760		
Paolo Pietrogrande	Director	01.01.2020 - 31.12.2020	2022 financial statement approval	38,005	52,760 (7)					90,765		
Marta Dassù	Director	01.01.2020 - 31.12.2020	2022 financial statement approval	38,005	39,754 (6)					77,760		
Andrew Lee Ott	Director	07.05.2020 - 31.12.2020	2022 financial statement approval	29,262	29,262 (8)					58,525		
Nicoletta Giadrossi	Director	07.05.2020 - 31.12.2020	2022 financial statement approval	29,262	42,268 (9)					71,530		
Silvia Stefini	Director	07.05.2020 - 31.12.2020	2022 financial statement approval	29,262	13,005 (10)					42,268		
Elisabetta Falck	Director	01.01.2020 - 07.05.2020	2019 financial statement approval	8,743						8,743		
Libero Milone	Director	01.01.2020 - 07.05.2020	2019 financial statement approval	8,743	20,984 (5)					29,727		
Barbara Poggiali	Director	01.01.2020 - 07.05.2020	2019 financial statement approval	8,743	17,486 (11)					26,230		
Giovanni Maria Garegnani	Supervision body Chairman	01.01.2020 - 31.12.2020	2022 financial statement approval	35,000						35,000		
Luca Troyer	Supervision body	01.01.2020 - 31.12.2020	2022 financial statement approval	25,000						25,000		
Dario Righetti	Chairman Of The Board Of Statutory Auditors	07.05.2020 - 31.12.2020	2022 financial statement approval	48,770						48,770		
Patrizia Paleologo Oriundi	Statutory Auditor	07.05.2020 - 31.12.2020	2022 financial statement approval	32,514						32,514		
Giovanna Conca	Statutory Auditor	01.01.2020 - 31.12.2020	2022 financial statement approval	50,000						50,000		
Gianluca Pezzati	Chairman Of The Board Of Statutory Auditors	01.01.2020 - 07.05.2020	2019 financial statement approval	26,230						26,229.51		
Alberto Giussani	Statutory Auditor	01.01.2020 - 07.05.2020	2019 financial statement approval	17,486						17,486		
Managers with Strategic Positions (12)		01.01.2020 - 31.12.2020		791,764		365,801 (13)		132,518	5,965	1,296,048	316,055 (3)	
Total				**2,218,595**	**318,525**	**659,334**		**204,933**	**159,735**	**3,561,120**	**954,399**	

1. Fee as Director, fee as Chief Executive Officer and as General Manager.
2. Amounts referred to the 2020 MBO Programme with disbursement in 2021.
3. Calculated as per IFRS 2 with reference to the 2020 period.
4. Fee referred to "special assignments" as per Falck Renewables S.p.a. Board of Directors' resolution dated 07 May 2020
5. Fee as Chairman of the Human Resources Committee and member of the Control and Risk Committee
6. Fee as a member of the Advisory Board and the Sustainable Strategy Committee
7. Fee as member of the Advisory Board and the Sustainable Strategy Committee and the Human Resources Committee and as Chairman of the Audit and Risk Committee.
8. Fee as a member of the Sustainable Strategy Committee
9. Fee as member of the Human Resources Committee and the Sustainable Strategy Committee
10. Fee as a member of the Audit and Risk Committee.
11. Fee as member of the Human Resources Committee and Control and Risk Committee
12. Managers with strategic positions for the period in question are:
    - Paolo Rundeddu
    - Marco Cittadini
    - Scott Gilbert, employed by Falck Renewables Wind Ltd. The amounts referred to him have been converted at the average Euro-Pound exchange rate in 2020 (€/€0.8897)
    - Carmelo Scalone, employed by Vector Cuatro S.L.U.
13. Amounts referred to the 2020 MBO Programme with payment in 2021 (assuming achievement of 115% of the target bonus).

6.7 Additional disclosures on financial instruments in accordance with IFRS 7

This note sets out the additional disclosures relating to financial assets and liabilities in accordance with IFRS 7. This disclosure respects the order of the IFRS. Where the information requested was not considered material the related paragraph was omitted.

The note is presented in two sections. The first sets out detailed information regarding financial assets and liabilities, in particular regarding their classification in compliance with IFRS 9, the impact on the income statement for the year and their fair value. The second section presents information regarding the risks attributable to the financial assets and liabilities, in particular credit risk, liquidity risk and market risk. This includes both qualitative and quantitative information that is analysed into points (e.g. 1.) and sub-points (e.g. 1.2). The detailed quantitative information is provided for 31 December 2020 and where significant at 31 December 2019.

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

The Falck Renewables Group has borrowings from third parties, principally comprising project finance or similar financial structures and the Green Convertible Bond, which give rise to a net negative financial position. Both financial assets and liabilities are almost exclusively valued in the financial statements at cost or amortised cost, with the exception of royalty instruments, payables for the purchase of minority options and derivative financial instruments, which are valued at fair value. These are recorded in accordance with hedge accounting with all changes in fair value recorded in equity, with the exception of a number of these transactions as although undertaken to hedge exposure do not meet the requirements to be measured in accordance with hedge accounting.

The main impact of derivative financial instruments on the income statement is therefore not due to changes in the value of financial assets and liabilities recorded in the balance sheet, but rather to interest income and expense (in the case of interest rate derivatives), to positive and negative exchange rate differences (in the case of exchange rate derivatives) and to adjustments to revenues in the case of instruments hedging the price of energy sold.

Credit risk is not considered to be significant: the high concentration of trade receivables due from a few counterparties is strongly mitigated by their corresponding credit rating and the risk profile.
Liquidity risk is moderate as trade payables due within one year are offset by significant cash reserves, while the most significant borrowings relate to long-term project financing contracts.

The Group also has committed credit lines arising from the loan agreement for an amount of € 325 million, subject to compliance with covenants, renegotiated on 30 July 2018 and unused at 31 December 2020. The committed credit lines expire on 31 December 2023.

In September 2020 Falck Renewables SpA issued an equity-linked Green Bond for a nominal amount of € 200 million, which is repayable at par on maturity (23 September 2025). As it was issued at 101.25% with a zero coupon, it generates a yield for the investor of -0.25%. The Green Bond equity-linked bond became a Green Convertible Bond as a result of the approval, on 17 November 2020, of the convertibility by the Extraordinary Shareholders' Meeting of the Company. The initial conversion price has been set at € 7.22 per share and is subject to adjustment as per the regulations, in line with current market practice for this type of financial instrument.

The only market risk that could be significant is interest rate risk, as the main part of the Group's debt is variable rate, but this risk is currently significantly mitigated by derivative contracts (IRS).

The Falck Renewables Group adopts well-established internal procedures in the management of credit, liquidity and market risks on financial assets and liabilities, which are documented in the Group's policies and procedures.

Section I: Additional disclosures on assets/liabilities

1. Balance sheet

1.1 Categories of financial assets and liabilities
The tables below illustrate the carrying values at 31 December 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 31 December 2020 the Falck Renewables Group's total financial assets amounted to € 344,396 thousand, while financial liabilities amounted to € 1,031,068 thousand, compared to a balance sheet total of € 1,970,359 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.

31.12.2020

(€ thousands)	Amortised cost	Fair value and change through profit and loss	Fair value and change in OCI	Total FA/FL within scope of IFRS7	A/L not within scope of IFRS7	Balance sheet total
Assets						
Property, plant and equipment and intangibles					1,498,444	1,498,444
Investments and securities		3,431		3,431	27,738	31,169
Financial receivables	10,087	1,936	1,886	13,909		13,909
Inventories					28,361	28,361
Trade receivables	83,975			83,975		83,975
Deferred tax assets					27,212	27,212
Other receivables	3,851			3,851	44,208	48,059
Cash and cash equivalents	239,230			239,230		239,230
Assets held for sale						
Total	**337,143**	**5,367**	**1,886**	**344,396**	**1,625,963**	**1,970,359**
Liabilities						
Net equity					708,194	708,194
Financial liabilities	877,727	34,684	46,257	958,668		958,668
Trade payables	63,542			63,542		63,542
Other payables	8,858			8,858	75,396	84,254
Deferred tax liabilities					43,685	43,685
Provisions for risks and charges					106,304	106,304
Staff leaving indemnity					5,712	5,712
Liabilities held for sale						
Total	**950,127**	**34,684**	**46,257**	**1,031,068**	**939,291**	**1,970,359**

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31.12.2019

(€ thousands)	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 risks and charges					96,093	96,093
Staff leaving indemnity					4,812	4,812
Liabilities held for sale						
Total	**877,592**	**36,111**	**36,432**	**950,135**	**838,785**	**1,788,920**

1.2 Collateral – Financial assets pledged as security
Financial assets pledged as security for liabilities comprise the shares of the companies listed in the table below. The pledge values correspond to the face value of the shares in question.

	Currency	Value of pledge
Actelios Solar SpA	EUR	120,000
Ben Aketil Wind Energy Ltd	GBP	51
Boyndie Wind Energy Ltd	GBP	100
Cambrian Wind Energy Ltd	GBP	100
Earlsburn Mezzanine Ltd	GBP	510
Earlsburn Wind Energy Ltd	GBP	51
Nutberry Wind Energy Ltd	GBP	100
West Browncastle Wind Energy Ltd	GBP	100
Kingsburn Wind Energy Ltd	GBP	100
Spaldington Airfield Wind Energy Ltd	GBP	100
Assel Valley Wind Energy Ltd	GBP	100
Auchrobert Wind Energy Ltd	GBP	100
Eolica Petralia Srl	EUR	2,000,000
Eolica Sud Srl	EUR	5,000,000
Eolo 3w Minervino Murge Srl	EUR	10,000
Esquennois Energie Sas	EUR	37,000
FRUK Holdings (no. 1) Ltd Loan	GBP	0.51
Falck Renewables Wind Ltd	GBP	37,754,814
Geopower Sardegna Srl	EUR	2,000,000
Kilbraur Wind Energy Ltd	GBP	51
Millennium Wind Energy Ltd	GBP	51
Parc Éolien des Crêtes SAS	EUR	37,000
Parc Éolien du Fouy SAS	EUR	37,000
Parque Eólico Plana de Jarreta Sl	EUR	26,000
Parque Eólico La Carracha Sl	EUR	26,000
Ferme Éolienne de NoyalesS.A.S	EUR	37,000
Parc Éolien du Bois Ballay SAS	EUR	1,235,000
Parc Éolien des Coudrays SAS	EUR	868,000
Parc Éolien de Mazeray et de Bignay SAS	EUR	1,321,750
SE Ty Ru SAS	EUR	1,009,003

In addition, the following have been received as security for the obligations of the sellers:

- cash deposit by Svelgen Kraft Holding AS (minority shareholder of Falck Renewables Vind AS) for an amount of € 684 thousand;
- a deposit of € 4,160 thousand was made to an escrow account in favour of Falck Renewables SpA by the share-holders of Energy Team SpA.

2. Income statement and total equity

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

The table below shows the net profits/losses generated in 2020 and 2019 by the financial assets/liabilities reclassified, for both periods under analysis, according to IFRS 9 categories.

The main heading relates to the gains and losses arising on the increase in the value of derivative financial instruments.

31.12.2020

(€ thousands)	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	15		(2,199)	(2,184)
Financial assets at amortised cost				
Financial liabilities at fair value	8,388		(13,695)	(5,307)
Financial liabilities at amortised cost				
Total	**8,403**		**(15,894)**	**(7,491)**

31.12.2019

(€ thousands)	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**

The income (losses) shown directly under net equity refer to the change in fair value of derivative financial instruments measured applying hedge accounting. The net negative change of € 15,894 thousand included a negative change of € 14,209 thousand related to commodity hedging contracts, a negative change of € 2,588 thousand related to interest rate derivative contracts and, finally, a positive change deriving from exchange rate derivative contracts for € 903 thousand.

Gains recognised in profit or loss mainly included the positive change in the fair value of the conversion option of the senior unsecured equity-linked green bond, issued on 23 September 2020, for an amount, net of contractual costs, of € 4,716 thousand. Gains in the income statement also included the positive changes in the fair value of foreign exchange derivatives for € 3,135 thousand, the positive effect arising from the change in the fair value of minority purchase options, for € 2,184 thousand, and the positive effect arising from the adjustment of the value of financial assets measured at fair value through profit or loss, for € 10 thousand.

The item was negatively impacted by negative changes in commodity derivatives for € 1,327 thousand and interest rate derivatives for € 17 thousand, as well as negative changes in the fair value of royalty instruments, which amounted to € 298 thousand.

The table below illustrates total interest income/expense (calculated using the effective interest rate method) and the fee income/expense generated by financial assets/liabilities not measured at fair value through profit or loss and the fee income/expense arising from trust and other fiduciary activities in 2020 and 2019.

31.12.2020

(€ thousands)	Interest income/ (expenses)	Fee income/ (expense)	Total
FA not at fair value through profit or loss	554	41	595
FL not at fair value through profit or loss	(36,479)	(2,365)	(38,844)
Trust and other fiduciary activities			
Other (not within scope of IFRS 7)	(3,351)		(3,351)
Total	**(39,276)**	**(2,324)**	**(41,600)**

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31.12.2019

(€ thousands)	Interest income/ (expenses)	Fee income/ (expense)	Total
FA not at fair value through profit or loss	2,041	37	2,078
FL not at fair value through profit or loss	(38,737)	(2,414)	(41,151)
Trust and other fiduciary activities			
Other (not within scope of IFRS 7)	1,980		1,980
Total	**(34,716)**	**(2,377)**	**(37,093)**

The reconciliations of the above amounts with net financial expenses recorded in the 2020 and 2019 income statements are as follows.

31.12.2020

(€ thousands)	
Gains/(losses) through profit or loss	8,403
Total interest income/(expenses)	(39,276)
Fee income/(expense)	(2,324)
Total	**(33,197)**
Financial income/(expenses) per income statement	**(33,197)**

31.12.2019

(€ thousands)	
Gains/(losses) through profit or loss	(2,046)
Total interest income/(expenses)	(34,716)
Fee income/(expense)	(2,377)
Total	**(39,139)**
Financial income/(expenses) per income statement	**(39,139)**

2.2 Provision for doubtful accounts

During 2020, a net utilisation of the provision for doubtful trade receivables of € 94 thousand was made, composed as follows:

- € 33 thousand in respect of trade receivables of Energy Team SpA;
- € 55 thousand in respect of trade receivables of the Vector Cuatro Group;
- € 236 thousand related to trade receivables of Åliden Vind AB;
- utilisation of € 392 thousand by the Vector Cuatro Group and € 26 thousand by Energy Team SpA.

During the period, a release was made from the provision for doubtful accounts of € 111 thousand related to the partial collection of an advance from Elektrownie Wiatrowe Bonwind Łyszkowice Sp. Z.o.o.

The net amount was posted in the income statement under general and administrative expenses.

3. Further additional disclosures

3.1 Accounting policies

The accounting policies adopted for the recognition and measurement of financial assets and liabilities are presented in the notes to the consolidated financial statements in paragraph 6.6.4 Accounting policies.

3.2 Fair value

The tables below disclose the fair value of the financial assets/liabilities and the related carrying amount at 31 December 2020 and 31 December 2019. The carrying amount of assets/liabilities measured at cost and amortised cost (see point 1.1) is a reasonable approximation of fair value, as these are short-term or variable rate financial assets and liabilities, with the exception of project finance contracts and the convertible bond for which an estimate of fair value at the balance sheet date is provided.

The fair value of project finance payables was estimated by discounting future cash flows for principal and interest, using a risk-free discount rate, while the fair value of the convertible bond was determined with reference to market data updated at the balance sheet date.

A brief description of the techniques used to measure assets and liabilities measured at fair value in the balance sheet follows.

The fair value of the derivative financial instruments on interest rates, calculated at the end of the period, corresponds to the discounting of future cash flows determined as a function of the forward rate curve at 31 December 2020.

The fair value of forward exchange contracts is measured using the year-end spot rates (31 December 2020), and forward rates and yield curves on foreign currencies.

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 and liabilities 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.

31.12.2020

(€ thousands)	Carrying amount	Fair value
Financial assets		
Investments and securities	3,431	3,431
Financial receivables	13,909	13,909
Trade receivables	83,975	83,975
Other receivables	3,851	3,851
Cash and cash equivalents	239,230	239,230
Total	**344,396**	**344,396**
Financial liabilities		
Financial payables	958,668	1,045,233
Trade payables	63,542	63,542
Other payables	8,858	8,858
Total	**1,031,068**	**1,117,633**

31.12.2019

(€ thousands)	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 payables	868,301	868,301
Trade payables	72,941	72,941
Other payables	8,893	8,893
Total	**950,135**	**950,135**

Analysis of financial liabilities at 31 December 2020 and 31 December 2019 by instrument and conditions.

31.12.2020

(€ thousands)	Interest rate	Fair Value	Carrying amount	Current portion	Non-current portion
Bank payables for interest matured and not paid		582	582	582	
Shareholders' loan - Wind sector		250	250	250	
Royalty instruments payables		12,746	12,746		12,746
Other bank loans		3,233	3,233	3,233	
Participatory loan					
IFRS 16 Leases (operating)		90,656	90,656	5,085	85,571
Ex IAS 17 (financial) leases		45	45	45	
Minority purchase options		18,223	18,223	392	17,831
Total borrowings		**125,735**	**125,735**	**9,587**	**116,148**
Project financing Actelios Solar SpA	6-month Euribor + spread	31,194	27,876	2,769	25,107
Loan notes Innovative Solar 42 (*)	Fixed	32,185	26,752	2,113	24,639
Calypso Solar 1 LLC (Snyder Rd Solar)	Fixed	810	680	63	617
Odyssey Solar 2 LLC (Geneva)	Fixed	1,388	1,303	145	1,158
Calypso Solar 3 LLC (Harford & Musgrave)	Fixed	7,250	5,980	403	5,577
Annapolis Solar Park LLC	Fixed	18,998	15,498	1,643	13,855
Building Energy Wind Iowa LLC	Fixed	7,884	7,137	1,519	5,618
Cambrian Project financing	6-month Libor + spread				
FRUK Project financing	6-month Libor + spread	26,192	24,398	5,607	18,791
Earlsburn Mezzanine project financing	6-month Libor + spread	21,743	19,550	966	18,584
Earlsburn Project financing	6-month Libor + spread	4,912	4,737	2,811	1,926
Ben Aketil Project financing	6-month Libor + spread	9,677	9,227	2,292	6,935
Millennium Project financing	6-month Libor + spread	25,364	23,697	5,747	17,950
Kilbraur Project financing	6-month Libor + spread	33,346	30,606	4,479	26,127
Nutberry Project financing	6-month Libor + spread	20,245	16,932	1,128	15,804
West Browncastle Project financing	6-month Libor + spread	39,964	33,906	1,295	32,611
Kingsburn Project financing	6-month Libor + spread	33,556	28,148	1,341	26,807
Spaldington Project financing	6-month Libor + spread	14,481	12,158	624	11,534
Assel Valley Project financing	6-month Libor + spread	46,749	38,563	1,619	36,944
Auchrobert project financing	6-month Libor + spread	58,629	49,183	1,889	47,294
Eolica Sud Project financing	6-month Euribor + spread	49,089	43,979	9,913	34,066
Eolo 3W Project financing	6-month Euribor + spread	22,064	21,157	21,157	
Geopower Project financing	6-month Euribor + spread	133,563	120,271	17,662	102,609
Eolica Petralia Project financing	6-month Euribor + spread	14,129	11,600	1,432	10,168
Ty Ru Project financing	Fixed/Euribor 3/6 m + spread	6,054	5,034	738	4,296
Fouy Project financing	6-month Euribor + spread	4,041	3,751	743	3,008
Crêtes Project financing	6-month Euribor + spread	4,063	3,773	747	3,026
Esquennois Project financing	6-month Euribor + spread	5,440	5,033	973	4,060
CEP Tramontane project financing	6-month Euribor + spread	15,001	13,961	2,485	11,476
Noyales project financing	3-month Euribor + spread	1,675	1,642	1,003	639
Total borrowings under project financing		**689,686**	**606,532**	**95,306**	**511,226**
IRS - Actelios Solar SpA		449	449		449
IRS - FRUK		699	699		699
IRS - Earlsburn Mezzanine		720	720		720
IRS - Earlsburn		44	44		44
IRS - Ben Aketil		953	953		953
IRS - Millennium		534	534		534
IRS - Kilbraur		283	283		283
IRS - Nutberry		2,242	2,242		2,242
IRS - West Browncastle		2,250	2,250		2,250
IRS - Spaldington		473	473		473
IRS - Kingsburn		1,032	1,032		1,032
IRS - Assel Valley		3,461	3,461		3,461
IRS - Auchrobert		3,754	3,754		3,754
IRS - Eolica Sud		4,010	4,010		4,010
IRS - Eolo 3W		1,522	1,522		1,522
IRS - Geopower		11,884	11,884		11,884
IRS - Eolica Petralia		882	882		882
IRS - Ty Ru		531	531		531
IRS - Fouy		414	414		414
IRS - Crêtes		430	430		430
IRS - Esquennois		528	528		528
IRS - Eolica Cabezo					
IRS - CEP Tramontane		1,276	1,276		1,276
IRS - Noyales		40	40		40
Total interest rate derivative financial instruments		**38,411**	**38,411**		**38,411**
Exchange rates - Falck Renewables Vind		5	5	5	
Total foreign exchange derivatives		**5**	**5**	**5**	
Commodities - Falck Renewables Energy		10,072	10,072	10,072	
Commodities - Åliden		9	9	9	
Commodities - Åliden		1,426	1,426		1,426
Commodities - Falck Renewables Vind					
Commodities - Falck Renewables Vind		49	49	49	
Total commodities derivative financial instruments		**11,556**	**11,556**	**10,130**	**1,426**
Falck Renewables SpA convertible bond loan (Green Bond)	Coupon 0%	179,840	176,429		176,429
Total bonds		**179,840**	**176,429**		**176,429**
Total financial liabilities		**1,045,233**	**958,668**	**115,028**	**843,640**

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(€ thousands)	Interest rate	Fair Value	Carrying amount	Current portion	Non-current portion
Loan to finance revamping of Rende plant - Banca Popolare di Sondrio - Ecosesto					
Shareholders' loan - Prima					
Sicily Projects' loans		114	114		114
Bank payables for interest matured and not paid		887	887	887	
Shareholders' loan - Wind sector		2,109	2,109	2,109	
Royalty instruments payables		13,828	13,828		13,828
Other bank loans		18	18	10	8
Participatory loan		400	400	400	
IFRS 16 Leases (operating)		80,732	80,732	4,971	75,761
Ex IAS 17 (financial) leases		89	89	41	48
Corporate Loan		32,000	32,000		32,000
FKR hot money		7,500	7,500	7,500	
Minority purchase options		20,108	20,108		20,108
Total borrowings		**157,785**	**157,785**	**15,918**	**141,867**
Project financing Actelios Solar SpA	6-month Euribor + spread	28,244	28,244	2,760	25,484
Loan notes Innovative Solar 42 (*)	Fixed	31,579	31,579	2,243	29,336
Cambrian Project financing	6-month Libor + spread				
FRUK Project financing	6-month Libor + spread	32,092	32,092	6,311	25,781
Earlsburn Mezzanine project financing	6-month Libor + spread	21,670	21,670	1,011	20,659
Earlsburn Project financing	6-month Libor + spread	7,769	7,769	2,763	5,006
Ben Aketil Project financing	6-month Libor + spread	12,085	12,085	2,313	9,772
Millennium Project financing	6-month Libor + spread	30,628	30,628	5,588	25,040
Kilbraur Project financing	6-month Libor + spread	36,840	36,840	4,499	32,341
Nutberry Project financing	6-month Libor + spread	18,950	18,950	1,059	17,891
West Browncastle Project financing	6-month Libor + spread	37,230	37,230	1,404	35,826
Kingsburn Project financing	6-month Libor + spread	31,113	31,113	1,370	29,743
Spaldington Project financing	6-month Libor + spread	13,499	13,499	652	12,847
Assel Valley Project financing	6-month Libor + spread	42,717	42,717	1,969	40,748
Auchrobert project financing	6-month Libor + spread	53,857	53,857	1,888	51,969
Eolica Sud Project financing	6-month Euribor + spread	55,768	55,768	9,025	46,743
Eolo 3W Project financing	6-month Euribor + spread	27,240	27,240	6,082	21,158
Geopower Project financing	6-month Euribor + spread	136,326	136,326	16,122	120,204
Eolica Petralia Project financing	6-month Euribor + spread	12,886	12,886	1,303	11,583
Ty Ru Project financing	Fixed/Euribor 3/6 m + spread	5,742	5,742	707	5,035
Fouy Project financing	6-month Euribor + spread	5,005	5,005	1,254	3,751
Crêtes Project financing	6-month Euribor + spread	5,252	5,252	1,479	3,773
Esquennois Project financing	6-month Euribor + spread	6,253	6,253	1,220	5,033
CEP Tramontane project financing	6-month Euribor + spread	16,390	16,390	2,430	13,960
Noyales project financing	3-month Euribor + spread	2,774	2,774	1,132	1,642
Total borrowings under project financing		**671,909**	**671,909**	**76,584**	**595,325**
IRS - Actelios Solar SpA		11	11		11
Embedded derivative - Ecosesto					
IRS - Cambrian					
IRS - Boyndie					
IRS - FRUK		485	485		485
IRS - Earlsburn Mezzanine		336	336		336
IRS - Earlsburn		28	28		28
IRS - Ben Aketil		1,296	1,296		1,296
IRS - Millennium		241	241		241
IRS - Kilbraur		46	46	46	
IRS - Nutberry		2,096	2,096		2,096
IRS - West Browncastle		1,013	1,013		1,013
IRS - Spaldington					
IRS - Kingsburn					
IRS - Assel Valley		2,031	2,031		2,031
IRS - Auchrobert		1,893	1,893		1,893
IRS - Eolica Sud		5,577	5,577		5,577
IRS - Eolo 3W		2,428	2,428		2,428
IRS - Geopower		13,931	13,931		13,931
IRS - Eolica Petralia		968	968		968
IRS - Ty Ru		470	470		470
IRS - Fouy		555	555		555
IRS - Crêtes		576	576		576
IRS - Esquennois		707	707		707
IRS - Eolica Cabezo					
IRS - CEP Tramontane		1,573	1,573		1,573
IRS - Noyales		121	121		121
Total interest rate derivative financial instruments		**36,382**	**36,382**	**46**	**36,336**
Exchange rates - Falck Renewables		1,910	1,910	1,910	
Exchange rates - Åliden		18	18		18
Exchange rates - Brattmyrliden		223	223	200	23
Exchange rates - Falck Renewables Vind					
Exchange rates - Falck Renewables Wind		35	35	35	
Total foreign exchange derivatives		**2,186**	**2,186**	**2,145**	**41**
Commodities - Falck Renewables Energy					
Commodities - Åliden					
Commodities - Falck Renewables Vind					
Commodities - Falck Renewables Vind		39	39		39
Total commodities derivative financial instruments		**39**	**39**		**39**
Total financial liabilities		**868,301**	**868,301**	**94,693**	**773,608**

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

(€ thousands)	
Value at 31 December 2019	**868,301**
New borrowings	204,783
Repayments	(135,859)
Foreign exchange difference	(26,210)
Fair value variation	12,733
Change in the scope of consolidation	39,477
Other	(4,557)
Value at 31 December 2020	**958,668**

The table below provides an analysis of derivatives and financing contracts to which they relate:

- Instruments with a negative fair value at 31 December 2020:

(€ thousands) **Company**	**Type of derivative**	**Maturity**	**Original currency**	**Notional value**	**Fair value**
Cambrian Wind Energy Ltd	Interest rate swap	31/12/2019	GBP		
FRUK Holdings No. 1 Ltd	Interest rate swap	31/12/2025	GBP	21,199	(699)
Earlsburn Mezzanine Ltd	Interest rate swap	31/03/2026	GBP	17,173	(720)
Earlsburn Wind Energy Ltd	Interest rate swap	15/04/2022	GBP	4,103	(44)
Ben Aketil Wind Energy Ltd	Interest rate swap	31/12/2024	GBP	8,447	(953)
Millennium Wind Energy Ltd	Interest rate swap	15/04/2027	GBP	5,390	(230)
Millennium Wind Energy Ltd	Interest rate swap	15/10/2024	GBP	14,402	(304)
Kilbraur Wind Energy Ltd	Interest rate swap	15/04/2024	GBP	24,077	(283)
Nutberry Wind Energy Ltd	Interest rate swap	29/03/2029	GBP	15,750	(2,242)
West Browncastle Wind Energy Ltd	Interest rate swap	31/12/2033	GBP	28,135	(2,250)
Kingsburn Wind Energy Ltd	Interest rate swap	30/06/2034	GBP	21,851	(1,032)
Spaldington Airfield Wind Energy Ltd	Interest rate swap	30/06/2034	GBP	10,123	(473)
Assel Valley Wind Energy Ltd	Interest rate swap	31/12/2034	GBP	30,565	(3,461)
Auchrobert Wind Energy Ltd	Interest rate swap	31/12/2035	GBP	37,772	(3,754)
Eolica Sud Srl	Interest rate swap	31/12/2024	EUR	43,223	(4,010)
Eolo 3W Minervino Murge Srl	Interest rate swap	31/12/2023	EUR	19,692	(1,522)
Geopower Sardegna Srl	Interest rate swap	30/06/2027	EUR	71,576	(11,705)
Geopower Sardegna Srl	Interest rate swap	30/06/2024	EUR	24,371	(179)
Eolica Petralia Srl	Interest rate swap	30/06/2027	EUR	9,729	(882)
Se Ty Ru SAS	Interest rate swap	30/09/2022	EUR	133	(2)
Se Ty Ru SAS	Interest rate swap	30/06/2028	EUR	3,582	(529)
Parc Éolien du Fouy SAS	Interest rate swap	15/07/2024	EUR	3,559	(414)
Parque Éolien des Crêtes SAS	Interest rate swap	15/07/2024	EUR	3,697	(430)
Esquennois Energie SAS	Interest rate swap	15/07/2024	EUR	4,590	(528)
Ferme Éolienne de Noyales SAS	Interest rate swap	28/02/2022	EUR	1,054	(40)
CEP Tramontane 1 SAS	Interest rate swap	30/06/2025	EUR	8,208	(641)
CEP Tramontane 1 SAS	Interest rate swap	31/12/2026	EUR	5,527	(635)
Actelios Solar SpA	Interest rate swap	30/06/2026	EUR	20,452	(449)
Total derivative financial instruments					**(38,411)**

Changes in the fair value of interest rate, exchange rate and commodity hedging contracts that the Falck Renewables Group held at 31 December 2020 are shown in the tables below:

Derivative assets:

(€ thousands)	31.12.2019	Change in scope of consolidation	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	31.12.2020
Kingsburn Wind Energy Ltd	46			(44)		(2)	
Spaldington Airfield Wind Energy Ltd	23			(22)		(1)	
Total IRS	**69**			**(66)**		**(3)**	
Derivatives on Falck Renewables SpA exchange rates	459			837			1,296
Derivatives on Åliden Vind AB exchange rates	31		319	(22)			328
Derivatives on Brattmyrliden Vind AB exchange rates	38		417	(29)			426
Derivatives on Falck Renewables Vind AS exchange rates	57		24	(50)			31
Derivatives on Falck Renewables Wind exchange rates				361			361
Total derivatives on exchange rates	**585**		**760**	**1,097**			**2,442**
Derivatives on Falck Next Energy commodities	3,916		(2,888)	(749)			279
Derivatives on Åliden Vind AB commodities	664		(542)	169			291
Derivatives on Åliden Vind AB commodities			415				415
Derivatives on commodities Energia Eólica de Castilla	149		56	23			228
Derivatives on Falck Renewables Vind commodities	636			(469)			167
Total derivatives on commodities	**5,365**		**(2,959)**	**(1,026)**			**1,380**
Total	**6,019**		**(2,199)**	**5**		**(3)**	**3,822**

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	31.12.2020
Falck SpA							
FRUK Holdings No. 1 Ltd	(485)		(240)			26	(699)
Earlsburn Mezzanine Ltd	(336)		(374)	(28)		18	(720)
Earlsburn Wind Energy Ltd	(28)		(12)	(6)		2	(44)
Ben Aketil Wind Energy Ltd	(1,296)		274	(1)		70	(953)
Millennium Wind Energy Ltd	(241)		(276)	(31)		14	(534)
Kilbraur Wind Energy Ltd	(46)		(214)	(26)		3	(283)
Nutberry Wind Energy Ltd	(2,096)		(236)	(23)		113	(2,242)
West Browncastle Wind Energy Ltd	(1,013)		(1,290)	(1)		54	(2,250)
Kingsburn Wind Energy Ltd			(1,075)	43			(1,032)
Spaldington Airfield Wind Energy Ltd			(495)	22			(473)
Assel Valley Wind Energy Ltd	(2,031)		(1,539)			109	(3,461)
Auchrobert Wind Energy Ltd	(1,893)		(1,963)	1		101	(3,754)
Eolica Sud Srl	(5,577)		1,567				(4,010)
Eolo 3W Minervino Murge Srl	(2,428)		906				(1,522)
Geopower Sardegna Srl	(13,931)		1,997	50			(11,884)
Eolica Petralia Srl	(968)		86				(882)
Se Ty Ru SAS	(470)		(61)				(531)
Parc Éolien du Fouy SAS	(555)		128	13			(414)
Parque Éolien des Crêtes SAS	(576)		132	14			(430)
Esquennois Energie SAS	(707)		162	17			(528)
Ferme Éolienne de Noyales SAS	(121)		76	5			(40)
CEP Tramontane 1 SAS	(1,573)		297				(1,276)
Actelios Solar SpA	(11)		(438)				(449)
Total IRS	**(36,382)**		**(2,588)**	**49**		**510**	**(38,411)**
Derivatives on Falck Renewables SpA exchange rates	(1,910)			1,910			
Derivatives on Åliden Vind AB exchange rates	(18)		(29)	47			
Derivatives on Brattmyrliden Vind AB exchange rates	(223)		172	51			
Derivatives on Falck Renewables Vind AS exchange rates				(5)			(5)
Derivatives on Falck Renewables Wind exchange rates	(35)			35			
Total derivatives on exchange rates	**(2,186)**		**143**	**2,038**			**(5)**
Derivatives on Falck Next Energy commodities			(9,805)	(301)		34	(10,072)
Derivatives on Åliden Vind commodities			(9)				(9)
Derivatives on Brattmyrliden Vind commodities			(1,426)				(1,426)
Derivatives on commodities Energia Eólica de Castilla	(39)		(10)				(49)
Derivatives on Falck Renewables Vind commodities							
Total derivatives on commodities	**(39)**		**(11,250)**	**(301)**		**34**	**(11,556)**
Total	**(38,607)**		**(13,695)**	**1,786**		**544**	**(49,972)**

A detailed analysis of the composition of financial receivables at 31 December 2020 and 31 December 2019 is shown below:

31.12.2020

(€ thousands)	Fair value	Carrying amount	Current portion	Non-current portion
Receivables from banks for interest accrued and not yet collected	12	12	12	
Receivables from third parties	8,636	8,636	1,579	7,057
Receivables from associates	1,439	1,439	1,439	
Foreign exchange derivatives Nordix plants	785	785	150	635
Falck Renewables SpA foreign exchange derivative for currency balance	1,657	1,657	1,657	
Derivatives on commodities	1,380	1,380	1,175	205
Total	**13,909**	**13,909**	**6,012**	**7,897**

31.12.2019

(€ thousands)	Fair value	Carrying amount	Current portion	Non-current portion
Receivables from banks for interest accrued and not yet collected	38	38	38	
Receivables from third parties	10,246	10,246	1,741	8,505
Derivative on plant interest rates UK	69	69		69
Foreign exchange derivatives Nordix plants	126	126	78	48
Falck Renewables SpA foreign exchange derivative for currency balance	459	459	459	
Derivatives on commodities	5,365	5,365	5,365	
Total	**16,303**	**16,303**	**7,681**	**8,622**

The item "Receivables from third parties" includes loans to minority shareholders of companies in the United Kingdom.

3.3 Fair value – hierarchy

All financial instruments measured at fair value have been classified in the three categories below, based on the lowest level of significant input in determining overall fair value:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: valuation techniques where the lowest level of significant input for the purpose of measuring fair value is observable either directly or indirectly;
- level 3: valuation techniques where the lowest level of significant input for the purpose of measuring fair value is unobservable.

The following tables show the financial instruments held by the Group at 31 December 2020 and 31 December 2019 at fair value:

31.12.2020

(€ thousands)	Level 1	Level 2	Level 3	Total
Financial assets measured at FV				
Forward transactions on foreign currency		2,442		2,442
Derivative contracts on interest rates				
Derivative contracts on commodities		737	643	1,380
Financial assets at fair value on the income statement		3,331	100	3,431
Total assets		**6,510**	**743**	**7,253**
Financial liabilities measured at FV				
Forward transactions on foreign currency		5		5
Derivative contracts on interest rates		38,411		38,411
Derivative contracts on commodities	119	9,962	1,475	11,556
Financial liabilities at fair value on the income statement			30,969	30,969
Total liabilities	**119**	**48,378**	**32,444**	**80,941**

31.12.2019

(€ thousands)	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**

Section II: Risks arising from financial instruments

1. Credit risk

1.1 Qualitative disclosures

Credit risk represents both potential losses from non-settlement of receivables and the counterparty risk linked with the negotiation of other financial assets. The credit risk exposure of the Falck Renewables Group is very limited in respect of both commercial customers and financial counterparties. In relation to commercial customers, their nature that determines a low level of risk should be highlighted: 92.18% of the exposure to third parties (not related parties) is, in fact, with high-standing national energy suppliers or utilities/off-takers. The degree of concentration of customers is high, however they have a strong credit rating.

The credit risk attributable to the counterparties with which the derivative financial instruments are traded is also limited, as these contracts are signed with leading banks or with corporate counterparties with a high standing. A summary quantitative indication of the maximum exposure to credit risk is the carrying amount of the financial assets, expressed gross of derivatives with a positive fair value and net of any guarantees.

The Group does not enter into instruments or guarantees to mitigate credit risk; consequently, the disclosures below are not affected by such instruments.

1.2 Quantitative disclosures

The maximum credit risk exposure at 31 December 2020 amounted to € 344,396 thousand. It can be broken down as follows:

31.12.2020

(€ thousands)	Gross	Impairment	Net
Investments and securities	3,431		3,431
Financial receivables	15,317	(1,408)	13,909
Trade receivables	85,012	(1,037)	83,975
Other receivables	5,195	(1,344)	3,851
Cash and cash equivalents	239,230		239,230
Total	**348,185**	**(3,789)**	**344,396**

The maximum credit risk exposure at 31 December 2019 amounted to € 247,921 thousand. It can be broken down as follows:

31.12.2019

(€ thousands)	Gross	Impairment	Net
Investments and securities	3,170		3,170
Financial receivables	17,753	(1,450)	16,303
Trade receivables	94,676	(1,146)	93,530
Other receivables	5,226	(1,540)	3,686
Cash and cash equivalents	131,232		131,232
Total	**252,057**	**(4,136)**	**247,921**

An analysis of trade receivables at 31 December 2020 and 31 December 2019 by class of customer with the corresponding percentage of total receivables is set out below. This provides a summary indication of the concentration of trade credit risk.

31.12.2020

(€ thousands) **Customer classes**	**Total exposure**	**% exposure by customer class**
Energy service providers/utilities/off-takers	76,504	92.18%
Public authorities	76	0.09%
Other entities	6,413	7.73%
Total trade receivables	**82,993**	**100.00%**

31.12.2019

(€ thousands) **Customer classes**	**Total exposure**	**% exposure by customer class**
Energy service providers/utilities/off-takers	87,725	94.82%
Public authorities	77	0.08%
Other entities	4,719	5.10%
Total trade receivables	**92,521**	**100.00%**

The ageing analysis of trade receivables by class of customer, analysed by the overdue periods used internally to monitor receivables, as at 31 December 2020 and 31 December 2019, is set out below. Balances not yet due at 31 December 2020 and 31 December 2019 are also presented.

31.12.2020

		Overdue						
(€ thousands) **Customer classes**	**Total exposure**	**0-30**	**31-60**	**61-90**	**91-120**	**> 120**	**Total overdue**	**Not yet due**
Energy service providers/utilities/off-takers	76,504	35,317	2,057	870		7	38,251	38,253
Public authorities	76					76	76	
Related parties (excluding Group companies)								
Other entities	6,413	2,739	592	222	126	466	4,145	2,268
Total trade receivables	**82,993**	**38,056**	**2,649**	**1,092**	**126**	**549**	**42,472**	**40,521**

31.12.2019

		Overdue						
(€ thousands) **Customer classes**	**Total exposure**	**0-30**	**31-60**	**61-90**	**91-120**	**> 120**	**Total overdue**	**Not yet due**
Energy service providers/utilities/off-takers	87,725	37,568	299	897	867	758	40,389	47,336
Public authorities	77					77	77	
Related parties (excluding Group companies)								
Other entities	4,719	1,518	129	52	169	324	2,192	2,527
Total trade receivables	**92,521**	**39,086**	**428**	**949**	**1,036**	**1,159**	**42,658**	**49,863**

2. Liquidity risk

2.1 Qualitative disclosures

Liquidity risk is summarised in the tables below that illustrate the financial liabilities grouped by maturity date. The Falck Renewables Group has a group treasury department that employs a "domestic" cash pooling system between Falck Renewables SpA and all of the Group's Italian subsidiaries that do not have project financing (entities with project financing may not participate in the pooling system due to the liquidity management and debt restrictions imposed by the contracts). The Group also carries out netting of opposing balances through the use of specific intercompany corresponding accounts. The Falck Renewables Group prepares an update of the cash flow statement and the cash budget on a monthly basis, in which the actual data for the period are supported by a summary evaluation and commentary.

2.2 Quantitative disclosures

Financial liabilities are analysed by contractual maturity across four time bands. The analysis focused on bank loans as well as financial liabilities recognised under IFRS 16 and the convertible bond. Payables for royalty instruments have also been shown separately, as payments depend on the performance of the financed wind farms. Royalty instruments represent a financial instrument used by wind farms in the UK to acquire the consent of local communities in which the wind farms are located.

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31.12.2020

Analysis of financial liabilities (principal amounts: amounts due by contractual maturity)

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Bank payables	3,815				3,815
Project financing	95,306	76,205	223,001	212,020	606,532
Trade payables	60,322	3,220			63,542
IFRS 16 leasings	5,130	5,720	14,443	65,408	90,701
Convertible bond loan			176,429		176,429
Other	392	878	16,953		18,223
Total	**164,965**	**86,023**	**430,826**	**277,428**	**959,242**

31.12.2020

Analysis of financial liabilities (principal amounts: amounts due by estimated contractual maturity)

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Shareholder loans	250				250
Royalty instruments				12,746	12,746
Other payables	4,642	1,331	211	2,674	8,858
Total	**4,892**	**1,331**	**211**	**15,420**	**21,854**

31.12.2019

Analysis of financial liabilities (principal amounts: amounts due by contractual maturity)

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Bank payables	8,387		32,000		40,387
Project financing	76,584	78,260	250,371	266,694	671,909
Trade payables	70,620	2,321			72,941
IFRS 16 leasings	5,012	3,876	10,338	61,595	80,821
Other		534	19,574		20,108
Total	**160,603**	**84,991**	**312,283**	**328,289**	**886,166**

31.12.2019

Analysis of financial liabilities (principal amounts: amounts due by estimated contractual maturity)

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Shareholder loans	2,519	122			2,641
Royalty instruments				13,828	13,828
Other payables	6,828	1,027	1,038		8,893
Total	**9,347**	**1,149**	**1,038**	**13,828**	**25,362**

In order to provide a better analysis of the overall financial commitments underlying the liabilities illustrated in the tables above, a calculation was made of interest due to be paid for each maturity period shown.

Since contract interest rates on listed loans are mainly floating, quarterly or 6-month, and closely linked to Euribor rates (for Euro area companies) and Libor (for UK companies), the amounts were calculated considering implicit rates in the swap rate curve compared to Euribor and Libor rates as at 31 December 2020. Therefore, the simplified hypothesis that quarterly and 6-month interest payments would have the same start and end dates for various loans was introduced. In contrast, interest rates for US corporate financing are fixed.

The estimated value of the differentials relating to derivative financial instruments held at 31 December 2020 was calculated. The estimated differentials were calculated applying the implicit forward rates in the zero coupon curve at 31 December 2020 without discounting cash flows. In this case a detailed analysis of each derivative instrument held was performed.

31.12.2020

Analysis of financial liabilities (estimated flows on contractual basis: interest costs plus IRS differentials)

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Differential IRS	10,571	8,181	13,509	5,217	37,478
Bank payables	14				14
Project financing	10,738	9,616	23,155	27,400	70,909
Total	**21,323**	**17,797**	**36,664**	**32,617**	**108,401**

31.12.2019

Analysis of financial liabilities (estimated flows on contractual basis: interest costs plus IRS differentials)

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Differential IRS	10,048	8,433	14,231	4,504	37,216
Bank payables	508	1,292	4,002		5,802
Project financing	12,808	11,505	28,207	31,503	84,023
Total	**23,364**	**21,230**	**46,440**	**36,007**	**127,041**

31.12.2019

Analysis of financial liabilities (estimated flows on "estimated" contractual basis: interest costs)

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	> 5 years	Total
Shareholder loans	10				10
Total	10				**10**

3. Market risk

3.1 Interest rate risk

3.1.1 Qualitative disclosures

The Falck Renewables Group manages interest rate risk centrally. Although it does not define in advance the maximum variable rate debt exposure, it follows well-established procedures aimed at monitoring risk and that avoid undertaking transactions of a speculative nature. The type and suitability of hedging instruments is evaluated for each specific case in consideration of the amount of exposure and current financial market conditions.

The Falck Renewables Group uses derivative financial instruments to hedge interest rates and in particular enters into interest rate swaps (IRS) with the exclusive aim of hedging. Moreover, the derivatives held at the year-end were acquired in order to allow the debt structure to meet the "covenants" established by the financial institutions in relation to project financing. In particular, borrowings at variable rates for these contracts are matched with opposing IRS that partially convert the borrowings from variable to fixed rates.

The degree of the Falck Renewables Group's interest rate exposure was measured through a sensitivity analysis performed applying the guidelines provided in paragraph 40 of IFRS 7 and the examples illustrated in Implementation Guide (IG) 35. A brief description of the method used to perform the sensitivity analyses and the results are provided below.

Firstly, the effect on profit for the year was determined applying a different yield curve to that used at the reporting date. For the Falck Renewables Group this means recalculating the fair value of the derivative instruments and charging directly to the income statement the difference between the simulated fair value and the value at the year-end. This provides both the portfolio risk on derivatives held at the balance sheet date and the related effect on profit/(loss) for the year.

The analyses were performed taking into consideration investments valued using the equity method as the impact of interest rate fluctuations on financial performance and the financial position of these entities impact consolidated profit for the year and total equity. These analyses did not include Parque Eólico La Carracha Sl and Parque Eólico Plana de Jarreta Sl (in which 26% interests are held) as the net equity of these companies included in the consolidated financial statements at 31.12.2020 was negative, and any changes applied would not be sufficient to give rise to them being included in the Group's consolidated financial statements.

The actual impact on profit for the year of a different scenario for interest rates also depends on the average financial assets and liabilities for the period on which interest accrues. The example provided in IG35 of IFRS 7 refers to the effect on the financial statements originating from a different interest rate arising "during" the year. Once the finance income and costs relating to a new scenario become known it is easy to verify, measuring the difference between these and the actual income/expense, the effect of a new interest rate scenario on the income statement.

The sensitivity analysis assumed two scenarios, a decrease and an increase in interest rates. Changes in interest rates for each scenario have been applied: 1) to the yield curve at the reporting date, assuming a parallel shift in the yield curve; 2) to the average interest rate paid in the course of the year on variable rate borrowings; 3) to the average interest rate earned during the year on variable rate financial assets; 4) to the interest rates used to determine the differentials paid/received during the year on derivative financial instruments.

As already noted the change in fair value of each derivative instrument held at 31 December 2020, together with the related impact on profit for the year, was calculated for each scenario. The impact on profit arising from changes in finance income and costs was also calculated for each scenario. The tables below illustrate the outcome of these analyses.
Given the current market situation and the potential rise in interest rates, an increase of 50 basis points and a decrease of 15 basis points were applied to net income.
An increase of 50 basis points would have resulted in a positive impact on net income of approximately 0.32%, while a decrease of 15 basis points would have determined a negative impact on profit for the year of approximately 0.10%.

3.1.2 **Quantitative disclosures**

- **Scenario Euribor/Libor +50 bp**

Derivatives impact

Scenario I: Euribor/Libor + 50 bp

	Accounting treatment	Base value	Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS	Tax effect on change in FV to BS	% of profit for the year
FRUK Holdings (no. 1) Ltd Loan	Hedge Accounting	(699)	(496)	203	203		0.00%		(38)	0.00%
Earlsburn Mezzanine Ltd	Hedge Accounting	(720)	(449)	271	271		0.00%		(51)	0.00%
Earlsburn Wind Energy Ltd	Hedge Accounting	(44)	(33)	11	11		0.00%		(2)	0.00%
Ben Aketil Wind Energy Ltd	Hedge Accounting	(953)	(881)	72	72		0.00%		(14)	0.00%
Millennium Wind Energy Ltd	Hedge Accounting	(534)	(335)	199	199		0.00%		(38)	0.00%
Kilbraur Wind Energy Ltd	Hedge Accounting	(283)	37	320	320		0.00%		(61)	0.00%
Nutberry Wind Energy Ltd	Hedge Accounting	(2,242)	(1,894)	348	348		0.00%		(66)	0.00%
West Browncastle Wind Energy Ltd	Hedge Accounting	(2,250)	(1,269)	981	981		0.00%		(186)	0.00%
Kingsburn Wind Energy Ltd	Hedge Accounting	(1,032)	(245)	787	787		0.00%		(150)	0.00%
Spaldington Airfield Wind Energy Ltd	Hedge Accounting	(473)	(112)	361	361		0.00%		(69)	0.00%
Assel Valley Wind Energy Ltd	Hedge Accounting	(3,461)	(2,249)	1,212	1,212		0.00%		(230)	0.00%
Auchrobert Wind Energy Ltd	Hedge Accounting	(3,754)	(2,228)	1,526	1,526		0.00%		(290)	0.00%
Eolica Sud Srl	Hedge Accounting	(4,010)	(3,617)	393	393		0.00%		(94)	0.00%
Eolo 3W Minervino Murge Srl	Hedge Accounting	(1,522)	(1,398)	124	124		0.00%		(30)	0.00%
Geopower Sardegna Srl	Hedge Accounting	(11,884)	(10,433)	1,451	1,451		0.00%		(348)	0.00%
Eolica Petralia Srl	Hedge Accounting	(882)	(726)	156	156		0.00%		(38)	0.00%
SE Ty-Ru SAS	Hedge Accounting	(531)	(474)	57	57		0.00%		(14)	0.00%
Parc Éolien du Fouy SAS	Hedge Accounting	(414)	(374)	40	40		0.00%		(10)	0.00%
Parc Éolien des Crêtes SAS	Hedge Accounting	(430)	(389)	41	41		0.00%		(10)	0.00%
Esquennois Energie SAS	Hedge Accounting	(528)	(477)	51	51		0.00%		(13)	0.00%
Ferme Éolienne de Noyales SAS	Hedge Accounting	(40)	(37)	3	3		0.00%		(1)	0.00%
CEP Tramontane 1 SAS	Hedge Accounting	(1,276)	(1,113)	163	163		0.00%		(41)	0.00%
Actelios Solar SpA	Hedge Accounting	(449)	48	497	497		0.00%		(119)	0.00%
Total companies consolidated line-by-line		**(38,411)**	**(29,148)**	**9,263**	**9,263**		**0.00%**		**(1,912)**	**0.00%**
Total		**(38,411)**	**(29,148)**	**9,263**	**9,263**		**0.00%**		**(1,912)**	**0.00%**

Total impact

Scenario I: Euribor/Libor + 50 bp

(€ thousands)	Change BS	Tax effect on BS	Net impact BS	Change IS	% on profit before tax	Tax effect on change in IS
Impact of change in fair value of derivatives	9,263	(1,912)	7,352		0.00%	
Impact on finance costs and IRS differentials (*)				(735)	-0.97%	176
Impact on financial income and IRS differentials (*)				977	1.29%	(234)
Total	**9,263**	**(1,912)**	**7,352**	**242**	**0.32%**	**(58)**

* The tax effect on derivatives was calculated applying the following rates: 24% for Italian companies, 19% for UK companies and 25% for French companies. A tax rate of 24% was applied to calculate the tax effect on finance income and costs.

- **Scenario Euribor/Libor -15 bp**

Derivatives impact

Scenario II: Euribor/Libor - 15 bp

	Accounting treatment	Base value	Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS	Tax effect on change in FV to BS	% of profit for the year
FRUK Holdings (no. 1) Ltd Loan	Hedge Accounting	(699)	(760)	(61)	(61)		0.00%		12	0.00%
Earlsburn Mezzanine Ltd	Hedge Accounting	(720)	(801)	(81)	(81)		0.00%		15	0.00%
Earlsburn Wind Energy Ltd	Hedge Accounting	(44)	(47)	(3)	(3)		0.00%		1	0.00%
Ben Aketil Wind Energy Ltd	Hedge Accounting	(953)	(974)	(21)	(21)		0.00%		4	0.00%
Millennium Wind Energy Ltd	Hedge Accounting	(534)	(594)	(60)	(60)		0.00%		11	0.00%
Kilbraur Wind Energy Ltd	Hedge Accounting	(283)	(379)	(96)	(96)		0.00%		18	0.00%
Nutberry Wind Energy Ltd	Hedge Accounting	(2,242)	(2,346)	(104)	(104)		0.00%		20	0.00%
West Browncastle Wind Energy Ltd	Hedge Accounting	(2,250)	(2,544)	(294)	(294)		0.00%		56	0.00%
Kingsburn Wind Energy Ltd	Hedge Accounting	(1,032)	(1,268)	(236)	(236)		0.00%		45	0.00%
Spaldington Airfield Wind Energy Ltd	Hedge Accounting	(473)	(581)	(108)	(108)		0.00%		21	0.00%
Assel Valley Wind Energy Ltd	Hedge Accounting	(3,461)	(3,825)	(364)	(364)		0.00%		69	0.00%
Auchrobert Wind Energy Ltd	Hedge Accounting	(3,754)	(4,212)	(458)	(458)		0.00%		87	0.00%
Eolica Sud Srl	Hedge Accounting	(4,010)	(4,128)	(118)	(118)		0.00%		28	0.00%
Eolo 3W Minervino Murge Srl	Hedge Accounting	(1,522)	(1,559)	(37)	(37)		0.00%		9	0.00%
Geopower Sardegna Srl	Hedge Accounting	(11,884)	(12,319)	(435)	(435)		0.00%		104	0.00%
Eolica Petralia Srl	Hedge Accounting	(882)	(929)	(47)	(47)		0.00%		11	0.00%
SE Ty-Ru SAS	Hedge Accounting	(531)	(548)	(17)	(17)		0.00%		5	0.00%
Parc Éolien du Fouy SAS	Hedge Accounting	(414)	(426)	(12)	(12)		0.00%		3	0.00%
Parc Éolien des Crêtes SAS	Hedge Accounting	(430)	(442)	(12)	(12)		0.00%		3	0.00%
Esquennois Energie SAS	Hedge Accounting	(528)	(543)	(15)	(15)		0.00%		4	0.00%
Ferme Éolienne de Noyales SAS	Hedge Accounting	(40)	(41)	(1)	(1)		0.00%		0	0.00%
CEP Tramontane 1 SAS	Hedge Accounting	(1,276)	(1,325)	(49)	(49)		0.00%		12	0.00%
Actelios Solar SpA	Hedge Accounting	(449)	(598)	(149)	(149)		0.00%		36	0.00%
Total companies consolidated line-by-line		**(38,411)**	**(41,190)**	**(2,779)**	**(2,779)**		**0.00%**		**574**	**0.00%**
Total		**(38,411)**	**(41,190)**	**(2,779)**	**(2,779)**		**0.00%**		**574**	**0.00%**

Total impact

Scenario II: Euribor/Libor - 15 bp

(€ thousands)	Change BS	Tax effect on BS	Net impact BS	Change IS	% on profit before tax	Tax effect on change in IS
Impact of change in fair value of derivatives	(2,779)	574	(2,205)		0.00%	
Impact on finance costs and IRS differentials (*)				220	0.29%	(53)
Impact on financial income and IRS differentials (*)				(293)	-0.39%	70
Total	**(2,779)**	**574**	**(2,205)**	**(73)**	**-0.10%**	**17**

* The tax effect on derivatives was calculated applying the following rates: 24% for Italian companies, 19% for UK companies and 25% for French companies. A tax rate of 24% was applied to calculate the tax effect on finance income and costs.

3.2 Foreign exchange risk

3.2.1 Qualitative disclosures
Foreign exchange risk arises on the Group's operations outside the "Eurozone" (UK, US, Norway, Sweden, and to a lesser extent Japan, Bulgaria and Mexico).
The Group's foreign exchange risk management policy, in line with the financial instruments accounting management policy, involves monitoring the foreign exchange balance to identify exposure and stipulate currency forward contracts where necessary. Currency forward transactions are entered into as new intercompany balances arise in order to maintain each company's and the Group's foreign exchange balance.

The Group mitigates foreign exchange risk on intercompany financial receivables and payables in currencies other than the functional currency through plain vanilla transactions, such as forward currency purchase/sale contracts. In this specific case, Falck Renewables SpA hedges the exchange rate risk on financial payables in GBP to the subsidiary Falck Renewables Wind Ltd, which in turn hedges its financial receivable in EUR from Falck Renewables SpA.

These same hedging transactions may be used for significant asset and services purchase contracts in foreign currencies other than the functional currency. Specifically, at 31 December 2020, there were foreign exchange transactions in place to hedge the risk of fluctuations in the exchange rates on purchases of facilities under construction and operating facilities by companies in Sweden and Norway, in Swedish kronor and Norwegian kronor respectively, which use the euro as their functional currency.

With regard to the major currencies other than the €, the Falck Renewables Group exposure to foreign exchange fluctuations was measured by performing a sensitivity analysis to determine the impact of fluctuations in exchange rates on the balances denominated in foreign currencies of all Group companies at 31 December 2020. A brief description of the method used to perform the sensitivity analyses and the results are provided below.

The analyses were performed assuming two scenarios, a 10% appreciation/depreciation in the spot rate between the exchange rate in which the amount is denominated and the reporting currency.

In the case of the Falck Renewables Group, this involved:

- recalculating the fair value of cash flow hedges and transferring directly to equity the difference between the simulated fair value and the actual difference at the year-end. This makes it possible to identify at the same time the risk arising on the derivatives portfolio at the year-end and the impact on total equity;
- recalculate the net foreign exchange difference arising on foreign currency balances not hedged by derivative instruments.

The Parent Company's financial payables to its subsidiaries in sterling have not been included in the analysis, as described above, as the change in exchange rates on these items recorded at year-end under net financial expenses is offset by the change in fair value of the derivative financial instruments specifically entered into to hedge the foreign currency balance of the companies involved; this change is also recorded in the income statement under net financial expenses.

Moreover, the analysis does not include the trade payables of companies under construction in Sweden and Norway, since they are covered by specific contracts using financial derivative instruments on exchange rates.

The simulations carried out show that a 10% increase in the value of foreign currency items compared to the reporting currency would have had an impact on the balance of foreign currency items and, consequently, on the consolidated profit before tax as a negative exchange difference of € 300 thousand. A 10% depreciation of the item in foreign currency against the reporting currency would have had an impact on the balance and, consequently, on the profit before tax as a positive exchange difference of € 300 thousand.

In addition, with reference to the recalculated fair value of cash flow hedge derivatives, a 10% appreciation of the currency against the reporting currency, determined with reference to the spot exchange rate as of 31 December 2020, would have resulted in a positive effect on shareholders' equity, before taxes, of €1,724 thousand, while a 10% depreciation would have resulted in a negative effect on shareholders' equity of €1,412 thousand, also before taxes.

This analysis relates to the foreign exchange risk exposure in accordance with IFRS 7 and does not therefore take into account the positive or negative impact arising from the translation of overseas subsidiaries prepared in functional currencies other than the EUR where there is an appreciation/depreciation in the relevant foreign currencies.

3.2.2 Quantitative disclosures

- **Scenario exchange rates + 10%**

Scenario I: + 10% exchange range change

(€ thousands)	Exchange rate (EUR/SEK) base value	Exchange rate (EUR/SEK) scenario value	Accounting treatment	FV Base value	FV Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS	Tax effect on change in FV to BS	% of profit for the year
Foreign exchange derivatives on operating plants in Sweden *	10.0343	9.03087	Hedge Accounting	721	2,445	1,724	1,724		0.00%		(355)	0.00%
Total				**721**	**2,445**	**1,724**	**1,724**		**0.00%**		**(355)**	**0.00%**

* For the calculation of the tax effect on derivatives, as the company is incorporated under Swedish law, a tax rate of 20.60% has been used.

Total impact

Scenario I: + 10% exchange range change

(€ thousands)	Change BS	Tax effect on BS	Net impact BS	Change IS	% on profit before tax	Tax effect on change in IS	Net impact IS
Impact of change in fair value of derivatives	1,724	(355)	1,369				
Impact on exchange differences (*)				(300)	-0.50%	63	(237)
Total	**1,724**	**(355)**	**1,369**	**(300)**	**-0.50%**	**63**	**(237)**

* The calculation of the tax effect on derivatives is based on the Group's weighted average tax rate of 20.9%.

- **Scenario exchange rates - 10%**

Scenario II: - 10% exchange range change

(€ thousands)	Exchange rate (Eur/SEK) base value	Exchange rate (Eur/SEK) scenario value	Accounting representation	FV Base value	FV Scenario value	Change FV	Delta SP	Change IS	% on profit before tax	Tax effect on change in FV to IS	Tax effect on change in FV to BS	% of profit for the year
Foreign exchange derivatives on operating plants in Sweden *	10.0343	11.03773	Hedge Accounting	721	(691)	(1,412)	(1,412)		0.00%		291	0.00%
Total				**721**	**(691)**	**(1,412)**	**(1,412)**		**0.00%**		**291**	**0.00%**

* For the calculation of the tax effect on derivatives, as the company is incorporated under Swedish law, a tax rate of 20.60% has been used.

Total impact

Scenario II: - 10% exchange range change

(€ thousands)	Change BS	Tax effect on BS	Net impact BS	Change IS	% on profit before tax	Tax effect on change in IS	Net impact IS
Impact of change in fair value of derivatives	(1,412)	291	(1,121)				
Impact on exchange differences (*)				300	0.50%	(63)	237
Total	**(1,412)**	**291**	**(1,121)**	**300**	**0.50%**	**(63)**	**237**

* The calculation of the tax effect on derivatives is based on the Group's weighted average tax rate of 20.9%.

3.3 Price risk on energy commodities

3.3.1 Qualitative disclosures

The price risk on energy commodities is understood as the possibility that fluctuations in the market prices of energy materials could produce significant variations in revenues compared with a certain amount established during the economic planning phase.

In accordance with the provisions of the Group's Energy Risk Policy, the Group's price risk management activity consists of stabilizing revenues by executing forward sales contracts (so-called "commodity swaps") with qualified banks, or by entering into Power Purchase Agreements (PPAs) with high standing corporate counterparties.

These transactions are treated in accordance with hedge accounting rules when there is a correlation between the hedging instruments used and the energy portfolio managed by the Group. Changes in fair value relating to hedging instruments that are over-hedged would be excluded from the hedging relationship and recognised immediately in profit or loss.

A brief description of the method used to perform the sensitivity analyses and the results are provided below. For this purpose, two scenarios were considered that respectively reflect a 10% appreciation and a 10% depreciation of the forward energy price at each date the hedge was put in place.

In the case of the Falck Renewables Group, this is equivalent to recalculating the fair value of cash flow hedge derivatives and transferring the difference between the simulated and actual fair value at the end of the period directly to equity. This shows both the risk of the portfolio of derivative products outstanding at the end of the period and their impact on shareholders' equity.

3.3.2 Quantitative disclosures

- **Scenario commodity prices + 10%**

Scenario I: + 10% change in commodity prices

Market	Accounting treatment	Base value	Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS	Tax effect on change in FV to BS	% of profit for the year
Italy	Hedge accounting	(4,695)	(8,159)	(3,464)	(3,464)		0.00%		831	0.00%
Sweden	Hedge accounting	(898)	(5,677)	(4,779)	(4,779)		0.00%		984	0.00%
United Kingdom	Hedge accounting	(4,843)	(8,332)	(3,489)	(3,489)		0.00%		663	0.00%
Spain	Hedge accounting	(184)	(1,275)	(1,091)	(1,046)	(45)	-0.06%	11	262	-0.06%
Total		**(10,620)**	**(23,443)**	**(12,823)**	**(12,778)**	**(45)**	**-0.06%**	**11**	**2,740**	**-0.06%**

* For the calculation of the tax effect on derivatives, the tax rate of 24% for Italy, 20.60% for Sweden, 19% for the UK and 25% for Spain was used.

- **Scenario commodity prices - 10%**

Scenario I: - 10% change in commodity prices

Market	Accounting treatment	Base value	Scenario value	Change FV	Change BS	Change IS	% on profit before tax	Tax effect on change in FV to IS	Tax effect on change in FV to BS	% of profit for the year
Italy	Hedge accounting	(4,695)	(1,231)	3,464	3,464		0.00%		(831)	0.00%
Sweden	Hedge accounting	(898)	3,813	4,711	4,711		0.00%		(970)	0.00%
United Kingdom	Hedge accounting	(4,843)	(1,354)	3,489	3,489		0.00%		(663)	0.00%
Spain	Hedge accounting	(184)	913	1,097	1,052	45	0.06%	(11)	(261)	0.06%
Total		**(10,620)**	**2,141**	**12,761**	**12,716**	**45**	**0.06%**	**(11)**	**(2,725)**	**0.06%**

* For the calculation of the tax effect on derivatives, the tax rate of 24% for Italy, 20.60% for Sweden, 19% for the UK and 25% for Spain was used.


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7 SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL REPORT

Falck Renewables
PURE POWER TO GROW

7.1 List of investments in subsidiaries and associates

Companies consolidated applying the line-by-line method

(€ thousands)	Headquarters capital	Cur-rency	Share capital	% holding direct	Indirect ownership %	Indirect ownership Parent company
Australia						
Vector Cuatro Australia Pty Ltd	Sydney	AUD	1		100.000	Vector Cuatro SLU
Bulgaria						
Vector Cuatro EOOD	Sofia	BGN	2,000		100.000	Vector Cuatro SLU
Chile						
Vector Cuatro Chile SpA	Santiago	CLP	20,000,000		100.000	Vector Cuatro SLU
France						
CEP Tramontane 1 Sas	Rennes	EUR	3,559,700		100.000	Falck Energies Renouvelables Sas
EOL Team Sas	Rennes	EUR	42,220		100.000	Falck Energies Renouvelables Sas
Esquennois Energie Sas	Rennes	EUR	37,000		100.000	Falck Renewables Wind Ltd
Falck Energies Renouvelables Sas	Rennes	EUR	19,212,000		100.000	Falck Renewables Wind Ltd
Ferme Éolienne de Noyales SAS	Rennes	EUR	37,000		100.000	Falck Energies Renouvelables Sas
Parc Éolien de Mazeray et de Bignay SAS	Rennes	EUR	1,321,750		100.000	CEP Tramontane 1 Sas
Parc Éolien des Coudrays SAS	Rennes	EUR	868,000		100.000	CEP Tramontane 1 Sas
Parc Éolien des Crêtes Sas	Rennes	EUR	37,000		100.000	Falck Renewables Wind Ltd
Parc Éolien d'Illois Sarl	Rennes	EUR	1,000		100.000	Falck Energies Renouvelables Sas
Parc Éolien du Bois Ballay SAS	Rennes	EUR	1,235,000		100.000	CEP Tramontane 1 SAS
Parc Éolien du Fouy Sas	Rennes	EUR	37,000		100.000	Falck Renewables Wind Ltd
SE Ty Ru Sas	Rennes	EUR	1,009,003		100.000	Falck Energies Renouvelables Sas
Vector Cuatro France Sarl	Lyons	EUR	50,000		100.000	Vector Cuatro SLU
Italy						
Actelios Solar SpA	Santa Caterina di Villarmosa	EUR	120,000	100.000		
Ambiente 2000 Srl	Milan	EUR	103,000	60.000		
Big Fish Spv Srl	Milan	EUR	1,760,000	100.000		
Ecosesto SpA	Rende	EUR	5,120,000	100.000		
Elettroambiente SpA (in liquidation)	Sesto S. Giovanni	EUR	245,350	100.000		
Energy Aggregator Consortium	Milan	EUR	7,600		52.630	Falck Next Srl
Energy Cloud Consortium	Milan	EUR	8,100		74.070	Falck Next Srl
Energy Team SpA	Milan	EUR	120,000	51.000		
Eolica Petralia Srl	Sesto S. Giovanni	EUR	2,000,000	100.000		
Eolica Sud Srl	Sesto S. Giovanni	EUR	5,000,000	100.000		
Eolo 3W Minervino Murge Srl	Sesto S. Giovanni	EUR	10,000	100.000		
Falck Next Energy Srl	Sesto S. Giovanni	EUR	1,010,000	100.000		
Falck Next Srl	Sesto S. Giovanni	EUR	1,000,000	100.000		
Falck Renewables Sicilia Srl	Milan	EUR	10,000	100.000		
Falck Renewables SpA	Milan	EUR	291,413,891			
Falck Renewables Sviluppo Srl	Milan	EUR	10,000	100.000		
Geopower Sardegna Srl	Sesto S. Giovanni	EUR	2,000,000	100.000		
Iron SPV Srl	Milan	EUR	425,000	100.000		
NUO Srl	Sesto S. Giovanni	EUR	61,000	100.000		
Palermo Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni	EUR	120,000	73.273		
Platani Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni	EUR	3,364,264		99.178	Elettroambiente SpA (in liquidation)
Prima Srl	Sesto S. Giovanni	EUR	5,430,000	85.000		
Solar Mesagne Srl	Brindisi	EUR	50,000	100.000		
Tifeo Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni	EUR	4,679,829		100.000	Elettroambiente SpA (in liquidation)
Vector Cuatro Srl	Sesto S. Giovanni	EUR	25,000		100.000	Vector Cuatro SLU
Windfor Srl	Milan	EUR	10,400		100.000	Vector Cuatro Srl
Japan						
Vector Cuatro Japan KK	Tokyo	JPY	1,000,000		100.000	Vector Cuatro SLU
Mexico						
Vector Cuatro Energias Renovables Mèxico SA de CV	Miguel Hidalgo	MXN	2,066,000		99.952	Vector Cuatro SLU
Norway						
Falck Renewables Vind AS	Sandane	EUR	5,187,047	88.636		

Companies consolidated applying the line-by-line method

(€ thousands)	Headquarters capital	Cur-rency	Share capital	% holding direct	Indirect ownership %	Parent company
Netherlands						
Falck Renewables Nederland BV	Amsterdam	EUR	10,000	100.000		
Waalwijk Wind Energy BV	Utrecht	EUR	25,000		95.000	Falck Renewables Nederland BV
Winssen Wind Energy BV	Utrecht	EUR	25,000		95.000	Falck Renewables Nederland BV
Poland						
Elektrownie Wiatrowe Bonwind Lyszkowice Sp.Z.o.o.	Łódż	PLN	132,000		50.000	Falck Renewables Wind Ltd
Spain						
Energia Eólica de Castilla SL	Madrid	EUR	3,200	100.000		
Eolica Cabezo San Roque Sau	Madrid	EUR	1,500,000		100.000	Falck Renewables Wind Ltd
Falck Nuo Spain SL	Madrid	EUR	3,600		100.000	NUO Srl
Falck Renewables Power 1 Sl	Madrid	EUR	300,000	100.000		
Falck Renewables Power 2 Sl	Madrid	EUR	300,000	100.000		
Falck Renewables Power 3 Sl	Madrid	EUR	300,000	100.000		
PV Diagnosis Fotovoltaica SLU	Madrid	EUR	3,100		100.000	Vector Cuatro SLU
Sol Occidental SLU	Madrid	EUR	3,000	100.000		
Vector Cuatro SLU	Madrid	EUR	55,001	100.000		
Sweden						
Åliden Vind AB	Malmö	EUR	10,159	100.000		
Brattmyrliden Vind AB	Malmö	EUR	10,159	100.000		
VC Renewables AB	Malmö	SEK	50,000		100.000	Vector Cuatro SLU
United Kingdom						
Assel Valley Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Auchrobert Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Ben Aketil Wind Energy Ltd	Inverness	GBP	100		51.000	Falck Renewables Wind Ltd
Boyndie Wind Energy Ltd	Inverness	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Cambrian Wind Energy Ltd	London	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Earlsburn Mezzanine Ltd	London	GBP	1,000		51.000	Falck Renewables Wind Ltd
Earlsburn Wind Energy Ltd	Inverness	GBP	100		100.000	Earlsburn Mezzanine Ltd
Falck Next Energy UK Ltd	London	GBP	100		100.000	Falck Renewables Wind Ltd
Falck Renewables Finance Ltd	London	GBP	100		100.000	Falck Renewables Wind Ltd
Falck Renewables Wind Ltd	London	GBP	37,759,066	99.989		
FRUK Holdings (No.1) Ltd	London	GBP	1		51.000	Falck Renewables Finance Ltd
Kilbraur Wind Energy Ltd	Inverness	GBP	100		51.000	Falck Renewables Wind Ltd
Kingsburn Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Millennium South Wind Energy Ltd	Inverness	GBP	100		52.000	Falck Renewables Wind Ltd
Millennium Wind Energy Ltd	Inverness	GBP	100		51.000	Falck Renewables Wind Ltd
Mochrum Fell Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Nutberry Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
Spaldington Airfield Wind Energy Ltd	London	GBP	100		100.000	Falck Renewables Wind Ltd
Vector Renewables UK Ltd	London	GBP	190,000		100.000	Vector Cuatro SLU
West Browncastle Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd

Companies consolidated applying the line-by-line method

(€ thousands)	Headquarters capital	Currency	Share capital	% holding direct	Indirect ownership %	Indirect ownership Parent company
United States						
Annapolis Solar Park LLC and subsidiaries	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Asset Management LLC	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Development US LLC and subsidiaries	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Development US LLC	Delaware	USD			100.000	TLS Holdco, LLC
Building Energy Wind Iowa LLC and subsidiaries	Delaware	USD			100.000	Building Energy Holdco I, LLC
Calypso Solar 1 LLC and subsidiaries	Delaware	USD			95.000	Building Energy Holdco I, LLC
Calypso Solar 3 LLC and subsidiaries	Delaware	USD			95.000	Building Energy Holdco I, LLC
Falck Middleton Generation LLC	Delaware	USD			100% class B*	Falck Middleton, LLC
Falck Middleton LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Falck Renewables North America Inc	Delaware	USD	5	100.000		
Falck Renewables CH-1 LLC	Delaware	USD			100.000	Falck Renewables North America Inc
Falck Renewables DLP MA LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Falck Renewables IS 42 LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Falck Renewables North America Development Services & Construction Management LLC	Delaware	USD			100.000	Falck Renewables North America Inc.
Fisher Road Solar I LLC	Delaware	USD			100.000	SPME Dartmouth Holdings, LLC
HG Solar Development LLC	New York	USD			100.000	Falck Middleton Generation, LLC
Innovative Solar 42 LLC	North Carolina	USD			100.000	NC 42 Energy LLC
Lake Osiris Road Solar Farm LLC	Delaware	USD			100.000	Falck Renewables CH-1, LLC
NC 42 Energy LLC	Delaware	USD			100.000 class B*	NC 42 Solar LLC
NC 42 LLC	Delaware	USD			100.000	Falck Renewables IS 42 LLC
NC 42 Solar LLC	Delaware	USD			100.000	NC 42 LLC
Novis Renewables Holdings LLC	Delaware	USD			51.000	Falck Renewables North America, LLC
NOV RF Holdings LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
NOV RF Lessee LLC	Delaware	USD			100.000	NOV RF Holdings, LLC
Odyssey Solar 2 LLC and subsidiaries	Delaware	USD			95.000	Building Energy Holdco I, LLC
Route 23A Solar Farm LLC	Delaware	USD			100.000	Falck Renewables CH-1, LLC
SPME Dartmouth Holdings LLC	Delaware	USD			100.000	Falck Renewables DLP MA, LLC
SPME Holdings 2015 LLC	New Jersey	USD			100.000 class B*	Falck Renewables DLP MA, LLC
Syncarpha Massachusetts LLC	Delaware	USD			100.000	SPME Holdings 2015, LLC
Syncarpha Palmer LLC	Delaware	USD			100.000	SPME Holdings 2015, LLC
TLS Holdco LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC
Vector Cuatro US LLC	Delaware	USD	1,000		100.000	Vector Cuatro SLU
Westmoreland County Solar Project LLC	Delaware	USD			100.000	WMC Solar Holdings, LLC
WMC Solar Holdings LLC	Delaware	USD			100.000	Novis Renewables Holdings, LLC

Companies consolidated using the equity method

(€ thousands)	Headquarters capital	Cur-rency	Share capital	% holding direct	Indirect ownership %	Parent company
Italy						
Frullo Energia Ambiente Srl	Bologna	EUR	17,139,100	49.000		
Spain						
Nuevos Parque Eólicos La Muela AIE	Zaragoza	EUR	10,000		50.000	Parque Eolico La Carracha SL
Parque Eólico La Carracha Sl	Zaragoza	EUR	100,000		26.000	Falck Renewables Wind Ltd
Parque Eólico Plana de Jarreta Sl	Zaragoza	EUR	100,000		26.000	Falck Renewables Wind Ltd
United Kingdom						
Naturalis Energy Developments Ltd	London	GBP	100		70.000	Falck Renewables Wind Ltd
United States						
Novis Renewables Group	Delaware	USD			50.000	Falck Renewables North America Inc

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

IS42 (North Carolina) photovoltaic plant.

8

FALCK RENEWABLES SPA FINANCIAL STATEMENTS AT 31 DECEMBER 2020

PURE POWER TO GROW

E-MARKET SDIR CERTIFIED

8.1 Financial Statement

(€ thousands)		Notes	31.12.2020	of which related parties	31.12.2019	of which related parties
Assets						
A	**Non-current assets**					
1	Intangible assets	(1)	11,940		7,777	
2	Property, plant and equipment	(2)	5,546		2,648	
3	Investments and securities	(3)	752,882		621,356	
4	Trade receivables	(5)				
5	Non-current financial receivables	(4)	31,122	30,487	34,471	34,423
6	Deferred tax assets	(7)	571		623	
7	Other receivables	(6)	1,114		1,658	
	Total		**803,175**		**668,533**	
B	**Current assets**					
1	Inventories	(8)				
2	Trade receivables	(5)	8,061	7,912	7,697	7,603
3	Other receivables	(6)	16,329	4,212	71,442	65,667
4	Financial receivables	(4)	32,911	31,087	54,925	54,350
5	Securities					
6	Cash and cash equivalents	(9)	100,865		3,043	
	Total		**158,166**		**137,107**	
C	**Non-current assets held for sale**					
Total assets			**961,341**		**805,640**	
Liabilities						
D	**Net equity**					
1	Share capital		291,414		291,414	
2	Reserves		169,435		150,415	
3	Retained earnings		53,014		47,240	
4	Profit for the year		37,202		27,314	
	Total equity	(10)	**551,065**		**516,383**	
E	**Non-current liabilities**					
1	Non-current financial liabilities	(13)	179,880	635	52,593	48
2	Other payables	(15)	197		219	
3	Deferred tax liabilities					
4	Provisions for risks and charges	(11)	3,181		6,540	
5	Staff leaving indemnity	(12)	1,799		1,505	
	Total		**185,057**		**60,857**	
F	**Current liabilities**					
1	Trade payables	(14)	12,187	3,452	12,415	4,202
2	Other payables	(15)	9,993	3,523	11,576	2,529
3	Current financial liabilities	(13)	203,039	201,921	204,409	193,758
4	Provisions for risks and charges					
	Total		**225,219**		**228,400**	
G	**Liabilities attributable to non-current assets held for sale**					
Total liabilities			**961,341**		**805,640**	

For details of "related party transactions", see page 237.
For the effects of significant non-recurring transactions see page 251.

8.2 Income statement

(€ thousands)		Notes	31.12.2020	of which related parties	31.12.2019	of which related parties
A	**Revenues**	(16)	**81**		**88**	
	Direct personnel costs	(17)				
	Direct costs	(18)				
	Personnel costs	(17)	(13,332)		(12,200)	
	Other income	(19)	11,495	10,832	8,589	7,783
	Administrative expenses	(20)	(21,544)	(5,880)	(22,886)	(6,575)
B	**Operating profit/(loss)**		**(23,300)**		**(26,409)**	
	Financial income/(expenses)	(21)	7,040	4,854	2,681	3,425
	Investment income/(expenses)	(22)	48,782	48,772	46,185	46,148
C	**Profit/(loss) before tax**		**32,522**		**22,457**	
	Total income tax	(23)	4,680		4,857	
D	**Profit/(loss) for the year**		**37,202**		**27,314**	

For details of “related party transactions”, see page 247.
For the effects of significant non-recurring transactions see page 251.

8.3 Statement of other components of the income statement

		2020			2019		
(€ thousands)		Gross	Tax	Net	Gross	Tax	Net
A	**Profit for the year**	32,522	4,680	37,202	22,457	4,857	27,314
	Other items of comprehensive income						
	Other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax						
	Foreign exchange differences on translation of overseas financial statements						
	Fair value adjustment of held for sale financial assets						
	Fair value adjustments of derivatives designated as cash flow hedges						
B	**Total other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax**						
	Other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax						
	Balance of actuarial gains/(losses) on personnel defined benefit plans	(64)		(64)	(70)		(70)
C	**Total other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax**	(64)		(64)	(70)		(70)
B+C	**Other comprehensive income/(loss)**	(64)		(64)	(70)		(70)
A+B+C	**Total comprehensive income/(loss)**	32,458	4,680	37,138	22,387	4,857	27,244

8.4 Statement of cash flows

(€ thousands)	Notes	2020	2020 related parties	2019	2019 related parties
Cash flow from operating activities					
Profit for the year		37,202		27,314	
Adjusted for:					
Amortisation of intangible assets	(20)	544		418	
Depreciation of property, plant and equipment	(20)	1,185		968	
Staff leaving indemnity provision	(12)	560		474	
Fair value of investments and other securities	(22)	(3,755)	(3,755)	(4,079)	(4,079)
Stock grant plan costs		1,796		457	
Financial income	(21)	(30,669)	(6,302)	(32,846)	(4,739)
Financial expenses	(21)	23,629	1,448	30,165	1,314
Dividends	(22)	(45,027)	(45,027)	(42,106)	(42,609)
Share of profit of investments valued using equity method					
(Gains)/losses on disposal of intangible assets					
(Gains)/losses on disposal of property, plant and equipment					
Investment (income)/expenses					
Other changes	(20-10)	(880)		66	
Income tax (income statement)	(23)	(4,680)		(4,857)	
Operating income before changes in net working capital and provisions		**(20,095)**		**(24,026)**	
Change in inventories					
Change in trade receivables	(5)	516		473	
Change in trade payables	(14)	(228)		2,701	
Change in other receivables/payables		51,018		(47,972)	
Net change in provisions	(11)	(3,361)		736	
Change in personnel provisions - staff leaving indemnity paid during year	(12)	(342)		(259)	
Cash flow provided by operating activities		**27,508**		**(68,347)**	
Interest paid and exchange losses		(21,654)	1,448	(28,953)	(1,314)
Tax paid/collected		2,411		4,789	
Payments for stock grant plan		(4,728)			
Cash flow provided by operating activities		**3,537**		**(92,511)**	
Cash flow from investing activities					
Dividends received		50,781	50,781	41,796	41,796
Proceeds from sale of property, plant and equipment		2		120	
Proceeds from sale of intangible assets		3,044			
Proceeds from sale of investment activities					
Purchases of intangible assets	(1)	(7,752)		(5,582)	
Purchases of property, plant and equipment	(2)	(886)		(1,015)	
Purchase and capital contributions to equity investments and business units	(3)	(127,771)	(127,771)	(97,921)	(97,921)
Sale of investments net of costs incurred				1,040	
Purchase of own shares	(10)				
Interest received and exchange rate gains		22,796	6,302	32,650	4,739
Change in the scope of consolidation					
Net cash flow from investing activities		**(59,787)**		**(28,912)**	
Cash flow from financing activities					
Dividends paid	(10)	(19,377)	(12,060)	(18,220)	(11,340)
Net change in financial receivables	(4-13)	34,684	31,421	50,982	8,619
New borrowings					
Repayment of borrowings		(60,285)		(989)	
Issue of convertible bond		199,050			
Sale of investments net of costs incurred					
Net cash flow from financing activities		**154,072**		**31,773**	
Net increase in cash and cash equivalents		**97,822**		**(89,650)**	
Cash and cash equivalents at 31 December 2019		**3,043**		**92,693**	
Translation (loss)/gain on cash and cash equivalents					
Cash and cash equivalents at 31 December 2020		**100,865**		**3,043**	

8.5 Statement of changes in equity

(€ thousands)	Share capital	Reserves	Profit for the period	Total Net equity
At 31.12.2018	**291,414**	**178,520**	**36,969**	**506,903**
Appropriation of 2018 profit		36,969	(36,969)	
Dividends paid		(18,220)		(18,220)
Other comprehensive profit items included in net equity*		(70)		(70)
Share schemes		456		456
Profit for the year at 31 December 2019*			27,314	27,314
At 31.12.2019	**291,414**	**197,655**	**27,314**	**516,383**
Appropriation of 2019 profit		27,314	(27,314)	
Dividends paid		(19,377)		(19,377)
Purchase of own shares				
Convertible bond reserve		19,170		19,170
Stock grant plan fair value		(2,249)		(2,249)
Other comprehensive profit items included in net equity*		(64)		(64)
Profit for the year at 31 December 2020*			37,202	37,202
At 31.12.2020	**291,414**	**222,449**	**37,202**	**551,065**

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

8.6 Notes to the financial statements

Direction and coordination activities

In accordance with article 2497 bis, paragraph 4 of the Italian Civil Code, the key information from the latest approved financial statements of Falck SpA (31 December 2019) is disclosed, due to the fact that the latter performs direction and coordination activities.

For a full and better understanding of the financial position of Falck SpA at 31 December 2019, and the profit for the year then ended, reference should be made to its financial statements complete with the independent auditors' report, which are available at the parent company's registered offices and on its website www.falck.it.

Falck SpA BALANCE SHEET ASSETS			31.12.2019			31.12.2018			Change		
			Amounts in euro within 12 months	Amounts in euro over 12 months	Amounts in euro	Amounts in euro within 12 months	Amounts in euro over 12 months	Amounts in euro	Amounts in euro within 12 months	Amounts in euro over 12 months	Amounts in euro
A)		**SHARE CAPITAL SUBSCRIBED AND NOT YET PAID**									
B)		**FIXED ASSETS**									
I		Intangible assets:									
1		start-up and expansion costs									
2		development costs									
3		industrial patent rights and rights of use of intellectual property									
4		concessions, licences, trademarks and similar rights			1,969			2,532			(563)
5		goodwill									
6		assets under construction and advances									
7		other			434,320			681,618			(247,298)
		Total intangible fixed assets			436,289			684,150			(247,861)
II		Property, plant and equipment:									
1		land and buildings									
2		plants and machinery									
3		industrial and office equipment									
4a		other assets			5,694			3,938			1,756
4b		assets operated under concession									
5		assets under construction and advances									
		Total property, plant and equipment			5,694			3,938			1,756
III		Financial assets:									
1		investments in:									
	a	Subsidiaries			333,639,875			335,408,048			(1,768,173)
	b	Associates									
	c	parent companies									
	d	subsidiaries controlled by the parent companies									
	d-bis	other companies			2,166,301			33,364			2,132,937
		Total investments			335,806,176			335,441,412			364,764
2		receivables:									
	a	from subsidiaries									
	b	from associates									
	c	from parent companies									
	d	from subsidiaries controlled by the parent companies									
	d-bis a	from others									
	d-bis b	guarantee deposits									
		Total receivables									
3		other securities									
4		financial instruments – assets									
		Total financial fixed assets			335,806,176			335,441,412			364,764
		TOTAL FIXED ASSETS			**336,248,159**			**336,129,500**			**118,659**
C)		**CURRENT ASSETS**									
I		Inventories:									
1		raw materials and consumables									
2		work in progress and semi-finished products									
3		work in progress									
4		finished goods									
5		advance payments received									
		Total inventories									
II		Receivables:									
1		trade receivables									
2		from subsidiaries									
	a	trade	560,031		560,031	600,561		600,561	(40,530)		(40,530)
	b	financial				3,718,763		3,718,763	(3,718,763)		(3,718,763)
	c	others	3,424,942		3,424,942	3,082,407		3,082,407	342,535		342,535
		total due from parent companies	3,984,973		3,984,973	7,401,731		7,401,731	(3,416,758)		(3,416,758)
3		from associates									
	a	trade									
	b	financial									
	c	others									
		total due from associates									
4		from parent companies									
	a	trade									
	b	financial									
	c	others									
		total due from parent companies									
5		from subsidiaries controlled by the parent companies									
	a	trade									
	b	financial									
	c	others									
		total from subsidiaries controlled by the parent companies									
5-bis		Tax credits	5,559,025		5,559,025	9,413,916		9,413,916	(3,854,891)		(3,854,891)
5-ter		Deferred tax assets	37,405		37,405	55,389		55,389	(17,984)		(17,984)
5-quater		from others	10,361		10,361	12,079		12,079	(1,718)		(1,718)
		Total receivables	9,591,764		9,591,764	16,883,115		16,883,115	(7,291,351)		(7,291,351)
III		Financial assets not considered as fixed assets:									
1		investments in subsidiaries									
2		investments in associates									
3		investments in subsidiaries									
3-bis		investments in subsidiaries controlled by the parent companies									
4		other investments									
5		derivative financial instruments: assets									
6		other securities									
		Total assets									
IV		Cash and cash equivalents									
1		current bank and post office deposits			4,124,207			471,529			3,652,678
2		cheques									
3		cash in hand			793			603			190
		Total cash and cash equivalents			4,125,000			472,132			3,652,868
		TOTAL CURRENT ASSETS			**13,716,764**			**17,355,247**			**(3,638,483)**
D)		**ACCRUALS AND DEFERRALS**			**8,766**						**8,766**
TOTAL ASSETS					**349,973,689**			**353,484,747**			**(3,511,058)**

	31.12.2019			31.12.2018			Change		
Falck SpA BALANCE SHEET LIABILITIES	**Amounts in euro within 12 months**	**Amounts in euro over 12 months**	**Amounts in euro**	**Amounts in euro within 12 months**	**Amounts in euro over 12 months**	**Amounts in euro**	**Amounts in euro within 12 months**	**Amounts in euro over 12 months**	**Amounts in euro**
A) SHAREHOLDERS' EQUITY									
I Share capital			72,793,163			72,793,163			
II Share premium reserve			35,608,928			35,608,928			
III Revaluation reserves									
IV Legal reserve			14,558,633			14,558,633			
V Statutory reserves									
VI Other reserves									
1 extraordinary reserve			18,959,476			18,959,476			
2 capital increase and TFR actuarial reserve									
3 payments from shareholders			450,000			450,000			
4 merger surplus									
Total other reserves			19,409,476			19,409,476			
VII Reserve for hedging forecast financial flows			(51,566)			(87,470)			35,904
VIII Retained earnings (Losses carried forward)			104,954,071			102,021,131			2,932,940
IX Profit/(loss) for the period			374,109			5,173,471			(4,799,362)
X Negative own shares reserve			(12,195,960)			(12,195,960)			
TOTAL EQUITY			**235,450,854**			**237,281,372**			**(1,830,518)**
B) PROVISIONS FOR RISKS AND CHARGES									
1 for pensions and similar obligations									
2 for taxes, including deferred									
3 derivative financial instruments: liabilities									
4 other:									
a litigation provision			1,449,996			1,449,996			
b investments provision			5,044,344						5,044,344
c environmental provision									
d restructuring and liquidation fund									
e other risks provision			21,294,555			19,667,451			1,627,104
total others			27,788,895			21,117,447			6,671,448
TOTAL PROVISIONS FOR RISKS AND CHARGES			**27,788,895**			**21,117,447**			**6,671,448**
C) STAFF LEAVING INDEMNITY			**109,695**			**101,113**			**8,582**
D) PAYABLES									
1 Bonds and debenture loans									
2 Convertible bonds debenture loans		8,491,003	8,491,003	2,740,000	28,443,029	31,183,029	(2,740,000)	(19,952,026)	(22,692,026)
3 amounts due to shareholders for loans									
4 Amounts due to banks		50,067,850	50,067,850	1,500,000	50,115,093	51,615,093	(1,500,000)	(47,243)	(1,547,243)
5 Amount owed to other financial creditors									
6 advance payments received									
7 Trade payables	1,574,248		1,574,248	1,364,602		1,364,602	209,646		209,646
8 bills payable									
9 amounts due to subsidiary companies									
a trade	837,246		837,246	159,344		159,344	677,902		677,902
b financial	19,293,021		19,293,021	503,029		503,029	18,789,992		18,789,992
c others	5,373,356		5,373,356	8,961,388		8,961,388	(3,588,032)		(3,588,032)
total due from parent companies	25,503,623		25,503,623	9,623,761		9,623,761	15,879,862		15,879,862
10 amounts due to associated companies									
a trade									
b financial									
c others									
total due to associates									
11 amounts due to subsidiary companies									
a trade									
b financial									
c others									
total due to parent companies									
11-bis due to subsidiaries controlled by the parent companies									
a trade									
b financial									
c others									
total from subsidiaries controlled by the parent companies									
12 Amounts due to the tax authorities	24,400		24,400	35,073		35,073	(10,673)		(10,673)
13 due to social security institutions	211,281		211,281	208,537		208,537	2,744		2,744
14 other payables	684,292		684,292	760,966		760,966	(76,674)		(76,674)
TOTAL PAYABLES	**27,997,844**	**58,558,853**	**86,556,697**	**16,232,939**	**78,558,122**	**94,791,061**	**11,764,905**	**(19,999,269)**	**(8,234,364)**
E) ACCRUED EXPENSES AND DEFERRED INCOME			**67,548**			**193,754**			**(126,206)**
TOTAL LIABILITIES			**349,973,689**			**353,484,747**			**(3,511,058)**

(amounts in euro)

Falck SpA
INCOME STATEMENT

				31.12.2019	31.12.2018	Change
A)	**Value of production**					
	1	Revenues from sales and services		1,299,293	1,108,715	190,578
	2	Changes in inventories of work in progress, semi-finished and finished products				
	3	Change in contract work in progress				
	4	Capitalised internal work				
	5	Other revenues and income				
		a	operating contributions			
		b	other operating income	1,000	1,034	(34)
		c	expense charges			
		d	other income	30,433	11	30,422
		e	use of funds	20	20,390	(20,370)
		f	capital gains			
		g	extraordinary income	96,791	25,051	71,740
		Total other revenues and income		128,244	46,486	81,758
	Total value of production			**1,427,537**	**1,155,201**	**272,336**
B)	**Cost of production**					
	6	Raw materials, subsidiary materials, consumables and goods		(589)	(2,350)	1,761
	7	Services				
		a	Services	(2,012,574)	(1,744,529)	(268,045)
		b	Utilities			
		c	other costs	(18,716)	(20,354)	1,638
		Total for services		(2,031,290)	(1,764,883)	(266,407)
	8	Rentals and leasing charges		(7,932)	(21,338)	13,406
	9	Personnel costs				
		a	salaries and wages	(122,705)	(124,200)	1,495
		b	social security costs	(33,208)	(32,262)	(946)
		c	staff leaving indemnity (TFR)	(8,982)	(9,507)	525
		d	pensions and similar			
		e	other costs	(5,177)	(4,255)	(922)
		Total for personnel		(170,072)	(170,224)	152
	10	Amortisation, depreciation and impairments				
		a	amortisation of intangible assets	(247,861)	(196,082)	(51,779)
		b	depreciation of property, plant and equipment	(729)	(4,513)	3,784
		c	other write-downs of fixed assets			
		d	write-down of receivables included in current assets and cash and cash equivalents	(19,993)	(30,121)	10,128
		Total depreciation, amortisation and impairments		(268,583)	(230,716)	(37,867)
	11	Changes in inventories of raw materials, consumables and goods				
	12	Provisions for risks		(2,227,470)	(765,814)	(1,461,656)
	13	Other provisions				
	14	Other operating charges				
		a	taxes and fees not on income	(16,232)	(16,691)	459
		b	capital losses			
		c	contingent liabilities	(68,728)	(501,760)	433,032
		d	losses on receivables			
		e	Others	(11,607)	(22,346)	10,739
		Total other operating charges		(96,567)	(540,797)	444,230
	Total cost of production			**(4,802,503)**	**(3,496,122)**	**(1,306,381)**
Difference between value and cost of production				**(3,374,966)**	**(2,340,921)**	**(1,034,045)**

(amounts in euro)

Falck SpA INCOME STATEMENT				31.12.2019	31.12.2018	Change
C) Financial income/(expenses)						
15	Income from investments:					
	a	Subsidiaries		11,015,445	9,266,962	1,748,483
	b	Associates				
	c	subsidiaries controlled by the parent companies				
	d	other companies		86,395	490,636	(404,241)
	e	tax credit on dividends				
	f	gains on the sale of investments				
	Total income from equity investments			11,101,840	9,757,598	1,344,242
16	Other financial income					
	a	from receivables included in fixed assets				
		a.1	subsidiaries			
		a.2	associates			
		a.3	parent companies			
		a.4	Subsidiaries controlled by the parent companies			
		a.5	Others			
		total from receivables included in fixed assets				
	b	from securities entered as fixed assets other than equity investments				
	c	from securities entered in current assets that are not equity investments				
		c.1	interest income on securities			
		c.2	capital gains from the sale of securities			
		total from securities entered in current assets that are not equity investments				
	d	income other than the above				
		d.1	interest and commission from subsidiaries	25,547	70,263	(44,716)
		d.2	interest and commission from associates			
		d.3	interest and commission from parents			
		d.4	interest and commission from subsidiaries controlled by the parent companies			
		d.5	interest income and commission from banks	6,412	314	6,098
		d.6	interest income and commission from others			
		total income other than the above		31,959	70,577	(38,618)
	Total other financial income			31,959	70,577	(38,618)
17	Interest and other financial charges					
	a	from subsidiaries		(4,124)	(348)	(3,776)
	b	from associates				
	c	from parent companies				
	d	from subsidiaries controlled by the parent companies				
	e	from others		(1,698,553)	(1,956,502)	257,949
	f	allocation to the provision for exchange rate fluctuations				
	g	capital losses from the disposal of equity investments				
	h	capital losses from the sale of securities				
	Total interest and other financial charges			(1,702,677)	(1,956,850)	254,173
17Bis	Exchange rate gains and losses					
	a	exchange rate gains		38		38
	b	exchange rate losses		(60)		(60)
	Total exchange rate gains and losses			(22)		(22)
Total financial income/(expenses)				**9,431,100**	**7,871,325**	**1,559,775**
D) Value adjustments of financial assets						
18	Revaluations:					
	a	of investments				
	b	of financial fixed assets that are not equity investments				
	c	of securities included in current assets that are not equity investments				
	Total revaluations					
19	Impairments:					
	a	of investments				
		a.1	losses arising from balance sheet valuations	(1,768,173)	(1,230,967)	(537,206)
		a.2	provision for equity investment risks	(5,044,344)		(5,044,344)
		a.3	use of provisions to cover losses of investee companies			
		total write-downs of equity investments		(6,812,517)	(1,230,967)	(5,581,550)
	b	of financial fixed assets that are not equity investments				
	c	of securities included in current assets that are not equity investments				
	Total impairments			(6,812,517)	(1,230,967)	(5,581,550)
Total adjustments				**(6,812,517)**	**(1,230,967)**	**(5,581,550)**
Profit before taxation				**(756,383)**	**4,299,437**	**(5,055,820)**
20 Current, deferred and prepaid income taxes for the period				**1,130,492**	**874,034**	**256,458**
21 Profit for the period				**374,109**	**5,173,471**	**(4,799,362)**

8.6.1 Accounting policies

It should be noted that the valuation and measurement of the accounting figures for FY 2020 are based on the IAS/IFRS standards in force as at the date of the financial statements and on their current "interpretation" as resulting from the documents issued to date by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The Company's separate financial statements are prepared in € and all values are rounded to thousands of € except where otherwise indicated.
The financial statements are prepared on a going concern basis, applying the historical cost method and taking into account any value adjustments, with the exception of those items which, according to IFRS, must be recorded at fair value.

The financial statements have been prepared in accordance with "International Financial Reporting Standards - IFRS" issued by the International Financial Reporting Standards Board, based on the documents published in the European Community's Official Gazette (ECOG).

The accounting policies used to prepare the financial statements are consistent with those used to prepare the financial statements for the year ended 31 December 2019, except for the adoption of new standards, amendments and interpretations effective from 1 January 2020.

Please refer to the consolidated financial statements for details of the impact of the recently issued accounting standards.

The valuation criteria are the same as those adopted for the preparation of the consolidated financial statements, to which reference should be made, except for the recognition and measurement of investments in subsidiaries, joint ventures and associates, which are measured at acquisition cost.

Subsidiaries are entities over which the Company has the right to exercise control, directly or indirectly, as defined by IFRS 10 - 'Consolidated Financial Statements'. In particular, control exists when the controlling entity simultaneously:

- has decision-making power over the investee entity;
- has the right to participate in or is exposed to the variable results (positive and negative) of the investee;
- has the ability to exercise power over the investee so as to affect the amount of its economic returns.

The evidence of control must be subject to ongoing verification by the Company, aimed at identifying all facts or circumstances that may imply a change in one or more elements on which the existence of a control relationship over an investee depends.

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

Subsidiaries, joint ventures, associates and other equity investments are separately disclosed in the annex '9.1 List of direct and indirect equity investments in subsidiaries and associates', which is an integral part of these notes.

If there is objective evidence of impairment, the recoverability of the carrying amount is tested by comparing it with the recoverable amount, being the higher of fair value (net of disposal costs) and value in use, determined using the criteria set out in the section 'Impairment of non-financial fixed assets' in the notes to the consolidated financial statements. Value in use is generally determined within the limits of the corresponding fraction of the investee's net assets taken from the consolidated financial statements. The investor's share of any losses of the investee in excess of the carrying amount of the investment is recognised in a separate provision to the extent that the investor is committed to meet the legal or constructive obligations of the investee, or otherwise to cover its losses. When the reasons for write-downs cease to apply, the carrying amount of investments measured at cost is reinstated within the limits of the write-downs made and the effect is recognised in the income statement under "Income (expenses) from investments". Dividends are recognised on the date the resolution is passed by the Shareholders' Meeting, unless it is reasonably certain that the shares will be sold before the ex-dividend date. Dividends declared by subsidiaries or joint ventures are recognised in profit or loss when declared, even if they arise from the distribution of retained earnings generated before the acquisition of the investment. The distribution of these retained earnings represents an event that gives rise to a presumption of impairment and, therefore, entails the need to verify the recoverability of the carrying amount of the investment. The distribution of a capital reserve, on the other hand, represents a repayment of capital, with no economic effect.

The financial statement formats adopted in the preparation of the financial statements are consistent with the provisions of IAS 1 - "Presentation of Financial Statements" (hereinafter referred to as IAS 1). For further information on the structure of the financial statements adopted, please refer to the notes to the consolidated financial statements.

With regard to the use of accounting estimates, please refer to the note "Use of accounting estimates" in the notes to the consolidated financial statements.

8.6.2 Financial Statement contents and movements

Assets

A Non-current assets

1 Intangible assets
Movements in the period were as follows:

(€ thousands)		At 31.12.2019	Acquisitions	Capital. and reclass.	Disposals	Other movements	Amortisations	At 31.12.2020
1.1	Industrial patent and intellectual property rights	630	3	49		(1)	(272)	409
1.2	Concessions, licences, trademarks and similar rights							
1.3	Goodwill							
1.4	Other intangibles	116	19	2,556			(100)	2,591
1.5	Assets under construction and advances	6,587	7,730	(2,605)	(3,044)			8,668
1.6	Rights of use	444					(172)	272
Total		**7,777**	**7,752**		**(3,044)**	**(1)**	**(544)**	**11,940**

Purchases of € 7,752 thousand refer to the purchase of software licenses for the development of management systems.

The item sales refers to the sale of Nuo software to Nuo Srl.

No borrowing costs were capitalised during the year.

Asset values include rights of use, for which please refer to paragraph 24 "Disclosures in accordance with IFRS 16".

2 Property, plant and equipment

Movements in the period were as follows:

(€ thousands)	At 31.12.2019	Acquisitions	Capital. and reclass.	Disposals	Amortisations	Other	At 31.12.2020
Gross values							
2.1 Land							
2.2 Industrial buildings							
2.3 Plants and machinery			2				2
2.4 Industrial and office equipment	6						6
2.5 Other assets	1,437	3	631	(117)			1,954
2.6 Assets operated under concession							
2.7 Assets under construction and advances	575	883	(633)			1	826
2.8 Rights of use	2,418	3,263				(865)	4,816
Total gross value	**4,436**	**4,149**		**(117)**		**(864)**	**7,604**
Accumulated depreciation							
2.1 Land							
2.2 Industrial buildings							
2.3 Plants and machinery							
2.4 Industrial and office equipment	(1)				(1)		(2)
2.5 Other assets	(900)			115	(176)		(961)
2.6 Assets operated under concession							
2.8 Rights of use	(887)				(1,008)	800	(1,095)
Total depreciation	**(1,788)**			**115**	**(1,185)**	**800**	**(1,095)**
Net book amounts							
2.1 Land							
2.2 Industrial buildings							
2.3 Plants and machinery			2				2
2.4 Industrial and office equipment	5				(1)		4
2.5 Other assets	537	3	631	(2)	(176)		993
2.6 Assets operated under concession							
2.7 Assets under construction and advances	575	883	(633)			1	826
2.8 Rights of use	1,531	3,263			(1,008)	(65)	3,721
Total property, plant and equipment	**2,648**	**4,149**		**(2)**	**(1,185)**	**(64)**	**5,546**

Purchases amounting to a total of €4,149 mainly relate to the acquisition of office hardware and materials for € 886 thousand and rights of use in accordance with IFRS 16 for € 3,263 thousand.

Asset values include rights of use, for which please refer to paragraph 24 "Disclosures in accordance with IFRS 16".

3 Investments and securities

As at 31 December 2020, this item is broken down as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Subsidiaries	741,931	610,659	131,272
Associates	8,472	8,472	
Other entities	2,379	2,125	254
Securities	100	100	
Total	**752,882**	**621,356**	**131,526**

The change in the value of equity investments in subsidiaries refers mainly to:

- the acquisition of a 30% stake in Iron SPV Srl (EUR 291 thousand) and Big Fish SPV Srl (EUR 2,810 thousand);
- capital increases and reserves of Falck Renewables Vind AS (€ 55,288 thousand), Åliden Vind AB (€ 5,211 thousand), Energia Eólica de Castilla Slu (€ 11,536 thousand), Falck Renewables Power 2 SL (€ 5,426 thousand) and Brattmyrliden Vind AB (€ 53,490 thousand);
- the reversal of the investments in Eolica Petralia Srl (€ 435 thousand), Solar Mesagne Srl (€ 710 thousand) and Vector Cuatro SLU for € 2,844 thousand.

Impairment tests were carried out on the carrying value of all investments.
Some equity investments have been written down and their value reinstated. For further details, please refer to the impairment test section.

A comparison between the Company's shareholders' equity and the carrying amount of equity investments after impairment testing is provided below:

Company	Business sector	Net equity as at 31/12/2020	% holding	Share of total assets	Book value	Difference
Actelios Solar SpA	WtE, biomass, solar	4,316	100%	4,316	1,125	3,191
Åliden Vind AB	Wind	56,229	100%	56,229	56,821	(592)
Ambiente 2000 Srl	WtE, biomass, solar	3,061	60%	1,837	961	876
Big Fish Spv Srl	Other Businesses	2,259	100%	2,259	4,238	(1,979)
Brattmyrliden Vind AB	Wind	87,416	100%	87,416	91,429	(4,013)
Ecosesto SpA	WtE, biomass, solar	16,605	100%	16,605	12,788	3,817
Energia Eólica de Castilla SL	Wind	11,572	100%	11,572	12,775	(1,203)
Energy Team SpA	Services	10,889	51%	5,553	17,516	(11,963)
Eolica Petralia Srl	Wind	11,379	100%	11,379	10,107	1,272
Eolica Sud Srl	Wind	22,333	100%	22,333	10,261	12,072
Eolo 3W Minervino Murge Srl	Wind	18,996	100%	18,996	16,966	2,030
Falck Next Energy Srl	Other Businesses	(1,891)	100%	(1,891)	4,353	(6,244)
Falck Next Srl	Services	891	100%	891	2,530	(1,639)
Falck Renewables Nederland BV	Wind	268	100%	268	1,588	(1,320)
Falck Renewables North A. Inc (consolidated)	WtE, biomass, solar	90,215	100%	90,215	84,991	5,224
Falck Renewables Power 1 Sl	Other Businesses	3,116	100%	3,116	3,116	
Falck Renewables Power 2 Sl	Other Businesses	5,434	100%	5,434	5,726	(292)
Falck Renewables Power 3 Sl	Other Businesses	1,625	100%	1,625	1,739	(114)
Falck Renewables Sicilia Srl	Other Businesses	535	100%	535	1,000	(465)
Falck Renewables Sviluppo Srl	Other Businesses	1,528	100%	1,528	3,000	(1,472)
Falck Renewables Vind AS	Wind	77,828	89%	68,983	76,757	(7,774)
Falck Renewables Wind Ltd (consolidated)	Wind	272,758	100%	272,731	166,483	106,248
Frullo Energia Ambiente Srl	WtE, biomass, solar	46,156	49%	22,616	8,472	14,144
Geopower Sardegna Srl	Wind	40,996	100%	40,996	110,464	(69,468)
Iron Spv Srl	Other Businesses	404	100%	404	684	(280)
NUO Srl	Services	4,280	100%	4,280	5,000	(720)
Prima Srl	WtE, biomass, solar	34,128	85%	29,009	26,172	2,837
Sol Occidental Slu	Other Businesses	1	100%	1		1
Solar Mesagne Srl	WtE, biomass, solar	2,007	100%	2,007	2,117	(110)
Vector Cuatro SLU (consolidated)	Services	4,242	100%	4,242	11,222	(6,980)

The higher carrying value of the investment compared to the share of shareholders' equity is sustainable in relation to the expected income flows in subsequent years related to the projects held by the companies or their subsidiaries and the projects under development for the following companies: Falck Renewables Sviluppo Srl, Falck Renewables Sicilia Srl, Falck Next Energy Srl, Falck Renewables Power 2 Sl, Falck Renewables Power 3 Sl, Big Fish Spv Srl, Iron Spv Srl, Solar Mesagne, Falck Renewables Vind AS, Åliden Vind AB, Brattmyrliden Vind AB, Geopower Sardegna Srl, Falck Renewables Nederland BV, Energia Eólica de Castilla SL, Falck Next Srl, Energy Team SpA, NUO Srl and Vector Cuatro SLU.

Impairment tests

Impairment tests were performed where there was indication of a fall in the value of investments at 31 December 2020 in accordance with the procedures established in IAS 36. In particular, the carrying value of each investment was compared with the equity value. Equity value represents the difference between the enterprise value calculated based on the net present value of future cash flows of each entity (discounted using the WACC rate) and net financial debt. The value of the subholdings was determined on the basis of the "sum of the parts" method, taking into account the value generated by the respective operating facilities held.

The main basic assumptions used for cash flow projections were the following:

- expected production of the wind farms/solar plants and waste-to-energy/biomass plants based on assessments carried out by the internal Technical Asset Management department of the Group's plants;
- sales prices and incentives determined on the basis of market projections for the short term, support from internationally recognised external providers for the medium/long term and elaborated by the internal Energy Management department, as well as PPAs (Power Purchase Agreements) fixed tariffs and incentives, where applicable;

- waste transfer prices and biomass purchase costs based on management estimates taking into consideration recent market trends;
- operating costs, determined, where applicable on contract terms and otherwise using management estimates taking into consideration developments in the specific reference market.

The discount rate was determined using the Weighted Average Cost of Capital (WACC), using the Capital Asset Pricing Model ("CAPM") technique in which the return on risk free rate securities was calculated on the basis of the yield curve for government securities in the reference country with a duration in line with the residual life of the plant.
The systematic non-diversifiable risk (β) and the debt to equity ratio were calculated by way of an analysis of a group of comparable entities operating in the same sectors as the Group.

The following rates were used:

WtE and biomass Italy:	from 3.5% to 3.8%
Wind sector UK:	from 3.1% to 3.8%
Wind sector Italy:	from 3.6% to 4.2%
Wind sector Spain:	from 3.6% to 4.0%
Services Spain/Italy:	from 5.6% to 6.3%
Wind sector France:	from 3.0% to 3.5%
Nordic Wind Power (Sweden and Norway):	from 3.3% to 3.4%
Solar sector US:	from 3.9% to 4.4%
Solar sector Italy:	from 3.9% to 4.1%

Based on the assumptions described above, the following impairments were made:

- Vector Cuatro Slu: full reinstatement of the value of the investment previously written down, (€2,844 thousand) following the updating of future cash flows both related to the explicit period and those underlying the terminal value. In particular, it should be noted that the determination of the terminal value takes into account the historical performance recorded by the Group, which in 2020 was particularly positive, thus improving future estimates;
- Solar Mesagne Srl: the value recovery already commented on in the section of the Consolidated Financial Statements also reverberated in a partial recovery (€710 thousand) of the amount previously written down at equity;
- Eolica Petralia Srl: full reversal (€ 435 thousand) of the value of the investment arising from the updating of the cash flows and discount rate.

The reasons for the reinstatement of the investments in Solar Mesagne Srl and Eolica Petralia Srl principally relate to the reduction in the discount rate and the improvement in certain assumptions relating to ordinary investments and operating costs.

With specific reference to the sub-holdings Falck Renewables Wind Ltd and Falck Renewables North America Inc, the carrying amount of equity exceeds its carrying amount and no events arose in the period that could be considered impairment indicators. In addition, with regard to Falck Renewables North America Inc., the sale by the latter to Eni New Energy US Inc. on 20 March 2020 of 49% of its US subsidiaries that own solar assets (for a total calculated capacity of 112.5 MW) generated a significant gain that is illustrated above in the consolidated financial statements.

Sensitivity analyses
Impairment tests are based on estimates of production, electricity prices and other revenues/cost items (waste transfer) and the interest rates calculated using latest available information at the balance sheet date.
As there is a margin of uncertainty for each estimate, a sensitivity analysis was carried out on the recoverable value of the various investments.
In relation to the volatility of electricity prices, which has become a feature in recent years, the following sensitivity analyses were carried out with respect to the "basic case": electricity prices sold by operating plants were 10% lower and the discount rate increased by 0.5% and electricity prices sold by operating plants were 10% higher, with the discount rate 0.5% lower.
This illustrates the most outcomes described above which combine both the financial and operating/industrial elements of the sensitivity analyses compared to the base case:

Variation vs Base Case (millions of euro)	Base case	Electricity prices -10%; Discount rate +0.5%	Electricity prices +10%; Discount rate -0.5%
Net revaluations/ (impairments)	4.0	(6.9)	4.8

The most penalising sensitivity would require an impairment loss to be recognised on the investment in Eolica Petralia and the investments in Åliden and Brattmyrliden (companies in Sweden), which were not impaired in the Base Case.
On the other hand, in the event of a positive sensitivity, a revaluation of the shareholding in Prima Srl would emerge, in addition to those already present in the Base Case.
The directors, after having examined the scenarios, taking into account the variables with which the basic case was constructed, believe that the valuations made in terms of the impairment tests with reference to the basic case and the resulting impairment losses and reversals are adequate. They also confirm that the trend in these variables will be monitored in order to identify any adjustments in the estimates of the recoverable values of the amounts recorded in the financial statements.

Elettroambiente SpA in liquidation
The entire stake in Elettroambiente and the financial and trade receivables due to Falck Renewables SpA by the former were written-off in full for the purpose of preparing the separate financial statements at 31 December 2012.
Falck Renewables SpA's profit for 2020 was affected by the reversal of € 2,753 thousand of trade and financial receivables due to Falck Renewables SpA from Elettroambiente.

Palermo Energia Ambiente SpA in liquidation
The entire stake in Palermo Energia Ambiente ScpA (Pea) and the trade and financial receivables due to Falck Renewables SpA by the former were written off in full at the time of preparation of the separate financial statements at 31 December 2011 and 2012.
The 2020 result of Falck Renewables SpA reflects the write-off against trade and financial receivables due to the former by Pea for € 158 thousand.

4 Financial receivables
As at 31 December 2020, this item is broken down as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	12		12	38		38	(26)		(26)
Amounts due to subsidiaries	61,574	30,487	31,087	88,497	34,383	54,114	(26,923)	(3,896)	(23,027)
Derivative financial instruments	2,447	635	1,812	861	88	773	1,586	547	1,039
Total	**64,033**	**31,122**	**32,911**	**89,396**	**34,471**	**54,925**	**(25,363)**	**(3,349)**	**(22,014)**

This item is stated net of the provision for doubtful financial receivables, which amounted to Euro 89,363 thousand and entirely comprised financial receivables due from the subsidiaries Palermo Energia Ambiente ScpA (€ 11,686 thousand) and Platani Energia Ambiente ScpA (€ 64 thousand), and a portion of financial receivables due from the subsidiary Elettroambiente SpA (€ 77,613 thousand).

Non-current receivables due from subsidiaries relate to loans granted to Eolica Petralia Srl for € 2,042 thousand, Eolica Sud Srl for € 16,244 thousand, Eolo 3W Minervino Murge Srl for € 9,716 thousand and Elettroambiente SpA for € 2,485 thousand.

Current receivables due from subsidiaries relate to current accounts held principally with Solar Mesagne Srl for € 2,802 thousand, Ecosesto SpA for € 12,255 thousand, Vector Cuatro SLU for € 4,011 thousand, Consorzio Energy Aggregator for € 2,895 thousand, Consorzio Energy Cloud for € 1,795 thousand, Falck Next Srl for € 2,209 thousand and NUO Srl for € 2,672 thousand.
The decrease in current receivables principally relates to the repayment of the financial receivable due from Falck Renewables North America Inc, Actelios Solar SpA and the waiver of the financial receivable due from Energia Eólica de Castilla SL.

Derivative hedging instruments have been activated to hedge against exchange rate risk on current accounts and certain currency transactions.

All transactions with related parties are disclosed in the Related party transactions note.

5 Trade receivables
As at 31 December 2020, this item is broken down as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by clients	149		149	94		94	55		55
Amounts owed by subsidiaries	7,738		7,738	7,311		7,311	427		427
Amounts owed by associates	83		83	81		81	2		2
Amounts towed by parent company	90		90	120		120	(30)		(30)
Amounts owed by other Falck Group companies	1		1	91		91	(90)		(90)
Total	**8,061**		**8,061**	**7,697**		**7,697**	**364**		**364**

The Company does not have significant receivables due from non-domestic customers that require disclosure.
The Company has a provision for doubtful trade receivables of € 4,637 thousand.
Trade receivables due from Palermo Energia Ambiente ScpA (€ 2,397 thousand), Platani Energia Ambiente ScpA (€ 1,575 thousand) and Tifeo Energia Ambiente ScpA (€ 1,870 thousand) were written down by € 4,537 thousand through the provision for doubtful accounts.
The table relating to Related Party Transactions shows all transactions with both Italian and foreign companies.

6 Other receivables

As at 31 December 2020, this item is broken down as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	37	31	6	36	35	1	1	(4)	5
Amounts owed by subsidiaries	564		564	62,967		62,967	(62,403)		(62,403)
Amounts owed by associates	2,646		2,646	2,450		2,450	196		196
Amounts owed by parent company	1,002		1,002	250		250	752		752
Amounts owed by other Falck Group companies									
Tax credits	10,754		10,754	4,922		4,922	5,832		5,832
Accrued income and prepayments	2,440	1,083	1,357	2,475	1,623	852	(35)	(540)	505
Total	**17,443**	**1,114**	**16,329**	**73,100**	**1,658**	**71,442**	**(55,657)**	**(544)**	**(55,113)**

Non-current amounts owed by third parties comprise guarantee deposits.

Other receivables increased mainly due to the increase in tax receivables in the context of tax consolidation.

The decrease in receivables due from subsidiaries principally relates to the payment of dividends approved by the shareholders of Prima Srl but not yet paid at 31 December 2019 (€ 5,950 thousand) and the decrease in the amount due from Falck Renewables Vind for future share capital increases (€ 55,288 thousand).

Receivables from subsidiaries mainly refer to receivables from tax consolidation from Prima Srl (€ 250 thousand) and from Eolica Sud (€ 265 thousand).

Receivables from associated companies refer to dividends approved by the shareholders' meeting of Frullo Energia Ambiente Srl but not yet paid.

Tax receivables relate to national tax consolidation relationships. With effect from tax year 2019 Falck Renewables SpA decided to withdraw its participation in the tax consolidation arrangement with the consolidating company Falck SpA and at the same time opted for its own regime with the majority of its Italian subsidiaries.

All transactions with related parties are disclosed in the Related party transactions note.

7 Deferred tax assets

Deferred tax assets may be analysed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Personnel bonuses and directors' emoluments	302	201	101
Intangible assets	190	198	(8)
Financial instruments		36	(36)
Charges to provisions	162	162	
Dividends declared but not paid		(101)	101
Other	(83)	127	(210)
Total	**571**	**623**	**(52)**

B Current assets

8 Inventories

The Company had no inventories at 31 December 2020.

9 Cash and cash equivalents

(€ thousands)	31.12.2020	31.12.2019	Change
Current bank and post office deposits	100,859	3,035	97,824
Cash in hand	6	8	(2)
Total	**100,865**	**3,043**	**97,822**

Cash and cash equivalents increased by €97,822 thousand compared to the previous year, mainly due to the collection of the green convertible bond for €200 million and dividends received net of investments in participations, capital increases in companies in Italy, Norway, Sweden and Spain to support the development and construction of new plants and the distribution of dividends to shareholders.
The fair value of bank deposits is in line with the nominal value at 31 December 2020.

Liabilities

D Equity

10 Share capital

Share capital consists of 291,413,891 issued and fully paid ordinary shares, with a face value of € 1 each.
At 31 December 2020, Falck Renewables SpA had 2,210,000 own shares for a face value of € 2,210,000, representing 0.7584% of total share capital.
The carrying value of own shares held is € 2,924,259 corresponding to an average share price of € 1.3232.

The Shareholders' Meeting of the 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 1.0294% 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.

Total equity may be analysed as follows:

(€ thousands)		Utilization	Available	To cover losses	For other reasons
Share Capital	**291,414**				
Capital reserves					
Share premium	470,335	A-B-C (*)	470,335		
Reserve for expenses on share capital increase	(8,731)		(8,731)		
Bond conversion reserve	19,170	A	19,170		
Revaluation reserves ex Law 72/83	1,003	A-B	1,003		
Reserve ex art.54 Pres. Decree 597/73	3,424	A-B	3,424		
Reserve ex art.55 Pres. Decree 597/73	653	A-B	653		
Reserve for purchase of own shares	(2,924)		(2,924)		
Stock grant plan reserve	876		876		
Fair value reserve					
Reserve for actuarial gains/(losses) on TFR	(195)		(195)		
Reserve for transactions under common control	(860)		(860)		
Spin-off reserves	**(371,598)**		**(371,598)**		
Earnings reserves					
Legal reserve	58,282	B	58,282		
Retained earnings (Losses carried forward)	53,014	A-B-C	53,014		
Profit/(loss) for the year	**37,202**				
Total	**551,065**		**222,449**		
Distributable portion			143,020		
Restricted portion			79,429		

Key:
A. for capital increase
B. to cover losses
C. for distribution to shareholders

* Pursuant to article 2431 of the Italian Civil Code, the total reserve may be distributed only if the legal reserve meets the limit imposed by article 2430 of the Italian Civil Code. Currently, legal reserves have reached the aforesaid limit.

Movements in equity during 2020 and 2019 were as follows:

(€ thousands)	Balance at 31.12.2018	Allocation of profit	Profit for the year	Share capital increase	Other movements	Balance at 31.12.2019
Share capital	291,414					291,414
Share premium	470,335					470,335
Revaluation reserve	1,003					1,003
Legal reserve	58,282					58,282
Reserve for expenses on share capital increase	(8,731)					(8,731)
Statutory reserves						
Own shares held	(2,924)					(2,924)
Other reserves						
ex art. 54 Pres. Decree 597/73	3,424					3,424
ex art. 55 Pres. Decree 597/73	653					653
demerger surplus	(371,598)					(371,598)
fair value reserve						
stock grant plan reserve	506				456	962
reserve for actuarial gains/(losses) on TFR*	(61)				(70)	(131)
reserve for transactions under common control	(860)					(860)
Retained earnings	28,491	36,969		(18,220)		47,240
Profit/(loss) for the year*	36,969	(36,969)	27,314			27,314
Total	**506,903**		**27,314**	**(18,220)**	**386**	**516,383**

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

(€ thousands)	Balance at 31.12.2019	Allocation of profit	Profit for the year	Share capital increase	Other movements	Balance at 31.12.2020
Share capital	291,414					291,414
Share premium	470,335					470,335
Revaluation reserve	1,003					1,003
Legal reserve	58,282					58,282
Reserve for expenses on share capital increase	(8,731)					(8,731)
Bond conversion reserve					19,170	19,170
Statutory reserves						
Own shares held	(2,924)					(2,924)
Other reserves						
ex art. 54 Pres. Decree 597/73	3,424					3,424
ex art. 55 Pres. Decree 597/73	653					653
demerger surplus	(371,598)					(371,598)
fair value reserve						
stock grant plan reserve	962				(86)	876
reserve for actuarial gains/(losses) on TFR*	(131)				(64)	(195)
reserve for transactions under common control	(860)					(860)
Retained earnings	47,240	27,314		(19,377)	(2,163)	53,014
Profit/(loss) for the year*	27,314	(27,314)	37,202			37,202
Total	**516,383**		**37,202**	**(19,377)**	**16,857**	**551,065**

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

The legal reserve has reached one fifth of share capital and the reserve for expenses on share capital increase and the fair value reserve are disclosed net of the related tax effect.

11 Provisions for risks and charges

(€ thousands)	Balance at 31.12.2019	Provisions	Utilised	Other movements	Foreign exchange differences	Balance at 31.12.2020
Provisions for pensions and similar obligations						
Other provisions						
litigation provision						
investments provision						
environmental provision						
restructuring and liquidation fund						
other risks provision	6,540		(3,359)			3,181
Total other provisions	6,540		(3,359)			3,181
Total	**6,540**		**(3,359)**			**3,181**

The provision for other risks relates to the guarantee issued by the Company to Palermo Energia Ambiente ScpA to cover its debts and the costs and expenses relating to the liquidation and provisions for risks relating to employment contracts.

Utilisations relate to the release of the provision for risks accrued in respect of litigation on the Sicily projects (€ 2,000 thousand) and the release of the provisions for risks to guarantee the debts of Palermo Energia Ambiente ScpA (Euro 580 thousand) and Elettroambiente SpA (€ 779 thousand).

With reference to pending litigation, please refer to paragraph 5.2.11 "Risks and uncertainties c) Legal and d) Tax" for further details.

12 Staff leaving indemnity (TFR)

(€ thousands)	Balance 31.12.2019	Provisions	Interest cost	Other movements	Actuarial (gains)/ losses	Uses and payments	Balance 31.12.2020
Managers	457	262	4	98	11	(224)	608
White and blue-collar staff	1,048	298	8	(98)	53	(118)	1,191
Total	**1,505**	**560**	**12**		**64**	**(342)**	**1,799**

The "*Trattamento di Fine Rapporto*" (staff leaving indemnity provision, TFR), was subjected to an actuarial calculation by an independent expert.

The actuarial financial assumptions utilised to calculate the estimated cost in 2020, compared to 2019, are as follows:

	31.12.2020	31.12.2019	Change
Annual discount rate	0.34%	0.77%	-0.43%
Annual inflation rate	1.39%	1.48%	-0.09%
Annual total pay increase rate*	2.46%	2.00%	0.46%
Annual TFR increase rate	2.54%	2.61%	-0.07%

* The annual rate of salary increase used for 2021 is 2.4%, for 2022 it is 2.10%, for 2023 it is 2.20%, for 2024 it is 3.10% and 2.5% for the following years

The discount rate was based on the *iBoxx Eurozone Corporates AA 10+* index at the time of calculation.

A sensitivity analysis was carried out on the actuarial assumptions used in the model in accordance with IAS 19R.

The base case used the rates in the table above and increases and decreases of a half, a quarter and two percentage points respectively were applied to the most significant assumptions namely, the average discount rate, average inflation rate and turnover rate.

The results of the sensitivity analyses are summarised as follows:

Sensitivity analyses - Annual discount rate

(€ thousands)	+0.50%	-0.50%
Managers	589	628
White and blue-collar staff	1,145	1,241

Sensitivity analyses - Annual inflation rate

(€ thousands)	+0.25%	-0.25%
Managers	612	604
White and blue-collar staff	1,200	1,182

Sensitivity analyses - Annual turnover rate

(€ thousands)	+2.00%	-2.00%
Managers	597	622
White and blue-collar staff	1,163	1,235

An estimate of expected future contributions in accordance with IAS 19 is provided below:

Future cash flows

(€ thousands)	< 12 months	1 - 2 years	2 - 5 years	5 - 10 years	> 10 years
Managers	57	61	213	351	569
White and blue-collar staff	112	120	418	687	1,435
Total	**169**	**181**	**631**	**1,038**	**2,004**

13 Financial liabilities

As at 31 December 2020, this item is broken down as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	6		6	59,094	51,573	7,521	(59,088)	(51,573)	(7,515)
Amounts due to subsidiaries	201,410		201,410	193,680		193,680	7,730		7,730
Derivative financial instruments	1,151	635	516	2,312	88	2,224	(1,161)	547	(1,708)
Convertible bonds	176,429	176,429					176,429	176,429	
Financial leasing debts	3,923	2,816	1,107	1,916	932	984	2,007	1,884	123
Total	**382,919**	**179,880**	**203,039**	**257,002**	**52,593**	**204,409**	**125,917**	**127,287**	**(1,370)**

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 Company signed a modification to the Corporate Loan agreement, referring 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.

This transaction is aimed at supporting the financial needs and the development of the Group's activities, the aforementioned loan classified in the item "To third parties" is unused at 31 December 2020.

Current amounts due to subsidiaries principally relate to the balance of the current account held with Falck Renewables Wind Ltd for € 125,085 thousand, Prima Srl for € 22,243 thousand, Falck Renewables Vind AS for € 5,742 thousand, Falck Next Energy Srl for € 9,072 thousand, Åliden Vind AB for € 4,122 thousand, Brattmyrliden Vind AB for € 7,573 thousand and Energy Team SpA for € 6,928 thousand.
All transactions with related parties are disclosed in the Related party transactions note.

The financial liability for leases, amounting to € 3,923 thousand, refers to so-called operating leases.

On 16 September 2020 Falck Renewables SpA successfully placed its offer of a senior unsecured equity-linked green bond for €200 million, maturing on 23 September 2025.
On 17 November 2020 the extraordinary shareholders' meeting of Falck Renewables SpA authorised the convertibility of the bond issue (the "Green Bond") into shares and the related share capital increase. The share capital increase, which is divisible and for cash, with the exclusion of pre-emption rights pursuant to paragraph 5 of article 2441 of the Italian Civil Code, is solely for the conversion of the Green Bond for a maximum amount of € 200 million, including any share premium, through the issue of ordinary shares of Falck Renewables SpA with the same characteristics as the ordinary shares in issue.

For further details and characteristics of the bond issue, please refer to Financial Debt in the Notes to the Consolidated Financial Statements.

Derivative hedging instruments have been activated to hedge against exchange rate risk on current accounts and certain currency transactions.

14 Trade payables
Trade payables at 31 December 2020 compared to the previous year are as follows:

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	8,735		8,735	8,213		8,213	522		522
Amounts due to subsidiaries	2,961		2,961	3,647		3,647	(686)		(686)
Amounts due to parent company	491		491	555		555	(64)		(64)
Total	**12,187**		**12,187**	**12,415**		**12,415**	**(228)**		**(228)**

The Company has no significant amounts due to third parties abroad requiring disclosure.
Amounts due to subsidiaries principally relate to amounts due to Vector Cuatro Srl for € 1,242 thousand, Tifeo Energia Ambiente ScpA in liquidation for € 717 thousand, Vector Cuatro SLU for € 559 thousand, Falck Renewables Wind Ltd for € 157 thousand, Falck Renewables Sviluppo Srl for € 136 thousand and Åliden Vind AB for € 55 thousand.
Amounts due to the parent company comprise payables to Falck SpA for use of the Falck trademark.

All transactions with related parties are disclosed in the Related party transactions note.

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

	31.12.2020			31.12.2019			Change		
(€ thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	6,644	197	6,447	9,239	217	9,022	(2,595)	(20)	(2,575)
Amounts due to subsidiaries	3,519		3,519	2,027		2,027	1,492		1,492
Amounts due to associates									
Amounts due to parent company				502		502	(502)		(502)
Amounts due to other Falck Group companies	4		4				4		4
Accrued expenses and deferred income	23		23	27	2	25	(4)	(2)	(2)
Total	**10,190**	**197**	**9,993**	**11,795**	**219**	**11,576**	**(1,605)**	**(22)**	**(1,583)**

Amounts due to third parties may be detailed as follows:

(€ thousands)	31.12.2020	31.12.2019
Company acquisition debt	2,306	3,937
Other amounts due to employees	2,078	3,683
Holiday pay	799	818
Social security payables	1,065	429
Other	396	372
Total	**6,644**	**9,239**

The liability for the acquisition of companies relates to the amount due to the former shareholders of Åliden Vind AB, Brattmyrliden Vind AB and Falck Renewables Vind AS including accrued interest. This payable decreased mainly due to payments made during the year to the former shareholders of Energia Eólica de Castilla SL, Big Fish SPV Srl and Energy Team SpA.

Commitments and contingencies

Guarantees issued at 31 December 2020 amounted to € 152,981 thousand. Guarantees relating to the company and 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 € 74,932 thousand and guarantees issued to the tax authorities in relation to requests for refund of VAT receivables for € 527 thousand. There are also guarantees issued to banks totalling € 33,361 thousand and other sureties totalling € 44,161 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 € 3,000 thousand, at 31 December 2020, of which € 361 thousand still due to be paid on the basis of any additional investments made by the Fund.

Related party transactions

In compliance with the CONSOB communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, no uncharacteristic or uncommon transactions take place with related parties that are beyond the normal business operations or are detrimental to the Company's results of operations, state of affairs and financial position.

Related party transactions represent the day to day business activities that are carried out at arm's length. These comprise the recharge of costs between Group companies and intercompany current accounts that give rise to financial income and expenses.

In accordance with IAS 24 Related Party Disclosures and the disclosures pursuant to CONSOB communication 6064293 of 28 July 2006, all related party transactions and the corresponding incidence on Falck Renewables SpA's balance sheet headings are provided below.

	Trade receivables			Trade payables		
(€ thousands)	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
Actelios Solar SpA	101	180	(79)			
Åliden Vind AB	122	393	(271)	55	50	5
Ambiente 2000 Srl	177	160	17			
Assel Valley Wind Energy Ltd	36	11	25			
Auchrobert Valley Wind Energy Ltd	5	6	(1)			
Ben Aketil Wind Energy Ltd		2	(2)			
Big Fish Spv Srl	31	7	24			
Boyndie Wind Energy Ltd		2	(2)			
Brattmyrliden Vind AB	453	1,106	(653)			
Cambrian Wind Energy Ltd		2	(2)			
CEF Vento SAS		19	(19)			
CEP Tramontane 1 Sas	(9)	13	(22)			
Energy Aggregator Consortium		2	(2)			
Energy Cloud Consortium	1	2	(1)			
Earlsburn Mezzanine Ltd		2	(2)			
Earlsburn Wind Energy Ltd	4	4				
Ecosesto SpA	228	201	27	11		11
Elettroambiente SpA (in liquid.)	405		405			
Energia Eólica de Castilla SL	14	162	(148)			
Energy Team SpA	421	197	224	42	5	37
EOL Team Sas	6		6			
Eolica Cabezo San Roque SAU	13	12	1			
Eolica Petralia Srl	84	97	(13)			
Eolica Sud Srl	101	115	(14)			
Eolo 3W Minervino Murge Srl	98	93	5			
Esquennois Energie SAS	5	13	(8)			
Falck Energies Renouvelables SAS	34	79	(45)			
Falck Next Energy Srl	838	579	259	13		13
Falck Next Srl	18	135	(117)	25		25
Falck Renewables Finance Ltd		2	(2)			
Falck Renewables Nederland BV	9	21	(12)			
Falck Renewables North America Inc	61	257	(196)			
Falck Renewables Power 2 SL	89	12	77			
Falck Renewables Power 3 SL	33		33			
Falck Renewables Power I, SL	55	31	24			
Falck Renewables Sicilia Srl	234	51	183		47	(47)
Falck Renewables Sviluppo Srl	201	107	94	136	147	(11)
Falck Renewables Vind AS	429	451	(22)			
Falck Renewables Wind Ltd	476	737	(261)	157	349	(192)
Ferme Eolienne de Noyales SAS	2	4	(2)			
FRUK Holdings No1 Ltd	29	22	7			
Geopower Sardegna Srl	167	142	25		5	(5)
Iron SPV Srl	6		6			
Kilbraur Wind Energy Ltd	62	29	33			
Kingsburn Wind Energy Ltd	3	5	(2)			
Partial Total (Continued)	**5,042**	**5,465**	**(423)**	**439**	**604**	**(165)**

(€ thousands)	Trade receivables 31.12.2020	31.12.2019	Change	Trade payables 31.12.2020	31.12.2019	Change
Millennium Wind Energy Ltd	5	4	1			
NUO Srl	279		279			
Nutberry Energy Wind Ltd	12	7	5			
Parc Éolien d'Illois Sarl	617	430	187			
Parc Éolien de Mazeray et de Bignay Sas	(2)		(2)			
Parc Éolien des Coudrays SAS	(2)		(2)			
Parc Éolien du Bois Ballay SAS	(2)		(2)			
Parc Éolien du Fouy Sas	4	13	(9)			
Parque Éolien des Crêtes Sas	3	14	(11)			
Platani Energia Ambiente ScpA (in liquid.)	349	8	341			
Prima Srl	159	191	(32)	4	24	(20)
PV Diagnosis Fotovoltaica SLU		1	(1)			
Se Ty Ru Sas		1	(1)			
Sol Occidental SLU		30	(30)			
Solar Mesagne Srl	45	38	7			
Spaldington Airfield Wind Energy Ltd	1	2	(1)			
Tifeo Energia Ambiente ScpA (in liquid.)	956	717	239	717	717	
Vector Cuatro Australia Pty Ltd		2	(2)			
Vector Cuatro Chile SpA		2	(2)			
Vector Cuatro Energias Renovables Mèxico SA de CV		2	(2)			
Vector Cuatro EOOD		1	(1)			
Vector Cuatro France Sarl	6	34	(28)			
Vector Cuatro Japan KK		2	(2)			
Vector Cuatro SLU	112	186	(74)	559	427	132
Vector Cuatro Srl	97	96	1	1,242	1,875	(633)
Vector Cuatro UK Ltd	43	37	6			
West Browncastle Wind Energy Ltd	8	5	3			
Windfor Srl	6	22	(16)			
Total subsidiaries	**7,738**	**7,311**	**427**	**2,961**	**3,647**	**(686)**
Associates						
Frullo Energia Ambiente Srl	83	81	2			
Total associates	**83**	**81**	**2**			
Parent company						
Falck SpA	90	120	(30)	491	555	(62)
Total parent company	**90**	**120**	**(30)**	**491**	**555**	**(62)**
Group companies						
Falck Energy SpA		62	(62)			
Sesto Siderservizi Srl	1	29	(28)			
Total Group companies	**1**	**91**	**(90)**			
Total	**7,912**	**7,603**	**309**	**3,452**	**4,202**	**(748)**
% incidence on income statement heading	**98.2%**	**98.8%**		**28.3%**	**34.0%**	

	Financial receivables			Financial payables		
(€ thousands)	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
Subsidiaries						
Actelios Solar SpA		4,394	(4,394)			
Åliden Vind AB				4,122	5,148	(1,026)
Ambiente 2000 Srl				2,284	1,836	448
Brattmyrliden Vind AB				7,573	1,435	6,138
Energy Aggregator Consortium	2,895	3,242	(347)			
Energy Cloud Consortium	1,795	1,045	750			
Ecosesto SpA	12,255	17,864	(5,609)			
Elettroambiente SpA (in liquid.)	2,485		2,485			
Energia Eólica de Castilla SL	121	9,636	(9,515)			
Energy Team SpA				6,928	3,985	2,943
Eolica Cabezo San Roque SAU				2,051	2,000	51
Eolica Petralia Srl	2,042	3,345	(1,303)			
Eolica Sud Srl	16,244	17,241	(997)			
Eolo 3W Minervino Murge Srl	9,716	9,402	314			
Falck Next Energy Srl				9,072	9,071	1
Falck Next Srl	2,209		2,209		1,488	(1,488)
Falck Nuo Spain SL	142		142			
Falck Renewables Nederland BV				260		260
Falck Renewables North America Inc		13,815	(13,815)			
Falck Renewables Power 2 SL				4,666		4,666
Falck Renewables Power 3 SL				1,422	298	1,124
Falck Renewables Power I, SL				2,364		2,364
Falck Renewables Sicilia Srl	830		830		148	(148)
Falck Renewables Sviluppo Srl	773	813	(40)			
Falck Renewables Vind AS				5,742	16,832	(11,090)
Falck Renewables Wind Ltd				125,085	125,247	(162)
NUO Srl	2,672	6	2,666			
Parc Éolien d'Illois Sarl	270		270			
Platani Energia Ambiente ScpA (in liquid.)				3,426	3,400	26
Prima Srl				22,243	19,443	2,800
Solar Mesagne Srl	2,802	3,645	(843)			
Tifeo Energia Ambiente ScpA (in liquid.)				2,382	2,700	(318)
Vector Cuatro Japan KK				416	217	199
Vector Cuatro SLU	4,011	2,939	1,072			
Vector Cuatro Srl	312	1,108	(796)			
Vector Cuatro UK Ltd				955	398	557
Windfor Srl				419	36	382
Total	**61,574**	**88,497**	**(26,923)**	**201,410**	**193,680**	**7,729**
% incidence on income statement heading	**96.2%**	**99%**		**52.6%**	**75.4%**	

(€ thousands)	Financial instruments - assets 31.12.2020	31.12.2019	Change	Financial instruments - liabilities 31.12.2020	31.12.2019	Change
Subsidiaries						
Åliden Vind AB		18	(18)	328	31	297
Brattmyrliden Vind AB		223	(223)	426	37	389
Falck Renewables Vind AS	5		5	31		31
Falck Renewables Wind Ltd		35	(35)	361	57	304
Total subsidiaries	**5**	**276**	**(271)**	**1,146**	**126**	**1,020**
% incidence on income statement heading	**0.20%**	**32.0%**		**99.6%**	**5.5%**	

(€ thousands)	Other receivables 31.12.2020	31.12.2019	Change	Other payables 31.12.2020	31.12.2019	Change
Subsidiaries						
Actelios Solar SpA				1,012		1,012
Åliden Vind AB					7	(7)
Ambiente 2000				63	164	(101)
Big Fish Spv Srl				9		9
Brattmyrliden Vind AB						
Elettroambiente SpA (in liquid.)				35	19	16
Energy Team SpA				806	1,262	(456)
Eolica Sud Srl	265	606	(341)			
Eolo 3W Minervino Murge Srl		768	(768)	201		201
Falck Next Energy Srl		143	(143)	552		552
Falck Renewables Sicilia Srl				104	62	42
Falck Renewables Sviluppo Srl				377	139	238
Falck Renewables Vind AS		55,288	(55,288)			
Iron Spv Srl				7		7
NUO Srl				218		218
Palermo Energia Ambiente ScpA				68	35	33
Platani Energia Ambiente ScpA (in liquid.)				64	17	47
Prima Srl	250	5,950	(5,700)		321	(321)
Tifeo Energia Ambiente ScpA (in liquid.)		203	(203)	3		3
Vector Cuatro Srl					1	(1)
Windfor Srl	49	10	39			
Total subsidiaries	**564**	**62,967**	**(62,403)**	**3,519**	**2,027**	**1,492**
Associates						
Frullo Energia Ambiente Srl	2,646	2,450	196			
Total associates	**2,646**	**2,450**	**196**			
Parent company						
Falck SpA	1,002	250	752		502	(502)
Total parent company	**1,002**	**250**	**752**		**502**	**(502)**
Falck Energy SpA				4		4
Total Group companies				**4**		**4**
Total	**4,212**	**65,667**	**(61,455)**	**3,523**	**2,529**	**995**
% incidence on income statement heading	**24.1%**	**89.8%**		**34.6%**	**21.4%**	

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8.6.3 Income statement contents and movements

16 Revenues
Revenues consisted of the following:

(€ thousands)	31.12.2020	31.12.2019	Change
Sale of goods			
Revenues from provision of services	81	88	(7)
Total	**81**	**88**	**(7)**

17 Personnel costs
Total Personnel costs analysed by nature of expense are as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Salaries and wages	9,149	7,938	1,211
Social security costs	2,740	2,379	361
Staff leaving indemnity (TFR)	560	474	86
Other costs	883	1,409	(526)
Total	**13,332**	**12,200**	**1,132**

The average number of employees was as follows:

(Number)	31.12.2020	31.12.2019
Managers	28	26
White-collar staff	84	65
Blue-collar staff		
Total average number of employees	**112**	**91**

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.
Higher Long-Term Incentive Plan costs of € 455 thousand (including € 282 thousand for costs of the 2017-2019 plan, special item) also impacted personnel costs compared to 2019.

18 Direct costs
The company did not incur direct costs and expenses in 2020 and 2019.

19 Other income
Other income may be analysed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Current operating income	8,882	7,749	1,133
Non-current operating income	2,613	840	1,773
Total	**11,495**	**8,589**	**2,906**

Income from operating activities may be further detailed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Revenues from services provided to Falck Renewables Group companies	8,671	7,497	1,174
Other income from Group companies	208	248	(40)
Other third party income	3	4	(1)
Total	**8,882**	**7,749**	**1,133**

Income from non-operating activities may be further detailed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Gains on disposal of property, plant and equipment	1,946		1,946
Extraordinary income	653	770	(117)
Extraordinary income due to other Falck Group companies		38	(38)
Other	14	32	(18)
Total	**2,613**	**840**	**1,773**

The increase in other non-current operating income (€ 1,773 thousand) is primarily due to the gain on the sale of the Nuo software to Nuo Srl.

20 Administrative expenses

Administrative expenses may be detailed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Consumables	156	162	(6)
Services	17,139	15,718	1,421
Other costs	4,645	4,222	423
Non-current operating expenses	2,114	869	1,245
Amortisation and impairment of intangible assets	372	346	26
Depreciation and impairment of property, plant and equipment	177	81	96
Amortisation of rights to use	1,180	959	221
Allocations to/(use of) risk provisions	(4,239)	529	(4,768)
Total	**21,544**	**22,886**	**(1,342)**

The item general and administrative expenses shows a decrease compared to the previous year, mainly due to the item provisions and utilisation of risk provisions and related to the increased utilisation of provisions for companies in liquidation.

The increase in services mainly relates to the effect of higher intercompany service costs. In addition, it should be noted that this item includes the accrued cost of the CEO's Long Term Incentive Plan for a total of € 953 thousand (of which € 526 thousand for costs of the 2017-2019 plan, special item).

21 Financial income and expenses

Financial income and expenses comprised:

(€ thousands)	31.12.2020	31.12.2019	Change
Financial expenses	(23,629)	(30,165)	6,536
Financial income	30,669	32,846	(2,177)
Total	**7,040**	**2,681**	**4,359**

The increase in Financial income and expenses of € 4,359 thousand was mainly due to the positive change in the Fair Value of the derivative embedded in the senior unsecured equity-linked green bond for a value, net of contractual costs and the effect of the amortised cost as provided for by IFRS 9, of € 3,452 thousand ("**Non-recurring event**") and to higher reversals of financial receivables for € 2,176 thousand partially offset by lower exchange gains for € 884 thousand.

Finance costs consisted of the following:

(€ thousands)	31.12.2020	31.12.2019	Change
Interest liabilities and impairments to subsidiaries	1,312	1,176	136
Interest liabilities and impairments to associates			
Interest expense for cash deposits			
Allocation to bad debt provisions	136	138	(2)
Changes in fair value of financial instruments		146	(146)
Bank interest	1,040	918	122
Notional bond interest	1,264		1,264
Bank charges	858	984	(126)
Commissions on guarantees	571	323	248
Interest on liabilities applying IFRS 16	49	14	35
Interest cost on TFR	12	21	(9)
Other financial expenses	419	151	268
Foreign exchange losses	17,968	26,294	(8,326)
Total	**23,629**	**30,165**	**(6,536)**

Notional bond interest includes finance charges derived from the adjustment to the amortized cost of the senior unsecured equity-linked green bond.

Finance costs for 2020 and 2019 may be further analysed as follows:

	31.12.2020			
(€ thousands)	From bonds	From banks	From others	Total
Amounts due to subsidiaries			1,447	1,447
Amounts due to associates				
Payable to parent company				
Payable to others	1,264	20,427	491	22,182
Total	**1,264**	**20,427**	**1,938**	**23,629**

(€ thousands)	From bonds	From banks	From others	Total
	31.12.2019			
Amounts due to subsidiaries			1,314	1,314
Amounts due to associates				
Payable to parent company				
Payable to others		28,666	185	28,851
Total		**28,666**	**1,499**	**30,165**

Finance income for the year ended 31 December 2020 may be detailed as follows:

(€ thousands)	31.12.2020	31.12.2019	Change
Interest income and commission on bad debt fund payments from subsidiaries	6,302	4,739	1,563
Positive change in the fair value of the derivative	5,129		5,129
Interest income and commission from banks	9	48	(39)
Foreign exchange gains	18,849	28,059	(9,210)
Other income	380		380
Total	**30,669**	**32,846**	**(2,177)**

The positive change in the fair value of the derivative relates to the conversion option of the senior unsecured equity-linked green bond issued on 23 September 2020.

Interest, commissions and provisions for impairment losses on financial receivables comprise the reversal of € 2,372 thousand of financial receivables due to Falck Renewables SpA from Elettroambiente.

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22 Investment income / (costs)

(€ thousands)	31.12.2020	31.12.2019	Change
Dividends from Frullo Energia Ambiente Srl	2,646	2,450	196
Dividends from Falck Renewables Wind Ltd	21,798	29,391	(7,593)
Impairment loss on Esposito Servizi Ecologici Srl		(196)	196
Dividends Ecosesto SpA	3,000		3,000
Dividends Ambiente 2000 Srl		228	(228)
Dividends Geopower Sardegna Srl	17,583	10,000	7,583
Recovery (impairment loss) Vector Cuatro SLU	2,844	(2,844)	5,688
Recovery (impairment loss) Geopower Sardegna Srl		1,561	(1,561)
Recovery (impairment loss) Prima Srl		3,069	(3,069)
Recovery (impairment loss) Eolica Petralia Srl	435	2,135	(1,700)
Recovery (impairment loss) Ecosesto SpA		77	(77)
Recovery (impairment loss) Palermo Energia Ambiente ScpA	(1)		(1)
Recovery (impairment loss) Solar Mesagne Srl	710	363	347
Recovery (impairment loss) Falck Renewables Power I, SL	(183)	(25)	(158)
Recovery (impairment loss) Falck Renewables Power 2, SL	38	(38)	76
Recovery (impairment loss) Falck Renewables Power 3, SL	21	(21)	42
Recovery (impairment loss) Sol Occidental SLU	(119)	(2)	(117)
Recovery (impairment loss) FIEE Fondo Italiano Efficienza Energetica SGR SpA	10	37	(27)
Total	**48,782**	**46,185**	**2,597**

23 Income tax expense

(€ thousands)	31.12.2020	31.12.2019	Change
Tax Current	4,732	5,053	(321)
Deferred tax	(52)	(196)	144
Total	**4,680**	**4,857**	**(177)**

(€ thousands)	31.12.2020	31.12.2019
Profit before taxation	**32,522**	**22,457**
Taxes calculated applying tax rate to profit	(9,617)	(6,641)
Profits not subject to tax	15,541	13,530
Expenses not deductible for tax purposes	(1,285)	(2,524)
Income arising on Group consolidated tax regime	41	492
Total income tax	**4,680**	**4,857**

Total taxes for the year, primarily referring to income from tax consolidation accrued during the year, were significantly influenced by profits not subject to taxation, mostly represented by dividends.

Related party transactions

In compliance with the CONSOB communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, no uncharacteristic or uncommon transactions take place with related parties that are beyond the normal business operations or are detrimental to the Company's results of operations, state of affairs and financial position.

Related party transactions represent the day to day business activities that are carried out at arm's length. These comprise the recharge of costs between Group companies and intercompany current accounts that give rise to financial income and expenses.

In accordance with IAS 24 Related Party Disclosures and the disclosures pursuant to Consob circular 6064293 of 28 July 2006, all related party transactions and the corresponding incidence of related party transactions on Falck Renewables SpA's income statement are provided below.

(€ thousands)	Revenues from sales and services	Other operating revenues	Current management revenues	Non-current management revenues	Direct costs and expenses	General and administrative expenses	Revenues and (charges) from investments	Interest and other financial sources	Interest and other financial changes
Subsidiaries									
Actelios Solar SpA			227					105	
Åliden Vind AB			170			(55)		84	
Ambiente 2000 Srl			389						
Assel Valley Wind Energy Ltd			2					36	
Auchrobert Wind Energy Ltd			2					5	
Ben Aketil Wind Energy Ltd			3						
Big Fish Spv Srl			108						
Boyndie Wind Energy Ltd			3						
Brattmyrliden Vind AB			163					442	(1)
Cambrian Wind Energy Ltd			3						
CEF Vento SAS			2						
CEP Tramontane 1 Sas			5						
Energy Aggregator Consortium			2					48	
Energy Cloud Consortium			2					22	
Earlsburn Mezzanine Ltd			3						
Earlsburn Wind Energy Ltd			3					4	
Ecosesto SpA			466			(11)	3,000	264	
Elettroambiente SpA in liquidation			18			381		2,372	
Energia Eólica de Castilla SLU			33					128	
Energy Team SpA			454			(13)			(1)
EOL Team Sas			21						
Eolica Cabezo San Roque SAU			34					2	(1)
Eolica Petralia Srl			199				435	97	
Eolica Sud Srl			242	6				562	
Eolo 3W Minervino Murge Srl			210					317	
Esquennois Energie Sas			12					10	
Falck Energies Renouvelables Sas			107						
Falck Next Energy Srl			847			(79)		408	(3)
Falck Next Srl			370			(25)		18	(2)
Falck Nuo Spain SL			2					5	
Falck Renewables Finance Ltd			2						
Falck Renewables Nederland BV			79						
Falck Renewables North America Inc			186					133	
Falck Renewables Power 2 SL			4				38	199	
Falck Renewables Power 3 SL			19				21	60	
Falck Renewables Power I, SL			7				(183)	124	
Falck Renewables Sicilia Srl			309					8	
Falck Renewables Sviluppo Srl			330			(274)		22	
Falck Renewables Verwaltungs Gmbh									
Falck Renewables Vind AS			443					224	(38)
Falck Renewables Wind Ltd			989			(160)	21,798	30	(1,258)
Ferme Eolienne de Noyales SAS			23						
FRUK Holdings No1 Ltd			3					29	
Geopower Sardegna srl			304				17,583	27	
Iron Spv Srl			54						
Kilbraur Wind Energy Ltd			3					62	
Partial Total (Continued)			**6,857**	**6**		**(236)**	**42,692**	**5,847**	**(1,304)**

(€ thousands)	Revenues from sales and services	Other operating revenues	Current management revenues	Non-current management revenues	Direct costs and expenses	General and administrative expenses	Revenues and (charges) from investments	Interest and other financial sources	Interest and other financial changes
Subsidiaries									
Kingsburn Wind Energy Ltd			2					3	
Millennium Wind Energy Ltd			3					5	
NUO Srl			405	1,946				20	
Nutberry Wind Energy Ltd			2					12	
Palermo Energia Ambiente ScpA			16			(22)	(1)		(136)
Parc Éolien d'Illois Sarl			18					173	
Parc Éolien de Mazeray et de Bignay Sas			15						
Parc Éolien des Coudrays Sas			14						
Parc Éolien du Bois Ballay Sas			15						
Parc Éolien du Fouy Sas			13					8	
Parque Éolien des Crêtes Sas			13					7	
Platani Energia Ambiente Scpa			15			320			(1)
Prima Srl			335			(4)		3	(6)
PV Diagnosis Fotovoltaica SLU			1						
Se Ty Ru Sas			14						
Sol Occidental SLU			2				(119)	31	
Solar Mesagne Srl			96				710	63	
Spaldington Airfield Wind Energy Ltd			2					1	
Tifeo Energia Ambiente Scpa			29			201			(1)
Vector Cuatro Australia Pty Ltd			2						
Vector Cuatro Chile SpA			2						
Vector Cuatro Energias Renovables Mèxico SA de CV			2						
Vector Cuatro EOOD			2						
Vector Cuatro France Sarl			13						
Vector Cuatro Japan KK			2					3	
Vector Cuatro SLU			304			(605)	2,844	96	
Vector Cuatro Srl			232			(4,110)		11	
Vector Renewables UK Ltd			91					10	
West Browncastle Wind Energy Ltd			2					8	
Windfor Srl			34					1	
Total subsidiaries			**8,553**	**1,952**		**(4,456)**	**46,126**	**6,302**	**(1,448)**
Parent company									
Falck SpA			176			(1,424)			
Total parent company			**176**			**(1,424)**			
Associates									
Frullo Energia Ambiente Srl			118	1			2,646		
Total associates			**118**	**1**			**2,646**		
Group companies									
Falck Energy SpA			21						
Sesto Sider Servizi Srl			11						
Total Group companies			**32**						
Total			**8,879**	**1,953**		**(5,880)**	**48,772**	**6,302**	**(1,448)**
% incidence on income statement heading			**99.97%**	**74.74%**		**27.29%**	**99.98%**	**20.55%**	**6.13%**

24 Additional disclosures in accordance with IFRS 16
The Company has property lease agreements for its headquarters and other branch offices, car lease agreements, a software lease agreement and other minor agreements.

The analysis carried out on the terms and conditions of the contracts led to the conclusion that, for all contracts in place at 31 December 2020, all significant risks and benefits typical of ownership of the assets were not transferred to the Company but remained with the lessor. These contracts were accounted for as operating leases in accordance with IFRS 16.

The following table shows the net book value of the rights of use at 31 December 2020, broken down by type of asset leased and changes during the year:

(€ thousands)	Balance at 31.12.2019	Increase	Change in scope of consolidation	Reclassification	Foreign exchange differences	Other movements	(Impairment.) Revaluation.	Amortisations	Balance at 31.12.2020
Gross values									
Rights of use - Land									
Rights of use - Buildings	1,365	3,002				(776)			3,591
Rights of use - Other assets	1,053	261				(89)			1,225
Total gross values of property, plant and equipment	2,418	3,263				(865)			4,816
Right of use - Software	516								516
Total gross values of intangible fixed assets	516								516
Total gross value	**2,934**	**3,263**				**(865)**			**5,332**
Accumulated depreciation									
Rights of use - Land									
Rights of use - Buildings	(651)					761		(667)	(557)
Rights of use - Other assets	(236)					39		(341)	(538)
Total provision for depreciation of property, plant and equipment	(887)					800		(1,008)	(1,095)
Right of use - Software	(72)							(172)	(244)
Total provision for amortization of intangible fixed assets	(72)							(172)	(244)
Total depreciation	**(959)**					**800**		**(1,180)**	**(1,339)**
Net book amounts									
Rights of use - Land									
Rights of use - Buildings	714	3,002				(15)		(667)	3,034
Rights of use - Other assets	817	261				(50)		(341)	687
Total net values of property, plant and equipment	1,531	3,263				(65)		(1,008)	3,721
Right of use - Software	444							(172)	272
Total net values of intangible fixed assets	444							(172)	272
Total net rights of use	**1,975**	**3,263**				**(65)**		**(1,180)**	**3,993**

Below are details of the financial liability for leasing at 31 December 2020:

(€ thousands)	
31 December 2019	1,916
Increases	3,263
Increase for interest	49
Payments	(1,231)
Other movements	(74)
31 December 2020	**3,923**
Current	1,107
Non-current	2,816

Details of the costs charged to the income statement at 31 December 2020 are shown below:

(€ thousands)	
Amortisation of rights of use for buildings	667
Amortisation of rights of use for other assets	341
Amortisation of rights of use for software	172
Total amortisation	1,180
Total financial expenses for financial liabilities	**49**
Short term, low value leasing costs	**727**
Variable leasing costs	**30**
Total costs recorded on the Income statement	**1,986**

The Company has no leasing contracts in place that provide for variable payments. Information on variable payments compared with fixed lease payments is provided below:

(€ thousands)	Fixed payments	Variable payments	Total
Fixed lease payment	1,231		1,231
Variable lease payment with minimum payment			
Variable lease payment			
Total	**1,231**		**1,231**

25 Significant non-recurring events and transactions

Pursuant to CONSOB communication DEM/6064293 of 28 July 2006, the following significant non-recurring transaction took place in Falck Renewables SpA during 2020:

- related to the positive change in the fair value of the conversion option of the senior unsecured equity-linked green bond issued on 23 September 2020. The value, net of contractual costs and the effect of amortised cost as required by IFRS 9, is € 3.5 million, for subsequent years the effect of notional amortised cost charges will be a special item. While the effect on financial indebtedness was € 22.6 million, mainly due to the recognition of the optional part as a reserve.

Information on the impact of this event on Falck Renewables SpA's financial position, results of operations and cash flows is provided below.

	Net equity		Profit/(loss) for the year		Net financial debt		Financial flows *	
(€ thousands)	Book ass.	% indic.	Book ass.	% indic.	Book ass.	% indic.	Book ass.	% indic.
Balance sheet values	**551,065**		**37,202**		**(218,021)**		**97,822**	
Green Bond	(21,559)	-3.9%	(2,389)	-6.4%	(22,622)	10.4%	(199,050)	-203%
Notional balance sheet value	**529,506**		**34,813**		**(240,643)**		**(98,185)**	

The percentage of incidence is calculated on the balance sheet value.
Values are shown net of tax.

* Cash flows refer to the increase (or decrease) in cash and cash equivalents during the year.

26 Uncharacteristic and uncommon transactions

Pursuant to CONSOB communication DEM/6064293 of 28 July 2006, in the course of 2020 Falck Renewables SpA did not carry out any uncharacteristic and/or uncommon transactions, as defined in the communication.

27 Emoluments of directors and statutory auditors

In accordance with article 2427 of the Italian Civil Code, the total emoluments for each category are as follows:

(€ thousands)	31.12.2020	31.12.2019
Directors' emoluments (*)	3,264	1,791
Statutory Auditors' emoluments	175	175
Total	**3,439**	**1,966**

* Fees recorded in the income statement.

The remuneration of the Chief Executive Officer Mr. Toni Volpe does not include remuneration in kind and the remuneration of the General Manager for a total of € 127 thousand.

28 Share-based Payments

In order to set up an incentive and loyalty scheme for managers and employees in key roles within the Group, on 07 May 2020 the parent company's Shareholders' Assembly approved a 2020-2022 incentive plan, under which the CEO and certain key managers and employees within the company and its subsidiaries will receive shares in Falck Renewables SpA for free.

The purpose of the three-year incentive plan is to assign free of charge to the beneficiaries a maximum of 1,800,000 ordinary shares of the Company, equal to a maximum of approximately 0.6177% of the Company's share capital.
The stock grant Plan is subject to:

(iv) the sustainability of the Group's balance sheet (expressed by the ratio of Net Financial Position to EBITDA);
(v) achieving a three-year cumulative EBITDA target;
(vi) the continuation of the existing relationship between the beneficiary and the Company.

Once these three conditions are met, the number of shares to be allotted to the pool of beneficiaries may vary, from a minimum of 900,000 shares to a maximum of 1,800,000 shares, depending on the price of the ordinary share as it approaches the end of the Share Plan.

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 using company treasury 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)	4.1560
Exercise price	(Euro)	NA
Vesting period	(years)	3
Forecast dividends	(Euro)	0.2052
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 31 December 2020, worth € 575 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 Company managers for a total of 315,000 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)	4.1560
Exercise price	(Euro)	NA
Vesting period	(years)	3
Forecast dividends	(Euro)	0.2052
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 31 December 2020, worth € 302 thousand, was posted under personnel costs, balancing the Other reserves heading under net equity.

At 31 December 2020, the following rights were held:

	Number of shares	Average exercise price
Rights existing at 01.01.2020	**1,017,000**	**N/A**
New rights assigned during the period	915,000	
(Rights cancelled during the period)		
(Rights converted into cash during the period)	(1,017,000)	5.21
(Rights expired during the period)		
Rights existing at 31.12.2020	**915,000**	**N/A**
available for exercise at the end of the year		

29 Public grants - information pursuant to Law 124 of 4 August 2017 - article 1, paragraphs 125-129

"Law 124 of 4 August 2017 - article 1, paragraphs 125-129. Transparency and publicity obligations" introduced a series of publicity and transparency obligations for entities having economic relations with the Public Administration, starting with the 2018 financial statements.

This provision has raised questions of interpretation and application that are still unresolved. The Company has therefore carried out the necessary in-depth studies and, also in the light of the most recent guidelines, considers that the following do not fall within the scope of the publication obligation:

- the general measures that can be used by all companies that fall within the general structure of the reference system defined by the State (for example, ACE);
- non-selective (general) economic advantages, received under an aid scheme, which are available to all undertakings meeting certain conditions, on the basis of predetermined general criteria (e.g. grants and credits for research and development projects and tax benefits);
- public resources from public bodies in other countries (European or non-European) and from European institutions;
- training contributions received from inter-professional funds (e.g. Fondimpresa and Fondirigenti); as funds having the associative form and legal nature of private-law bodies, which are financed by contributions paid by the same companies.

In the light of these considerations, the Company did not benefit from any public funding.

8.7 Additional disclosures on financial instruments in accordance with IFRS 7

This note sets out the additional disclosures relating to financial assets and liabilities in accordance with IFRS 7. These disclosures are presented in the same order as they are set out in IFRS 7 and have been omitted where not considered material. The note is presented in two sections. The first sets out detailed information regarding financial assets and liabilities while the second presents information regarding the risks attributable to the financial assets and liabilities, in particular credit risk, liquidity risk and market risk. This includes both qualitative and quantitative information that is analysed into points (e.g. 1.) and sub-points (e.g. 1.2). The detailed quantitative information is provided for 31 December 2020 and where significant at 31 December 2019.

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 period and their fair value.

Before listing the detailed information, it should be noted that financial assets and liabilities are almost exclusively recorded in the financial statements at cost and amortised cost, with the exception of financial-derivative instruments which are measured at fair value. The portion of these derivatives designated as hedging instruments are measured applying hedge accounting with changes in fair value posted in equity. In contrast, changes in fair value relating to the portion not designated as hedging instruments are posted in profit or loss.

Credit, liquidity and market risk are very limited. Credit risk exposure is not significant as the majority of trade and financial receivables are with other Group companies and not third parties.

Liquidity risk is modest in view of the availability of credit lines derived from the committed loan entered into on 12 June 2015 (renegotiated on 30 July 2018) and not used at 31 December 2020. The committed credit lines expire on 31 December 2023. This loan is subject to financial covenants relating to the ratio, calculated with reference to the consolidated financial statements, between "EBITDA and net financial position" and between "net financial position and shareholders' equity": the covenants have been respected for the 2020 financial year on the basis of these financial statements.

Interest rate risk arises on financial receivables due from subsidiaries and interest rate fluctuations would give rise to higher or lower finance income and therefore higher or lower dividends, consequently a sensitivity analysis was not performed. Falck Renewables SpA adopts specific procedures to manage the credit, liquidity and market risk on financial assets and liabilities. These processes have been documented in the Group's policies.

In September 2020 Falck Renewables SpA issued an equity-linked Green Bond for a nominal amount of € 200 million, which is repayable at par on maturity (23 September 2025). As it was issued at 101.25% with a zero coupon, it generates a yield for the investor of -0.25%. The Green Bond equity-linked bond became a Green Convertible Bond as a result of the approval, on 17 November 2020, of the convertibility by the Extraordinary Shareholders' Meeting of the Company. The initial conversion price has been set at € 7.22 per share and is subject to adjustment as per the regulations, in line with current market practice for this type of financial instrument.

Section I: Financial instruments

1. Balance sheet

1.1 Categories of financial assets and liabilities

The tables below illustrate the carrying values at 31 December 2020 and 31 December 2019 of the financial assets and liabilities classified in accordance with IFRS 9. In order to reconcile with the balance sheet totals the penultimate column sets out the values of the assets and liabilities that are not included in the scope of IFRS 7.

31.12.2020

(€ thousands)	Amortised cost	Fair value and change through profit and loss	Fair value and change in OCI	Total FA/FL within scope of IFRS7	A/L not within scope of IFRS7	Balance sheet total
Assets						
Property, plant and equipment and intangibles					17,486	17,486
Investments and securities		2,479		2,479	750,403	752,882
Financial assets	61,586	2,447		64,033		64,033
Inventories						
Trade receivables	8,061			8,061		8,061
Deferred tax assets					571	571
Other receivables	2,677			2,677	14,766	17,443
Cash and cash equivalents	100,865			100,865		100,865
Non-current assets held for sale						
Total	**173,189**	**4,926**		**178,115**	**783,226**	**961,341**
Liabilities						
Net equity					551,065	551,065
Financial liabilities	381,768	1,151		382,919		382,919
Trade payables	12,187			12,187		12,187
Other payables	2,306			2,306	7,884	10,190
Provisions for risks and charges					3,181	3,181
Staff leaving indemnity					1,799	1,799
Non-current assets held for sale						
Total	**396,261**	**1,151**		**397,412**	**563,929**	**961,341**

31.12.2019

(€ thousands)	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					10,425	10,425
Investments and securities		2,225		2,225	619,131	621,356
Financial receivables	88,535	861		89,396		89,396
Inventories						
Trade receivables	7,697			7,697		7,697
Deferred tax assets					623	623
Other receivables	8,436			8,436	64,664	73,100
Cash and cash equivalents	3,043			3,043		3,043
Non-current assets held for sale						
Total	**107,711**	**3,086**		**110,797**	**694,843**	**805,640**
Liabilities						
Net equity					516,383	516,383
Financial liabilities	254,690	2,312		257,002		257,002
Trade payables	12,415			12,415		12,415
Other payables	3,938			3,938	7,857	11,795
Provisions for risks and charges					6,540	6,540
Staff leaving indemnity					1,505	1,505
Non-current assets held for sale						
Total	**271,043**	**2,312**		**273,355**	**532,285**	**805,640**

1.2 Collateral – Financial assets pledged as security

With regard to the financial assets pledged as collateral, the shares held by Falck Renewables SpA in Actelios Solar SpA (€ 120 thousand) and Eolica Petralia Srl (€ 2,000 thousand) are pledged. The following are also included: Eolica Sud (€ 5,000 thousand), Eolo 3w Minervino Murge (€ 10 thousand), Geopower Sardegna Srl (€ 2,000 thousand) and Falck Renewables Wind Ltd (£ 37,755 thousand). The pledge values correspond to the face value of the shares in question.

In addition, the following have been received as security for the obligations of the sellers:

- cash deposit by Svelgen Kraft Holding AS (minority shareholder of Falck Renewables Vind AS) for an amount of € 684 thousand;
- a deposit of € 4,160 thousand was made to an escrow account in favour of Falck Renewables SpA by the shareholders of Energy Team SpA.

2. Income statement and total equity

2.1 Income, expenses, gains or losses

The table below illustrates net gains/(losses) on financial assets and liabilities in 2020 and 2019 reclassified in accordance with IFRS 9. The main heading relates to the gains and losses arising on the increase in the value of derivative financial instruments.

31.12.2020

(€ thousands)	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	847			847
Financial assets at amortised cost				
Financial liabilities at fair value	8,840			8,840
Financial liabilities at amortised cost				
Total	**9,687**			**9,687**

31.12.2019

(€ thousands)	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	(171)			(171)
Financial assets at amortised cost				
Financial liabilities at fair value	(1,875)			(1,875)
Financial liabilities at amortised cost				
Total	**(2,046)**			**(2,046)**

Gains recognised in profit or loss mainly included the positive change in the fair value of the conversion option of the senior unsecured equity-linked green bond, issued on 23 September 2020, for an amount, net of contractual costs, of € 4,716 thousand. Gains in the income statement also included the positive changes in the fair value of foreign exchange derivatives for € 2,747 thousand, the positive effect arising from the change in the fair value of minority purchase options, for € 2,214 thousand, and the positive effect arising from the adjustment of the value of financial assets measured at fair value through profit or loss, for € 10 thousand.

The table below illustrates total interest income/expense (calculated using the effective interest rate method) and the fee income/expense generated by financial assets/liabilities not measured at fair value through profit or loss and the fee income/expense arising from trust and other fiduciary activities in 2020 and 2019.

31.12.2020

(€ thousands)	Interest income/ (expense)	Fee income/ (expense)	Total
FA not at fair value through profit or loss	4,571	1,905	6,476
FL not at fair value through profit or loss	(4,003)	(1,429)	(5,432)
Trust and other fiduciary activities			
Other (not within scope of IFRS 7)	(3,691)		(3,691)
Total	**(3,123)**	**476**	**(2,647)**

31.12.2019

(€ thousands)	Interest income/ (expense)	Fee income/ (expense)	Total
FA not at fair value through profit or loss	2,240	2,350	4,590
FL not at fair value through profit or loss	(2,137)	(1,306)	(3,443)
Trust and other fiduciary activities			
Other (not within scope of IFRS 7)	3,580		3,580
Total	**3,683**	**1,044**	**4,727**

The reconciliations of the above amounts with net finance costs recorded in the 2020 and 2019 income statements are as follows.

(€ thousands)	31.12.2020
Gains/(losses) through profit or loss	9,687
Total interest income/(expenses)	(3,123)
Fee income/(expense)	476
Total	**7,040**
Financial income/(expenses) per income statement	**7,040**

(€ thousands)	31.12.2019
Gains/(losses) through profit or loss	(2,046)
Total interest income/(expenses)	3,683
Fee income/(expense)	1,044
Total	**2,681**
Financial income (expenses) per income statement	**2,681**

3. Additional disclosures

3.1 Accounting policies
The accounting policies adopted for the recognition and measurement of financial assets and liabilities are presented in the notes to the separate financial statements of Falck Renewables SpA in paragraph 8.6.1 Accounting policies.

3.2 Fair value
The tables below disclose the fair value of the financial assets/liabilities and the related carrying amount at 31 December 2020 and 31 December 2019. The carrying amount of assets/liabilities measured at cost and amortised cost (see n.1.1) is to be considered a reasonable approximation of fair value as they are short-term or variable rate financial assets and liabilities, except for the convertible bond for which a precise estimate of the fair value at the balance sheet date is provided using market data updated to 31 December 2020.

31.12.2020

(€ thousands)	Carrying amount	Fair value
Financial assets		
Investments and securities	2,479	2,479
Financial receivables	64,033	64,033
Trade receivables	8,061	8,061
Other receivables	2,677	2,677
Cash and cash equivalents	100,865	100,865
Total	**178,115**	**178,115**
Financial liabilities		
Financial liabilities	382,919	386,330
Trade payables	12,187	12,187
Other payables	2,306	2,306
Total	**397,412**	**400,823**

31.12.2019		
(€ thousands)	Carrying amount	Fair value
Financial assets		
Investments and securities	2,225	2,225
Financial receivables	89,396	89,396
Trade receivables	7,697	7,697
Other receivables	8,436	8,436
Cash and cash equivalents	3,043	3,043
Total	**110,797**	**110,797**
Financial liabilities		
Financial liabilities	257,002	257,002
Trade payables	12,415	12,415
Other payables	3,938	3,938
Total	**273,355**	**273,355**

Analysis of financial receivables and payables at 31 December 2020 and 31 December 2019 by instrument and conditions.

Financial receivables

31.12.2020					
(€ thousands)	Effective interest rate	Fair value	Carrying amount	Current portion	Non-current portion
Loans due from subsidiaries	various*	30,487	30,487		30,487
Loans due from associates					
Accrued interest		12	12	12	
Corresponding current accounts	Euribor + Falck Renewables SpA cost of funding + spread	31,087	31,087	31,087	
Derivative financial instruments		2,447	2,447	1,812	635
Total financial receivables		**64,033**	**64,033**	**32,911**	**31,122**

* The interest rate for companies in project financing is Euribor + all-in senior margin + spread; the loan of Elettroambiente SpA in liquidation is non-interest bearing.

Financial liabilities

31.12.2020					
(€ thousands)	Effective interest rate	Fair value	Carrying amount	Current portion	Non-current portion
Corresponding current accounts	Euribor + Falck Renewables SpA cost of funding + spread	201,410	201,410	201,410	
IFRS 16 financial payables	Marginal cost of debt	3,923	3,923	1,107	2,816
Accrued interest		6	6	6	
Foreign exchange derivatives		1,151	1,151	516	635
Convertible bonds (Green Bond)		179,840	176,429		176,429
Total financial liabilities		**386,330**	**382,919**	**203,039**	**179,880**

Financial receivables

			31.12.2019		
(€ thousands)	Effective interest rate	Fair value	Carrying amount	Current portion	Non-current portion
Loans due from subsidiaries	various*	34,383	34,383		34,383
Loans due from associates					
Accrued interest		38	38	38	
Corresponding current accounts	Euribor + Falck Renewables SpA cost of funding + spread	54,114	54,114	54,114	
Derivative financial instruments		861	861	773	88
Total financial receivables		**89,396**	**89,396**	**54,925**	**34,471**

* The interest rate applied for loans to subsidiaries is: Euribor + cost of funding of Falck Renewables SpA + spread; the interest rate for project financing companies is Euribor + all-in senior margin + spread; the loan of Elettroambiente SpA in liquidation is non-interest bearing while the loan of Energia Eólica de Castilla SL bears interest on profits.

Financial liabilities

			31.12.2019		
(€ thousands)	Effective interest rate	Fair Value	Carrying amount	Current portion	Non-current portion
Corresponding current accounts	Euribor + Falck Renewables SpA cost of funding + spread	193,680	193,680	193,680	
IFRS 16 financial payables	Marginal cost of debt	1,916	1,916	984	932
Bank payables	Euribor + spread	39,521	39,521	7,521	32,000
Foreign exchange derivatives		2,312	2,312	2,224	88
Debt for minority purchase options		19,573	19,573		19,573
Total financial liabilities		**257,002**	**257,002**	**204,409**	**52,593**

4. Risks arising from financial instruments

4.1 Credit risk

The credit risk on third party financial and trade receivables is not considered significant as the related exposure is very limited.

With regard to the credit risk exposure on receivables due from subsidiaries, in the past a significant charge was made to the provision for doubtful trade and financial receivables to take into account the uncertainties surrounding litigation with the Sicily Region.

At 31 December 2020, the maximum exposure to credit risk amounted to € 175,636 thousand and was composed as follows:

		31.12.2020	
(€ thousands)	Gross	Impairment	Net
Financial receivables	153,396	(89,363)	64,033
Trade receivables	12,698	(4,637)	8,061
Other receivables	2,677		2,677
Cash and cash equivalents	100,865		100,865
Total	**269,636**	**(94,000)**	**175,636**

As at 31.12.2019, the maximum exposure to credit risk amounted to € 108,572 thousand, composed as follows:

	31.12.2019		
(€ thousands)	Gross	Impairment	Net
Financial receivables	180,995	(91,599)	89,396
Trade receivables	13,215	(5,518)	7,697
Other receivables	8,436		8,436
Cash and cash equivalents	3,043		3,043
Total	**205,689**	**(97,117)**	**108,572**

4.2 Liquidity risk

Falck Renewables SpA's liquidity risk is considered to be modest, as financial liabilities amounted to € 382,919 thousand at 31 December 2020 (€ 257,002 thousand at 31 December 2019). This value is compared with total liabilities of € 961,341 thousand at 31 December 2020 and € 805,640 thousand at 31 December 2019. Financial payables principally comprise short-term payables in respect of the current account overdraft position with a number of subsidiaries (principally Åliden Vind Ab, Brattmyrliden Vind AB, Falck Next Energy Srl, Falck Renewables Vind AS, Falck Renewables Wind Ltd, Prima Srl, and Energy Team SpA).
Furthermore, at 31 December 2020, the company had not drawn down the committed credit lines under the corporate loan agreement, amounting to € 325 million.

4.3 Market risk

4.3.1 **Interest rate risk**

Interest rate risk arises on financial receivables and payables due to/from subsidiaries and interest rate fluctuations would correspond to an increase or decrease in interest income that would result in lower or higher dividends therefore a sensitivity analysis has not been carried out.

Total financial assets and liabilities exposed to changes in interest rates are detailed below:

(€ thousands)	31.12.2020
Financial assets	
Financial receivables	61,586
Derivative financial instruments	2,447
Cash and cash equivalents	100,865
Total	**164,898**
Financial liabilities	
Financial payables	(381,768)
Derivative financial instruments	(1,151)
Total	**(382,919)**
Net exposure	**(218,021)**

(€ thousands)	31.12.2019
Financial assets	
Financial receivables	88,535
Derivative financial instruments	861
Cash and cash equivalents	3,043
Total	**92,439**
Financial liabilities	
Financial payables	(254,690)
Derivative financial instruments	(2,312)
Total	**(257,002)**
Net exposure	**(164,563)**

Harford - Davi (USA) photovoltaic plant.

9

SUPPLEMENTARY INFORMATION TO THE SEPARATE FINANCIAL STATEMENTS OF FALCK RENEWABLES SPA

Falck Renewables
PURE POWER TO GROW

9.1 List of direct and indirect investments in subsidiaries and associates

Directly controlled subsidiaries

(€ thousands)	Headquarters capital	Cur-rency	Share capital	Equity net with result (€ thousands)	Profit (losses) (€ thousands)	Current owned directly (%)	Current owned indirectly (%)	Carrying value (euro)
Italy								
Actelios Solar SpA	Santa Caterina di Villarmosa	EUR	120,000	4,316	2,166	100.000		1,124,979
Ambiente 2000 Srl	Milan	EUR	103,000	3,061	261	60.000		960,707
Big Fish Spv Srl	Milan	EUR	1,760,000	2,259	(29)	100.000		4,237,749
Ecosesto SpA	Rende	EUR	5,120,000	16,605	1,848	100.000		12,788,000
Elettroambiente SpA (in liquidation)	Sesto S. Giovanni	EUR	245,350	(77,643)	3,547	100.000		
Energy Team SpA	Milan	EUR	120,000	10,889	1,900	51.000		17,516,087
Eolica Petralia Srl	Sesto S. Giovanni	EUR	2,000,000	11,379	1,673	100.000		10,107,000
Eolica Sud Srl	Sesto S. Giovanni	EUR	5,000,000	22,333	3,344	100.000		10,261,000
Eolo 3W Minervino Murge Srl	Sesto S. Giovanni	EUR	10,000	18,996	1,921	100.000		16,966,000
Falck Next Energy Srl	Sesto S. Giovanni	EUR	1,010,000	(1,891)	(1,760)	100.000		4,353,232
Falck Next Srl	Sesto S. Giovanni	EUR	1,000,000	891	(918)	100.000		2,530,328
Falck Renewables Sicilia Srl	Milan	EUR	10,000	535	(236)	100.000		1,000,000
Falck Renewables Sviluppo Srl	Milan	EUR	10,000	1,528	(1,002)	100.000		3,000,000
Geopower Sardegna Srl	Sesto S. Giovanni	EUR	2,000,000	40,996	14,495	100.000		110,464,000
Iron SPV Srl	Milan	EUR	425,000	404	(21)	100.000		683,830
NUO Srl	Sesto S. Giovanni	EUR	61,000	4,280	(717)	100.000		5,000,000
Palermo Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni	EUR	120,000	(54,075)	621	73.27		
Prima Srl	Sesto S. Giovanni	EUR	5,430,000	34,128	2,671	85.000		26,172,159
Solar Mesagne Srl	Brindisi	EUR	50,000	2,007	580	100.000		2,117,000
Netherlands								
Falck Renewables Nederland BV	Amsterdam	EUR	10,000	268	(526)	100.000		1,587,976
Norway								
Falck Renewables Vind AS	Sandane	EUR	5,187,047	77,828	(1,091)	88.636		76,757,114
Spain								
Energia Eolica De Castilla, SL	Madrid	EUR	3,200	11,572	(3)	100.000		12,775,339
Falck Renewables Power 1 Sl	Madrid	EUR	300,000	3,116	(183)	100.000		3,116,338
Falck Renewables Power 2 Sl	Madrid	EUR	300,000	5,434	(254)	100.000		5,726,170
Falck Renewables Power 3 Sl	Madrid	EUR	300,000	1,625	(92)	100.000		1,738,700
Sol Occidental Slu	Madrid	EUR	3,000	1	(117)	100.000		
Vector Cuatro SLU	Madrid	EUR	55,001	2,773	(584)	100.000		11,221,971
Sweden								
Åliden Vind AB	Malmö	EUR	10,159	56,229	(388)	100.000		56,821,192
Brattmyrliden Vind AB	Malmö	EUR	10,159	87,416	(994)	100.000		91,429,198
United Kingdom								
Falck Renewables Wind Ltd	Londra	GBP	37,759,066	193,428	25,492	99.989		166,483,362
United States								
Falck Renewables North America Inc	Delaware	USD	5	95,061	16,137	100.000		84,991,196

Indirectly controlled subsidiaries

(€ thousands)	Headquarters capital	Cur-rency	Share capital	Equity net with result (€ thou-sands)	Profit (losses) (€ thou-sands)	Current owned directly (%)	Current owned indirectly (%)	Carrying value (euro)
Australia								
Vector Cuatro Australia Pty Ltd	Sydney	AUD	1	(517)	(241)		100.000	
Bulgaria								
Vector Cuatro EOOD	Sofia	BGN	2,000	108	9		100.000	
Chile								
Vector Cuatro Chile SpA	Santiago	CLP	20,000,000	(205)	(20)		100.000	
France								
CEP Tramontane 1 Sas	Rennes	EUR	3,559,700	666	(347)		100.000	
Eol Team SAS	Rennes	EUR	42,220	6,634	1,108		100.000	
Esquennois Energie Sas	Rennes	EUR	37,000	1,303	633		100.000	
Falck Energies Renouvelables Sas	Rennes	EUR	19,212,000	16,871	844		100.000	
Ferme Éolienne de Noyales SAS	Rennes	EUR	37,000	1,595	649		100.000	
Parc Éolien de Mazeray et de Bignay SAS	Rennes	EUR	1,321,750	1,034	522		100.000	
Parc Éolien des Coudrays SAS	Rennes	EUR	868,000	1,559	541		100.000	
Parc Éolien des Crêtes SAS	Rennes	EUR	37,000	800	317		100.000	
Parc Éolien d'Illois Sarl	Rennes	EUR	1,000	(851)	(292)		100.000	
Parc Éolien du Bois Ballay SAS	Rennes	EUR	1,235,000	2,159	660		100.000	
Parc Éolien du Fouy Sas	Rennes	EUR	37,000	1,062	414		100.000	
SE Ty Ru Sas	Rennes	EUR	1,009,003	2,516	457		100.000	
Vector Cuatro France Sarl	Lyons	EUR	50,000	309	24		100.000	
Italy								
Energy Aggregator Consortium	Milan	EUR	7,600	8			52.630	
Energy Cloud Consortium	Milan	EUR	8,100	8			74.070	
Platani Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni	EUR	3,364,264	(29,744)	2,277		99.178	
Tifeo Energia Ambiente ScpA (in liquidation)	Sesto S. Giovanni	EUR	4,679,829	(35,596)	2,273		100.000	
Vector Cuatro Srl	Sesto S. Giovanni	EUR	25,000	786	148		100.000	
Windfor Srl	Sesto S. Giovanni	EUR	10,400	473	152		100.000	
Japan								
Vector Cuatro Japan KK	Tokyo	JPY	1,000,000	1,696	705		100.000	
Mexico								
Vector Cuatro Energias Renovables Mèxico SA de CV	Miguel Hidalgo	MXN	2,066,000	(691)	(225)		99.952	
Netherlands								
Waalwijk Wind Energy BV	Utrecht	EUR	25,000	(1)	(1)		95.000	
Winssen Wind Energy BV	Utrecht	EUR	25,000	(1)	(1)		95.000	
Poland								
Elektrownie Wiatrowe Bonwind Lyszkowice Sp.Z.o.o.	Łódź	PLN	132,000	(2,075)	(407)		50.000	
Spain								
Eolica Cabezo San Roque Sau	Madrid	EUR	1,500,000	4,942	(697)		100.000	
Falck Nuo Spain, SL	Madrid	EUR	3,600	13	9		100.000	
PV Diagnosis Fotovoltaica SLU	Madrid	EUR	3,100	62			100.000	
Sweden								
VC Renewables AB	Malmö	EUR	50,000	6	1		100.000	

Indirectly controlled subsidiaries

(€ thousands)	Headquarters capital	Cur-rency	Share capital	Equity net with result (€ thousands)	Profit (losses) (€ thousands)	Current owned directly (%)	Current owned indirectly (%)	Carrying value (euro)
United Kingdom								
Assel Valley Wind Energy Ltd	Inverness	GBP	100	2,283	3,177		100.000	
Auchrobert Wind Energy Ltd	Inverness	GBP	100	3,505	3,880		100.000	
Ben Aketil Wind Energy Ltd	Inverness	GBP	100	3,533	2,908		51.000	
Boyndie Wind Energy Ltd	Inverness	GBP	100	3,077	1,613		100.000	
Cambrian Wind Energy Ltd	London	GBP	100	11,460	5,215		100.000	
Earlsburn Mezzanine Ltd	London	GBP	1,000	28,618	3,693		51.000	
Earlsburn Wind Energy Ltd	Inverness	GBP	100	9,158	5,743		100.000	
Falck Next Energy UK Ltd	London	GBP	100				100.000	
Falck Renewables Finance Ltd	London	GBP	100	20,130	(3)		100.000	
FRUK Holdings (No.1) Ltd	London	GBP	1	4,757	4,483		51.000	
Kilbraur Wind Energy Ltd	Inverness	GBP	100	15,000	5,964		51.000	
Kingsburn Wind Energy Ltd	Inverness	GBP	100	2,804	2,835		100.000	
Millennium South Wind Energy Ltd	Inverness	GBP	100				52.000	
Millennium Wind Energy Ltd	Inverness	GBP	100	18,054	6,659		51.000	
Mochrum Fell Wind Energy Ltd	Inverness	GBP	100				100.000	
Nutberry Wind Energy Ltd	Inverness	GBP	100	2,110	911		100.000	
Spaldington Airfield Wind Energy Ltd	London	GBP	100	4,256	328		100.000	
Vector Renewables UK Ltd	London	GBP	190,000	445	96		100.000	
West Browncastle Wind Energy Ltd	Inverness	GBP	100	(594)	1,383		100.000	
United States								
Annapolis Solar Park, LLC and subsidiaries	Delaware	USD		8,968	(54)		100.000	
Building Energy Asset Management, LLC	Delaware	USD		127	10		100.000	
Building Energy Development US, LLC and subsidiaries	Delaware	USD		(17)	(1)		100.000	
Building Energy Holding US, LLC	Delaware	USD		25,791	186		100.000	
Building Energy Wind Iowa, LLC and subsidiaries	Delaware	USD		32,264	165		100.000	
Calypso Solar 1, LLC and subsidiaries	Delaware	USD		(1,018)	(6)		95.000	
Calypso Solar 3, LLC and subsidiaries	Delaware	USD		1,953	(73)		95.000	
Falck Middleton Generation, LLC	Delaware	USD		12,224	(16)		100% Class B*	
Falck Middleton, LLC	Delaware	USD		10,023	1,629		100.000	
Falck Renewables CH-1, LLC	Delaware	USD		(1)	(118)		100.000	
Falck Renewables DLP MA, LLC	Delaware	USD		22,852	2,504		100.000	
Falck Renewables IS 42 LLC	Delaware	USD		35,520	542		100.000	
Falck Renewables North America Development Services & Construction Management, LLC	Delaware	USD					100.000	
Fisher Road Solar I, LLC	Delaware	USD		9,098	1,101		100.000	
HG Solar Development, LLC	New York	USD		7,004	1,152		100.000	
Innovative Solar 42 LLC	Raleigh, North Carolina	USD		79,478	(183)		100.000	
Lake Osiris Road Solar Farm, LLC	Delaware	USD					100.000	
NC 42 Energy LLC	Delaware	USD		83,293			100% Class B*	
NC 42 LLC	Delaware	USD		43,653			100.000	
NC 42 Solar LLC	Delaware	USD		43,148			100.000	
Novis Renewables Holdings, LLC	Delaware	USD		125,063	3,258		51.000	
NOV RF Holdings, LLC	Delaware	USD					100.000	
NOV RF Lessee, LLC	Delaware	USD					100.000	
Odyssey Solar 2, LLC and subsidiaries	Delaware	USD		144	(13)		95.000	
Route 23A Solar Farm, LLC	Delaware	USD					100.000	
SPME Dartmouth Holdings, LLC	West Trenton	USD		14,024	956		100.000	
SPME Holdings 2015, LLC	West Trenton	USD		16,447	788		100% Class B*	
Syncarpha Massachusetts, LLC	Delaware	USD		3,436	254		100.000	
Syncarpha Palmer, LLC	Delaware	USD		8,259	345		100.000	
TLS Holdco, LLC	Delaware	USD		25,082	(683)		100.000	
Vector Cuatro USA, LLC	New York	USD	1,000.000	(43)	5		100.000	
Westmoreland County Solar Project, LLC	Delaware	USD		7,285	(65)		100.000	
WMC Solar Holdings, LLC	Delaware	USD		7,346			100.000	

Associates

(€ thousands)	Headquarters capital	Cur-rency	Share capital	Equity net with result (€ thousands)	Profit (losses) (€ thousands)	Current owned directly (%)	Current owned indirectly (%)	Carrying value (euro)
Italy								
Frullo Energia Ambiente Srl	Bologna	EUR	17,139,100	46,156	4,899	49.000		8,471,678
Spain								
Nuevos Parque Eolicos La Muela AIE	Zaragoza	EUR	10,000	38			50.000	
Parque Eolico La Carracha Sl	Zaragoza	EUR	100,000	4,011	(826)		26.000	
Parque Eolico Plana de Jarreta Sl	Zaragoza	EUR	100,000	2,556	(946)		26.000	
United Kingdom								
Naturalis Energy Developments Ltd	London	EUR	100	(379)	(1,305)		77.5%	
United States								
Novis Renewables Group	Delaware	USD		9,907	(7,231)		50.000	

9.2 Summary of significant financial data of subsidiaries and associates

Balance sheet

Directly controlled subsidiaries

(€ thousands)	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities
Italy					
Actelios Solar SpA	26,020	9,057	4,316	27,198	3,563
Ambiente 2000 Srl	1,449	6,860	3,061	886	4,362
Big Fish Spv Srl	1,921	411	2,259		73
Ecosesto SpA	19,714	20,296	16,605	7,124	16,281
Elettroambiente SpA (in liquidation)	4	4,199	(77,643)	81,301	545
Energy Team SpA	2,079	14,237	10,889	1,864	3,563
Eolica Petralia Srl	24,959	4,015	11,379	14,691	2,904
Eolica Sud Srl	76,207	14,982	22,333	56,230	12,626
Eolo 3W Minervino Murge Srl	53,069	8,209	18,996	19,658	22,624
Falck Next Energy Srl	2,071	26,094	(1,891)		30,056
Falck Next Srl	2,761	819	891	29	2,660
Falck Renewables Sicilia Srl	1,525	356	535		1,346
Falck Renewables Sviluppo Srl	2,152	990	1,528	8	1,606
Geopower Sardegna Srl	169,723	26,013	40,996	123,899	30,841
Iron SPV Srl	232	180	404		8
NUO Srl	6,046	2,908	4,280	912	3,762
Palermo Energia Ambiente ScpA (in liquidation)	169	155	(54,075)	36,777	17,622
Prima Srl	16,583	32,036	34,128	7,137	7,354
Solar Mesagne Srl	4,513	574	2,007	136	2,944
Netherlands					
Falck Renewables Nederland BV	49	425	268		206
Norway					
Falck Renewables Vind AS	74,568	9,699	77,828	3,463	2,976
Spain					
Energia Eólica de Castilla SL	13,102	440	11,572	1,455	515
Falck Renewables Power 1 Sl	586	2,601	3,116		71
Falck Renewables Power 2 Sl	2,020	5,090	5,434		1,676
Falck Renewables Power 3 Sl	191	1,506	1,625		72
Sol Occidental Slu		1	1		
Vector Cuatro Slu	4,403	6,571	2,773	1,646	6,555
Sweden					
Åliden Vind AB	62,053	7,998	56,229	10,120	3,702
Brattmyrliden Vind AB	88,257	8,288	87,416	8,020	1,109
United Kingdom					
Falck Renewables Wind Ltd	52,012	188,809	193,428	21,550	25,843
United States					
Falck Renewables North America Inc	71,103	24,813	95,061		855

Indirectly controlled subsidiaries

(€ thousands)	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities
Australia					
Vector Cuatro Australia Pty Ltd		55	(517)		572
Bulgaria					
Vector Cuatro EOOD	1	108	108		1
Chile					
Vector Cuatro Chile SpA		4	(205)		209
France					
CEP Tramontane 1 Sas	25,402	2,109	666	12,752	14,093
Eol Team SAS	9,158	1,479	6,634	3,550	453
Esquennois Energie Sas	10,241	2,049	1,303	6,208	4,779
Falck Energies Renouvelables Sas	24,100	20,065	16,871	263	27,031
Ferme Éolienne de Noyales SAS	7,856	2,151	1,595	2,101	6,311
Parc Éolien de Mazeray et de Bignay SAS	11,391	641	1,034	1,864	9,134
Parc Éolien des Coudrays SAS	7,924	647	1,559	1,312	5,700
Parc Éolien des Crêtes Sas	8,236	1,360	800	4,795	4,001
Parc Éolien d'Illois Sarl	618	111	(851)		1,580
Parc Éolien du Bois Ballay SAS	10,963	1,097	2,159	1,645	8,256
Parc Éolien du Fouy Sas	7,374	1,469	1,062	4,800	2,981
SE Ty Ru Sas	10,695	1,551	2,516	6,461	3,269
Vector Cuatro France Sarl	37	1,432	309		1,160
Italy					
Energy Aggregator Consortium		6,185	8		6,177
Energy Cloud Consortium		2,465	8		2,457
Platani Energia Ambiente ScpA (in liquidation)	169	3,571	(29,744)	20,777	12,707
Tifeo Energia Ambiente ScpA (in liquidation)	296	3,863	(35,596)	27,024	12,731
Vector Cuatro Srl	1,761	2,096	786	672	2,399
Windfor Srl	34	859	473	86	334
Giappone					
Vector Cuatro Japan KK	456	3,101	1,696	134	1,727
Mexico					
Vector Cuatro Energias Renovables Mèxico SA de CV	79	869	(691)	43	1,596
Netherlands					
Waalwijk Wind Energy BV			(1)		1
Winssen Wind Energy BV			(1)		1
Poland					
Elektrownie Wiatrowe Bonwind Lyszkowice Sp.Z.o.o.	80	56	(2,075)		2,211
Spain					
Eolica Cabezo San Roque Sau	5,519	2,558	4,942	2,677	458
Falck Nuo Spain, SL	31	312	13		330
PV Diagnosis Fotovoltaica SLU	1	62	62		1
Sweden					
VC Renewables AB		307	6		301

Indirectly controlled subsidiaries

(€ thousands)	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities
United Kingdom					
Assel Valley Wind Energy Ltd	47,171	5,501	2,283	47,239	3,150
Auchrobert Wind Energy Ltd	60,610	7,546	3,505	60,299	4,352
Ben Aketil Wind Energy Ltd	19,242	5,241	3,533	12,043	8,907
Boyndie Wind Energy Ltd	8,644	1,517	3,077	3,072	4,012
Cambrian Wind Energy Ltd	17,088	12,291	11,460	5,839	12,080
Earlsburn Mezzanine Ltd	45,337	3,639	28,618	19,304	1,054
Earlsburn Wind Energy Ltd	20,425	6,045	9,158	9,694	7,618
Falck Next Energy UK Ltd					
Falck Renewables Finance Ltd	158	20,232	20,130		260
FRUK Holdings (No.1) Ltd	16,914	14,113	4,757	19,490	6,780
Kilbraur Wind Energy Ltd	51,355	9,262	15,000	38,936	6,681
Kingsburn Wind Energy Ltd	35,138	5,234	2,804	34,334	3,234
Millennium South Wind Energy Ltd					
Millennium Wind Energy Ltd	53,146	11,776	18,054	37,637	9,231
Mochrum Fell Wind Energy Ltd					
Nutberry Wind Energy Ltd	25,607	5,336	2,110	24,107	4,726
Spaldington Airfield Wind Energy Ltd	26,652	2,833	4,256	17,130	8,099
Vector Renewables UK Ltd	183	1,866	445	64	1,540
West Browncastle Wind Energy Ltd	47,843	4,728	(594)	47,096	6,069
United States					
Annapolis Solar Park, LLC and subsidiaries	26,920	1,916	8,968	18,121	1,747
Building Energy Asset Management, LLC		208	127	31	50
Building Energy Development US, LLC and subsidiaries			(17)		17
Building Energy Holding US, LLC	29,053	567	25,791	2,941	888
Building Energy Wind Iowa, LLC and subsidiaries	45,201	2,105	32,264	13,133	1,909
Calypso Solar 1, LLC and subsidiaries	736	77	(1,018)	1,726	105
Calypso Solar 3, LLC and subsidiaries	9,137	699	1,953	7,309	574
Falck Middleton Generation, LLC	12,243	15	12,224		34
Falck Middleton, LLC	10,073	3	10,023		53
Falck Renewables CH-1, LLC			(1)		1
Falck Renewables DLP MA, LLC	23,365	4	22,852	517	
Falck Renewables IS 42 LLC	35,516	1	35,520		(3)
Falck Renewables North America Development Services & Construction Management, LLC					
Fisher Road Solar I, LLC	15,045	754	9,098	6,547	154
HG Solar Development, LLC	12,537	547	7,004	5,797	283
Innovative Solar 42 LLC	113,350	1,379	79,478	35,156	95
Lake Osiris Road Solar Farm, LLC					
NC 42 Energy LLC	83,293		83,293		
NC 42 LLC	43,653		43,653		
NC 42 Solar LLC	43,148		43,148		
Novis Renewables Holdings, LLC	100,643	26,062	125,063	379	1,263
NOV RF Holdings, LLC					
NOV RF Lessee, LLC					
Odyssey Solar 2, LLC and subsidiaries	1,905	510	144	1,682	589
Route 23A Solar Farm, LLC					
SPME Dartmouth Holdings, LLC	14,024		14,024		
SPME Holdings 2015, LLC	16,447		16,447		
Syncarpha Massachusetts, LLC	5,425	187	3,436	2,055	121
Syncarpha Palmer, LLC	13,950	377	8,259	5,924	144
TLS Holdco, LLC	25,718	54	25,082		690
Vector Cuatro USA, LLC		627	(43)		670
Westmoreland County Solar Project, LLC	11,510	2	7,285		4,227
WMC Solar Holdings, LLC	7,346		7,346		

Associates					
(€ thousands)	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities
Italy					
Frullo Energia Ambiente Srl	55,339	12,434	46,156	6,416	15,201
Spain					
Nuevos Parque Eolicos La Muela AIE	1	40	38		3
Parque Eolico La Carracha Sl	8,863	2,085	4,011	6,429	508
Parque Eolico Plana de Jarreta Sl	8,796	2,019	2,556	7,764	495
United Kingdom					
Naturalis Energy Developments Ltd	1,147	182	(379)		1,708
United States					
Gruppo Novis Renewables	7,210	4,297	9,907	351	1,249

Income Statement

Directly controlled subsidiaries						
(€ thousands)	Revenues	Cost of disposals	Gross profit	Operating profit	Profit before tax	Profit (loss)
Italy						
Actelios Solar SpA	6,805			4,127	2,871	2,166
Ambiente 2000 Srl	8,353			358	357	261
Big Fish Spv Srl				(38)	(38)	(29)
Ecosesto SpA	20,414			2,644	2,373	1,848
Elettroambiente SpA (in liquidation)				3,579	3,522	3,547
Energy Team SpA	12,063			2,421	2,384	1,900
Eolica Petralia Srl	4,757			2,911	2,308	1,673
Eolica Sud Srl	21,100			8,582	5,295	3,344
Eolo 3W Minervino Murge Srl	9,908			4,480	2,735	1,921
Falck Next Energy Srl	81,356			(1,895)	(2,296)	(1,760)
Falck Next Srl	129			(1,175)	(1,195)	(918)
Falck Renewables Sicilia Srl				(304)	(310)	(236)
Falck Renewables Sviluppo Srl				(1,292)	(1,312)	(1,002)
Geopower Sardegna Srl	42,982			24,605	19,091	14,495
Iron Spv Srl				(29)	(28)	(21)
NUO Srl	560			(914)	(936)	(717)
Palermo Energia Ambiente ScpA (in liquidation)				660	597	621
Prima Srl	25,021			3,622	3,604	2,671
Solar Mesagne Srl	1,060			864	797	580
Netherlands						
Falck Renewables Nederland BV				(525)	(526)	(526)
Norway						
Falck Renewables Vind AS	5,017			(190)	(1,136)	(1,091)
Spain						
Energia Eólica de Castilla SL	1,222			206	47	(3)
Falck Renewables Power 1 Sl				(72)	(183)	(183)
Falck Renewables Power 2 Sl				(103)	(254)	(254)
Falck Renewables Power 3 Sl				(50)	(92)	(92)
Sol Occidental Slu				(86)	(117)	(117)
Vector Cuatro Slu	8,258			(5)	(466)	(584)
Sweden						
Åliden Vind AB	5,139			(71)	(476)	(388)
Brattmyrliden Vind AB				(1,057)	(1,252)	(994)
United Kingdom						
Falck Renewables Wind Ltd	4,799			(1,634)	25,544	25,492
United States						
Falck Renewables North America Inc				(954)	16,137	16,137

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Indirectly controlled subsidiaries

(€ thousands)	Revenues	Operating profit	Profit (loss) before tax	Profit (loss)
Australia				
Vector Cuatro Australia Pty Ltd	32	(243)	(241)	(241)
Bulgaria				
Vector Cuatro EOOD	129	11	10	9
Chile				
Vector Cuatro Chile Spa		(6)	(20)	(20)
France				
CEP Tramontane 1 Sas		(81)	(463)	(347)
Eol Team SAS	2,509	1,262	1,239	1,108
Esquennois Energie Sas	2,614	1,328	850	633
Falck Energies Renouvelables Sas	206	(654)	675	844
Ferme Éolienne de Noyales SAS	2,184	1,346	1,064	649
Parc Éolien de Mazeray et de Bignay SAS	2,139	1,092	724	522
Parc Éolien des Coudrays SAS	1,837	1,008	750	541
Parc Éolien des Crêtes Sas	1,935	799	423	317
Parc Éolien d'Illois Sarl		(110)	(292)	(292)
Parc Éolien du Bois Ballay SAS	2,448	1,264	915	660
Parc Éolien du Fouy Sas	1,952	899	552	414
SE Ty Ru Sas	2,146	890	609	457
Vector Cuatro France Sarl	739	44	34	24
Italy				
Energy Aggregator Consortium	7,432	63	12	
Energy Cloud Consortium	2,644	27	4	
Platani Energia Ambiente ScpA (in liquidation)		2,246	2,247	2,277
Tifeo Energia Ambiente ScpA (in liquidation)		2,257	2,255	2,273
Vector Cuatro Srl	6,849	256	242	148
Windfor Srl	1,509	199	200	152
Japan				
Vector Cuatro Japan KK	4,472	1,125	1,113	705
Mexico				
Vector Cuatro Energias Renovables Mèxico SA de CV	1,312	(80)	(225)	(225)
Netherlands				
Waalwijk Wind Energy BV.		(1)	(1)	(1)
Winssen Wind Energy BV		(1)	(1)	(1)
Poland				
Elektrownie Wiatrowe Bonwind Lyszkowice Sp.Z.o.o.		(59)	(407)	(407)
Spain				
Eolica Cabezo San Roque Sau	1,329	(908)	(927)	(697)
Falck Nuo Spain SL	895	15	12	9
PV Diagnosis Fotovoltaica SLU		(1)		
Sweden				
VC Renewables AB	214	2	1	1

Indirectly controlled subsidiaries

(€ thousands)	Revenues	Operating profit	Profit (loss) before tax	Profit (loss)
United Kingdom				
Assel Valley Wind Energy Ltd	10,254	5,996	4,285	3,177
Auchrobert Wind Energy Ltd	13,088	7,220	5,277	3,880
Ben Aketil Wind Energy Ltd	8,864	4,596	3,838	2,908
Boyndie Wind Energy Ltd	4,120	2,195	2,119	1,613
Cambrian Wind Energy Ltd	19,520	6,565	6,504	5,215
Earlsburn Mezzanine Ltd		(31)	3,636	3,693
Earlsburn Wind Energy Ltd	11,924	7,778	7,395	5,743
Falck Next Energy UK Ltd				
Falck Renewables Finance Ltd		(29)	(3)	(3)
FRUK Holdings (No.1) Ltd		(31)	4,269	4,483
Kilbraur Wind Energy Ltd	19,767	9,484	8,195	5,964
Kingsburn Wind Energy Ltd	8,745	4,852	3,756	2,835
Millennium South Wind Energy Ltd				
Millennium Wind Energy Ltd	20,639	10,339	8,970	6,659
Mochrum Fell Wind Energy Ltd				
Nutberry Wind Energy Ltd	5,991	2,970	1,362	911
Spaldington Airfield Wind Energy Ltd	3,532	1,536	649	328
Vector Renewables UK Ltd	3,022	134	119	96
West Browncastle Wind Energy Ltd	8,720	4,046	2,254	1,383
United States				
Annapolis Solar Park LLC and subsidiaries	130	11	(54)	(54)
Building Energy Asset Management LLC	13	11	10	10
Building Energy Development US LLC and subsidiaries		(1)	(1)	(1)
Building Energy Holding US LLC	19	(19)	186	186
Building Energy Wind Iowa LLC and subsidiaries	434	207	165	165
Calypso Solar 1 LLC and subsidiaries	4	(2)	(6)	(6)
Calypso Solar 3 LLC and subsidiaries	14	(36)	(73)	(73)
Falck Middleton Generation LLC		(16)	(16)	(16)
Falck Middleton LLC			1,629	1,629
Falck Renewables CH-1 LLC			(118)	(118)
Falck Renewables DLP MA LLC			2,504	2,504
Falck Renewables IS 42 LLC			542	542
Falck Renewables North America Development Services & Construction Management LLC				
Fisher Road Solar I LLC	1,962	1,256	1,101	1,101
HG Solar Development LLC	1,764	1,272	1,152	1,152
Innovative Solar 42 LLC	6,344	1,706	(183)	(183)
Lake Osiris Road Solar Farm LLC				
NC 42 Energy LLC				
NC 42 LLC				
NC 42 Solar LLC				
Novis Renewables Holdings LLC		(1,660)	3,258	3,258
NOV RF Holdings LLC				
NOV RF Lessee LLC				
Odyssey Solar 2 LLC and subsidiaries	6	(10)	(13)	(13)
Route 23A Solar Farm LLC				
SPME Dartmouth Holdings LLC	956	956	956	956
SPME Holdings 2015 LLC	788	788	788	788
Syncarpha Massachusetts LLC	469	288	254	254
Syncarpha Palmer LLC	1,023	475	345	345
TLS Holdco LLC		(683)	(683)	(683)
Vector Cuatro US LLC	458	53	7	5
Westmoreland County Solar Project LLC		(50)	(65)	(65)
WMC Solar Holdings LLC				

Associates

(€ thousands)	Revenues	Operating profit	Profit (loss) before tax	Profit (loss)
Italy				
Frullo Energia Ambiente Srl	25,699	6,726	6,702	4,899
Spain				
Nuevos Parque Eólicos La Muela AIE	323			
Parque Eólico La Carracha Sl	2,436	(529)	(781)	(826)
Parque Eólico Plana de Jarreta Sl	2,354	(641)	(901)	(946)
United Kingdom				
Naturalis Energy Developments Ltd		(1,558)	(1,611)	(1,305)
United States				
Novis Renewables Group	287	(7,230)	(7,231)	(7,231)

10

CERTIFICATION OF THE CONSOLIDATED FINANCIAL REPORTS AS PER ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 DATED 14 MAY 1999 AS INTEGRATED

Falck Renewables
PURE POWER TO GROW

E-MARKET SDIR CERTIFIED

Falck Renewables
PURE POWER TO GROW

Certification of the consolidated financial reports as per article 81-ter of CONSOB Regulation no. 11971 dated 14 May 1999 as amended and s.i.

The undersigned Toni Volpe as Chief Executive Officer and Paolo Rundeddu as Manager assigned to prepare the accounting documents of Falck Renewables SpA hereby certify, taking into account the requirements of 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

of administrative and accounting procedures for the preparation of the 2020 consolidated financial statements.

We further certify that:

1. the consolidated financial statements:
   a) have been prepared in accordance with applicable international accounting principles, recognised by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) are consistent with the data in the accounting records and other corporate documents;
   c) provide a true and fair presentation of the balance sheet, income statement and financial position of the issuer and of all of the companies included in the scope of consolidation;

2. the directors' report includes a reliable analysis of the Group performance and results of operations and financial position of the issuer and of all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed[1].

The Chief Executive Officer

Toni Volpe

The Manager responsible for drafting corporate accounting documents

Paolo Rundeddu

Milan, 11 March 2021

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[1] Pursuant to article 154-bis paragraph 5 letter e) of Legislative Decree 58/1998 (Consolidated Finance Act).

Falck Renewables S.p.A.
Via Alberto Falck, 4-16 (ang. viale Italia), 20099 Sesto S. Giovanni (MI) - P +39 02 24331 - W www.falckrenewables.eu
Cap. Soc. € 291.413.891,00 int.vers. Direzione e coordinamento da parte di Falck S.p.A.
Sede legale: Corso Venezia, 16, 20121 Milano - Registro Imprese Cod. Fiscale e Partita Iva 03457730962 - REA MI - 1675378

Falck Renewables
PURE POWER TO GROW

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

The undersigned Toni Volpe as Chief Executive Officer and Paolo Rundeddu as Manager assigned to prepare the accounting documents of Falck Renewables SpA hereby certify, taking into account the requirements of 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

of administrative and accounting procedures for the preparation of the 2020 consolidated financial statements.

We further certify that:

1. the separate financial statements:
   a) have been prepared in accordance with applicable international accounting principles, recognised by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) are consistent with the data in the accounting records and other corporate documents;
   c) provide a true and fair presentation of the balance sheet, income statement and financial position of the issuer;

2. the directors' report includes a reliable analysis of the performance and results of operations and the financial position of the issuer, together with a description of the main risks and uncertainties to which it is exposed[(1)].

The Chief Executive Officer	The Manager responsible for drafting corporate accounting documents
Toni Volpe	Paolo Rundeddu

Milan, 11 March 2021

[(1)] Pursuant to article 154-bis paragraph 5 letter e) of Legislative Decree 58/1998 (TUF).

Falck Renewables S.p.A.
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Cardonita - Centuripe (Enna) photovoltaic plant.

11 REPORT BY THE BOARD OF AUDITORS TO THE SHAREHOLDERS' MEETING

11 Report by the Board of Auditors to the Shareholders' Meeting

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' ASSEMBLY OF FALCK RENEWABLES S.P.A. OF 29 APRIL 2021 PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/1998 AND ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

Dear Shareholders,
the Board of Statutory Auditors is required to report to the Shareholders' Assembly of Falck Renewables S.p.A., called to approve the financial statements for the year ended 31 December 2020, on the supervisory activities carried out during the year and other activities required by law, including in its capacity as the Internal Control and Audit Committee, pursuant to article 153 of Legislative Decree no. 58/98 ["TUF"] and articles 2429 et seq. of the Italian Civil Code, as well as pursuant to articles 17, 19 of Legislative Decree no. 39/2010 and articles 4, 5, 6, 11, 16, 17 of EU Regulation no. 537/2014.

The draft financial statements as at 31 December 2020, which are submitted for your approval, are accompanied by the Directors' Report on Operations.

The supervisory activities required by law were also carried out in accordance with the indications provided by Consob, the provisions of the Self-Regulatory Code of Listed Companies, to which the Company adhered, and the Rules of Conduct provided by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Chartered Accountants, "CNDCEC"). With reference to the provisions of Legislative Decree no. 39/2010, with particular regard to article 19, the Board also acted as the Internal Control and Audit Committee ("CCIRC").

Appointment and activities of the Board of Statutory Auditors
The Board of Statutory Auditors in office at the time of drafting this report is composed of Mr. Dario Righetti, as Chairman, as well as of the Standing Auditors Ms. Giovanna Conca and Ms. Patrizia Paleologo Oriundi, appointed by the Shareholders' Meeting held on 7 May 2020 and in office until the Shareholders' Meeting for the approval of the financial statements as of 31 December 2022.

At the time of its appointment, the Board of Statutory Auditors verified that its members met the independence requirements and that there were no grounds for their ineligibility or disqualification pursuant to articles 2399 of the Italian Civil Code and 148, paragraph 3, of the Consolidated Law on Finance and the Corporate Governance Code, and verified that they complied with the limits on the accumulation of offices provided for in article 144-terdecies of the Issuers' Regulations, in accordance with the Regulations adopted by the Board of Statutory Auditors. The Board also carried out a self-assessment of its members and verified the adequacy of its composition. The results of this self-assessment process were communicated to the Board of Directors which, at its meeting of 25 June 2020, took note of the audit carried out in this regard by the control body.

The activities of the Board during the 2020 financial year were carried out through regular meetings, the results of which were duly recorded in the minutes.

The Board actively participated in all the meetings organised by the Company as part of the induction programme proposed to the Corporate Bodies and in the strategic sessions organised by the Top Management with the contribution of the Company's management, in compliance with the Corporate Governance Code, in order to increase the skills and knowledge of the business sectors in which the Company operates. Individual members also took part in training sessions organised by trade associations and/or professional associations on issues relating to the role and responsibilities of the Board, as well as issues relating to corporate governance, internal control and risk management systems, and regulations on remuneration and related party transactions. The work carried out by the Board in the various areas of supervision is described below.

Supervisory activities
With regard to the way in which institutional activities were carried out during 2020, the Board:

- held six board meetings (of which 5 in its current composition and 1 in its previous composition), attended the two shareholders' assemblies held on 7 May and 17 Novem-

ber 2020, participated, with limited excused absences of some of its members, in the 16 meetings of the Board of Directors (10 meetings since 7 May 2020), the 14 meetings of the Risk Control Committee (10 meetings since 7 May 2020), the 11 meetings of the RemCo Committee (6 meetings since 7 May 2020) and the 4 meetings of the Strategy and Sustainability Committee (4 meetings since 7 May 2020), and obtained from the Directors timely and appropriate information on the activities carried out, in accordance with regulatory and statutory provisions;
- acquired the appropriate elements of knowledge in order to carry out the envisaged activity on the degree of adequacy of the Company's organisational structure and compliance with the principles of proper administration and risk control through direct investigations, collection of information from the heads of the functions concerned, exchanges of data and information with the auditing company and with the boards of auditors of the subsidiaries;
- supervised the functioning of the internal control and administrative-accounting systems, in order to assess their adequacy for management needs as well as the reliability of the latter in representing management events, through direct investigations of company documents, obtaining information from the heads of the respective departments, and analysing the results of the work carried out by the auditing company.

During the supervisory activities carried out in 2020 and 2021 as described above, no significant facts emerged that would require reporting to the Supervisory Bodies. On the basis of what has emerged from the direct interventions and the information obtained, the choices made by the Directors appeared to comply with the law and the articles of association, with the principles of correct administration, consistent and compatible with the company's size and assets and in line with the company's interests.

The 2020 financial year was characterised by a situation of great uncertainty in relation to the emergence and development of the COVID-19 pandemic. Government guidance and measures imposed particularly stringent measures to limit the spread of the pandemic across the country, such as total or partial lockdown situations. While complying with special regulations, the Company's activities did not stop and continued, where possible, "remotely", as indicated in the Report on Operations.

The activities of the Board also continued in this way, with data and information being acquired electronically and its meetings being conducted by video/audio conference.

Considering the degree of reliability that the Company has demonstrated during the financial year, with regard to ensuring that meetings are conducted correctly and that information flows are adequately transmitted, the Board believes that the use of these methods has not diminished or affected the degree of reliability of the information received and the effectiveness of its activities.

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As a further supplement to the supervisory activity carried out during the 2020 and 2021 financial years, the specific indications to be provided with this report are listed below, in the order set out in Consob Communication no. DEM 1025564 of 6 April 2001.

1. The Board acquired adequate information and conducted in-depth analyses of the most important economic, financial and asset operations carried out by the Company and its subsidiaries, which have been fully reported in the Report on Operations, to which reference should be made. In particular:
   A) In accordance with article 2497-bis of the Italian Civil Code, Falck Renewables S.p.A. is subject to the direction and coordination of its parent company Falck S.p.A., which issues unitary guidelines for strategic purposes, without prejudice to the autonomy and independence of the Company and its governing bodies. The effects on the financial statements of the transactions entered into with Falck S.p.A. are detailed in the Report on Operations. Overall, transactions with the parent company resulted in a loss for the year of approximately € 1,424 thousand due to charges relating to the use of the Falck trademark, as described in detail in paragraph 5.3.8 of the Report on Operations. Falck Renewables S.p.A., in turn, carries out Direction and Coordination activities in relation to its subsidiaries.
   B) Since 2010, the Company's Board of Directors has adopted the Procedure for transactions with related parties, drawn up pursuant to article 2391-bis of the Italian Civil Code and based on Consob resolution no. 17221 of 12 March 2010 and subsequent additions and clarifications. The Board of Directors has identified the Risk Control Committee (RCC) as the committee responsible for expressing its opinion on transactions with related parties.
   C) The 2020 results were presented to the financial community on 12 March 2021, following approval by the Board of Directors on 11 March 2021.

2. The Board did not receive any reports of any atypical and/or unusual transactions carried out during the year, including intra-group transactions and transactions with related parties.
   Ordinary transactions of a financial and commercial nature, carried out within the Group with subsidiaries and affiliated companies, are indicated in the Report on Operations and in the Notes to the statutory and consolidated financial statements. In particular, they concerned certain specific activities such as treasury management, the provision of loans and guarantees, the provision of professional and other services, as well as the management of common services, and were all regulated at market conditions on the basis of contractual agreements.
   The information acquired has enabled the Board to ascertain that the aforementioned transactions comply with the law and the Articles of Association, and that they are in the interests of the Company and the Group.

3. As a whole, the information provided by the Directors in their Report on Operations pursuant to article 2428 of the Italian Civil Code on all the transactions referred to in point 1 above can be considered adequate to provide the required information.

4. As part of its supervisory activities, the Board found no omissions on the part of the Directors or reprehensible facts during the 2020 and 2021 financial years, so there are no irregularities pursuant to article 149, paragraph 3, of the Consolidated Law on Finance.
   During the year and up to the date of this report, the Board has not received any complaints pursuant to article 2408 of the Italian Civil Code, nor has it received any reports. During the 2020 financial year, the Board was asked to issue opinions, always in the affirmative, on the following matters:
   - approval of the Internal Audit Activity Plan for 2020, with the corresponding budget;
   - adequacy evaluation of: (i) the organisational, administrative and accounting structure of the Company pursuant to article 2381, paragraph 3, of the Italian Civil Code and article 1, paragraph1, letter c) of the Self-Regulatory Code of listed companies; (ii) the powers and means available to the Manager assigned to prepare the accounting documents for the Company in order to exercise of the tasks assigned to them by law, pursuant to article 154-bis, paragraph 4, of the Consolidated Law on Finance; and (iii) the internal control and risk management system in relation to the characteristics of the Company and the risk profile assumed, as well as its effectiveness pursuant to and for the purposes of the recommendations of article 7, paragraph 1, lett. b) and lett. e) of the Self-Regulatory Code of listed companies;
   - approval of the short-term variable component of the CEO's remuneration for 2020;
   - issue of the senior unsecured equity-linked green bond, in the context of which the Board expressed its certification regarding compliance with the issue limits provided for by article 2412 of the Italian Civil Code.

5. The Board has no particular observations to make on compliance with the principles of proper administration, which appear to have been consistently observed.

6. The Board has constantly updated its knowledge and supervised the adequacy of the Company's organisational structure, by checking the company organisation charts formally approved and communicated to Consob, by collecting information from the relevant structures and by meetings with the heads of internal control and external audit. The organisational structure, divided into departments and functions, currently appears to be consistent with the Group's size and operational needs.

7. With regard to the adequacy of the Internal Control System, the Board participated in the activities of the Risk Control Committee (RCC), in which the head of the Internal Audit function and the Risk Manager intervene, where appropriate; it periodically received written reports from the head of the Internal Audit function on the controls carried out; it analysed and shared the work plan of the independent auditors; it received information from the Manager responsible for preparing the financial reports and from the independent auditors on the accounting standards used and the outcome of the audit activities. The Board also supervised compliance with the provisions established by Legislative Decree no. 254/2016 and examined the Consolidated Declaration of a non-financial nature, drawn up for the first time on a mandatory basis in relation to the 2020 financial year, ascertaining its compliance with the provisions governing its preparation pursuant to the aforementioned decree. In accordance with article 3, paragraph 7, of Legislative Decree no. 254/2016, the Board monitored compliance with the provisions contained on the subject of non-financial statements and, in this regard, notes that the Company has fulfilled its legal obligations for the purpose of preparing the Sustainability Report, in accordance with articles 3 and 4 of the aforementioned Decree, as well as article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018, and prepared in accordance with the principles and methodologies set out in the GRI cores selected by the Company. The Sustainability Report and Consolidated Non-Financial Statement for 2020, approved by the Board of Directors on 11 March 2021, were accompanied by the limited audit report issued by PwC today.

8. The Board analysed the report by the Head of Internal Audit to the Risk Control Committee on the suitability of the internal control and risk management system for the year 2020.

   Falck Renewables S.p.A. has implemented for some time the Organisational and Management Model provided for by Legislative Decree no. 231/2001, aimed at preventing the possibility of committing the relevant offences set out in the decree and therefore the administrative liability of the Company. As the body responsible for the implementation of the 231/01 Model of the Company, with autonomous supervisory, control and initiative tasks, a collegial Supervisory Board (SB) has been set up, currently composed of Giovanni Maria Garegnani, Chairman, Luca Troyer and Siro Tasca, Head of the Internal Audit function. Examination of the periodic reports drawn up by the Supervisory Board did not reveal any reports or non-compliance with the application of the Model.

9. The Board has no particular observations to make on the

adequacy of the administrative and accounting system and its reliability in providing a fair view of operations. In accordance with Law 262/2005 (the Savings Law), a Manager assigned to prepare the accounting documents (the "Manager Responsible") has been appointed, at the proposal of the Internal Control Committee and with the favourable opinion of the Board. A group manual has also been adopted, as well as administrative and accounting protocols and procedures concerning the periodic closing of accounts, the preparation of financial statements and reporting packages by subsidiaries.

10. The Company maintains close control over its subsidiaries in order to be able to fulfil its reporting obligations from time to time.
    An adequate reciprocal flow of information between the parent company and the subsidiaries (also for the purposes of the communications required by article 114.2 of the Consolidated Law on Finance) is ensured by the instructions issued to the subsidiaries by the Company's management. The co-ordination of Group companies is also ensured by the presence, in the corporate bodies of the main subsidiaries, of directors and members of the top management of the parent company itself.

    The Manager Responsible carries out an assessment of the internal administrative-accounting control system using the testing activity carried out independently by an external company. Pursuant to Law 262/2005, the Company carried out tests to verify the accounting and administrative closing procedures in general, aimed at confirming the correctness of the accounting data included in the financial statements and in the documents and prospectuses.

    The Board has no comments to make on the exchange of information with the members of the Boards of Statutory Auditors of the subsidiaries.

11. During the periodic meetings held by the Board with the auditors pursuant to article 150.2 of Legislative Decree no. 58/98 there were no major issues to report.

12. The Company has adopted the Self-Regulatory Code of the Committee for Corporate Governance of Listed Companies of Borsa Italiana S.p.A.
    The Board notes that a specific chapter in the Report on Operations is dedicated to the Annual Report on Corporate Governance and Ownership Structures, drawn up pursuant to article 123 bis of the Consolidated Law on Finance, to which reference should be made.
    The company in charge of the legal audit of the accounts certifies in its report that the information set forth in article 123 bis, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of the Consolidated Law on Finance is consistent with legal requirements.
    The Board further notes that on 16 September 2020, Falck Renewables S.p.A. placed a senior unsecured equity-linked green bond for a nominal amount of € 200 million maturing on 23 September 2025. On 17 November 2020 the extraordinary Shareholders' Assembly of Falck Renewables S.p.A. authorised the convertibility of the debenture loan into shares.
    Lastly, the Board reports that the Board of Directors' meeting of 11 March 2021 acknowledged that it had carried out, with a positive outcome, the periodic assessment of the existence of the independence requirements of its non-executive members in compliance with the provisions of article 3, paragraph 1, of the Self-Regulatory Code and the assessment criteria indicated therein; the Board has verified the correct application of the criteria and procedures for ascertaining the independence requirements adopted by the Board of Directors and has no observations to make in this respect.
    As illustrated above, the Board also verified the compliance of its members with the independence requirements pursuant to point 10.

Independent Auditors

In relation to the appointment for the statutory audit, the Board, in its previous composition, had drawn up on 6 March 2019 a reasoned proposal for the appointment of the statutory audit pursuant to article 13 of Legislative Decree no. 39/2010. At the Shareholders' Assembly of 15 April 2019, the Shareholders resolved to appoint PricewaterhouseCoopers S.p.A. as the independent auditors for the period 2020 - 2028.

During the year no critical issues arose in relation to the independence of the independent auditors, taking into account the regulatory and professional requirements governing auditing activities, and the independent auditors informed the Board that, based on the best available information, they maintained their independence and objectivity in relation to Falck Renewables S.p.A. during the reporting period and that no changes occurred in relation to the absence of any of the grounds for incompatibility pursuant to article 160 of the Consolidated Law on Finance and Chapter I-bis of Title IV of the Issuers' Regulations.
The independent auditors confirmed on 31 March 2021 that they meet the independence requirement pursuant to paragraph 17(a) of Auditing Standard ISA Italia 260.
The following overview, prepared pursuant to article 149-duodecies of the Consob Issuers' Regulations (resolution no. 11971 of 14 May 1999 and subsequent amendments and additions), shows the fees for 2020 for audit and other services rendered by the audit firm and companies belonging to its network as follows:

(€ thousands)	Audit of financial statements	Other activities
Other activities	314	55
WtE, biomass and photovoltaic sector	423	8
Wind sector	461	17
Services sector	62	4
Total	**1,260**	**84**

The Parent Company's fees amount to € 359 thousand, of which € 54 thousand for other activities.
Please note that most of the companies consolidated on a line-by-line basis were audited by PricewaterhouseCoopers S.p.A.
Other activities mainly relate to covenant certification activities, Non-Financial Statement certification activities and accounting unbundling activities.
With regard to non-audit engagements carried out by PwC S.p.A. and by other entities of the same network and received by Group companies, the auditing company certifies in its audit reports that no engagements prohibited by the regulations were carried out.
On 31 March 2021, the independent auditors issued their audit reports in accordance with articles 14 and 16 of Legislative Decree no. 39/2010 on the financial statements and the consolidated financial statements as at 31 December 2020. In these reports, the independent auditors certify that the separate and consolidated financial statements for the year ended 31 December 2020 comply with the rules governing the criteria for their preparation, that they have been clearly prepared and give a true and fair view of the financial position and results of operations of Falck Renewables S.p.A. and that the directors' report is consistent with them and complies with legal requirements; the independent auditors' reports do not reveal any significant errors in the Report on Operations.
In the Audit Report on the consolidated financial statements, the auditors state that they have verified that the Company's directors have approved the Consolidated Non-Financial Statement for the year 2020, which was prepared and published in accordance with Legislative Decree no. 254/2016.
The independent auditors also issued, pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of Consob Regulation Resolution no. 20267/2018, the "Report of the independent auditors on the Consolidated Non-Financial Statement". In that Report, the Independent Auditors stated that, based on the work performed, nothing has come to their attention that would lead them to believe that the Consolidated Non-Financial Statement for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of Legislative Decree no. 254/2016 and the GRI standards indicated in the paragraph "Methodological note" of the Consolidated Non-Financial Statement.
On the same date, the auditing company issued the "Additional Report for the Internal Control and Audit Committee" (in this case the Board of Auditors). The Board of Auditors forwarded the aforementioned additional report to the Chairman of the Board of Directors on 31 March 2021, with a request to circulate its contents to the members of the Board.
In 2020, the Board of Statutory Auditors expressed a favourable opinion on the approval of the fees to be paid to PwC for the limited review of the above-mentioned DNF.
Also in relation to the auditors' independence checks, the Board, in its capacity as Audit Committee pursuant to article 19 of Legislative Decree no. 39/2010, verified that, during the 2020 financial year, the total fees for audit-related services rendered by the audit firm PwC and the entities in its network in favour of the Company and its subsidiaries complied with the limits set out in article 4, paragraph 2, of EU Regulation 537/2014. To this end, the nature of the appointments was assessed in light of the criteria laid down by the regulations on prohibited services under article 5 of the Regulation, noting that the audit company did not perform any services other than auditing which are prohibited under it.

Annual and Consolidated Financial Statements
With specific reference to the financial statements for the year ended 31 December 2020, the Board confirms that the relevant file was delivered in time for it to be deposited at the Company's registered office together with this Report.
The Board then examined the draft financial statements for the year ended 31 December 2020 and reviewed the consolidated financial statements as of the same date. In particular, the Board:

- verified that the figures in the financial statements as at 31 December 2020 are comparable with the figures as at 31 December 2019 and that there were no changes in the accounting principles adopted;
- verified compliance with the laws in force concerning the preparation, layout and format of the statutory and consolidated financial statements, taking into account the fact that the Company prepares its statutory and consolidated financial statements in accordance with the provisions of international accounting standards. In particular, following the publication of the joint Bank of Italy/Consob/Isvap Document no. 4 of 3 March 2010, the Board of Directors of the Company verified the com-

pliance of the impairment test procedures on balance sheet assets with the requirements of IAS 36, approving them prior to the approval of the financial reports;

- ascertained that the Report on Operations for the year 2020 complies with applicable laws and is consistent with the resolutions adopted by the Board of Directors, as well as with the facts presented in the separate and consolidated financial statements; in particular, in the paragraphs "Risks and uncertainties" and "Management outlook and prospects for the future" of the Report on Operations, the Directors described the main risks and uncertainties to which the Group is exposed, indicating the financial, legal, regulatory, strategic and operational risks, also referring to the civil, tax and administrative disputes to which the Group companies are party, with detailed evidence of the status of the disputes. The Interim Financial Report of the Company and the Group's consolidated financial statements did not require any comments from the Board. The Interim Financial Report and Quarterly Reports were published as required by law and regulations.

Conclusions

In light of the supervisory activities performed during the year, together with the results of the work performed by the independent auditors, we have no proposals to make, pursuant to article 153, paragraph 2, of Legislative Decree no. 58/98, concerning the financial statements themselves, their approval and the matters for which we are responsible, nor do we have any comments to make on the Board of Directors' proposal for the allocation of the profit for the year and the distribution of a dividend of € 0.067 per share.

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Pursuant to article 144 *quinquiesdecies* of the Issuers' Regulations, approved by Consob with resolution 11971/99 and subsequent amendments and additions, the list of positions held by members of the Board of Statutory Auditors at companies referred to in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code is published by Consob on its website (www.consob.it).

Milan, 31 March 2021

The Board of Statutory Auditors
Mr. Dario Righetti – President
Ms. Giovanna Conca - Statutory auditor
Ms. Patrizia Paleologo Oriundi - Statutory auditor

Assel Valley (Great Britain) wind farm.

INDEPENDENT AUDITORS' REPORT

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Falck Renewables SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Falck Renewables SpA (the Company), which comprise the statement of financial position as of 31 December 2020, the income statement, the statement of comprehensive income and the statement of changes in net equity, the statement of cash flows for the year then ended and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2020 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
First year of the engagement On 15 April 2019, the shareholders of Falck Renewables SpA in general meeting engaged PricewaterhouseCoopers SpA to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2020 to 31 December 2028 The complexity of the Company and its Group, and that of the regulatory framework of the renewable energy industry in which the Falck Renewables Group operates were key matters requiring special attention in the course of our first year on the engagement.	In performing our audit procedures we held meetings with our key contacts at the Company, with the aim, in particular, to obtain an understanding of the regulatory framework of the renewable energy industry. We obtained a specific understanding of the key accounting policies adopted by the Company and obtained documentary evidence and the rationale for the key accounting matters in the financial statements for the year ended 31 December 2020. We reviewed the predecessor auditor's working papers relating to the audit of the financial statements as of 31 December 2019 and discussed with them the audit methodology adopted for the previous year, the materiality threshold applied, the accounting choices made by the Company in the preparation of the previous year's financial reporting and the findings from the audit of the financial statements for the year ended 31 December 2019.
Measurement of equity investments Note 8.6.1 "Accounting policies" Nota 8.6.2 "Balance sheet contents and movements" section A, paragraph 3 "Investments and securities" As of 31 December 2020 securities and equity investments amounted to Euro 753 million. At least annually, Falck Renewables SpA verifies whether impairment indicators exist for each equity investment and if any indicators are found tests those assets for impairment. The valuation processes and methods used to determine the recoverable amount of each equity investment are laid down in a specific impairment testing procedure that has been duly approved by the Company's board of directors. Recoverable	Our audit procedures addressing this key matter involved, among other things, the following: • We analysed the impairment testing procedure approved by the board of directors on 2 March 2021, which illustrates the method followed by the Company to perform the impairment test, providing specific guidance in relation to the identification of possible impairment indicators and the estimation of the recoverable amounts of equity investments; • We verified the compliance of that procedure with IAS 36 "Impairment of assets" and prevailing valuation practice; • We verified whether the types of cash flows used to determine value in use were

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amount is generally identified as value in use, except where reference is made to the fair value resulting from recent transactions. The determination of recoverable amount is based on assumptions that are sometimes complex and by their nature entail the use of judgement by management, with particular reference to the estimation of future cash flows, which are measured using forecast price and production curves provided by third parties, and the definition of the discount rates applied to those forecasts. In consideration of the degree of judgement required and the complexity of the assumptions used in the estimation of the recoverable amounts of equity investments, we considered this a key audit matter.	appropriate and consistent with the Group's business plans; • We verified the reasonableness of the key assumptions underlying the estimated future cash flows and the discount rates used (also against forecasts from external sources, where available); • We compared previous years' forecasts with the corresponding actual figures; • We verified the valuation models adopted and the mathematical accuracy of the quantification of value in use; • Where recoverable amounts coincide with fair values resulting from recent transactions, we verified that the fair values matched the relevant agreements; • We verified the carrying amounts of equity investments; • We verified the sensitivity analyses performed by the Company. In our analyses we also used the support of PwC valuation experts. Finally, we examined the disclosures provided in the notes to the financial statements.
Green Convertible Bond Note 8.6.2 "Balance sheet contents and movements" section D, paragraph 13 "Financial liabilities" and paragraph 10 "Share capital" On 16 September 2020 Falck Renewables SpA successfully placed a senior unsecured equity-linked green bond for Euro 200 million, with maturity on 23 September 2025. At the extraordinary general meeting held on 17 November 2020, the shareholders of Falck Renewables SpA approved the conversion into shares of the bond (the "Green Bond") and the related capital increase. The divisible capital increase, with exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, is in the sole service of the conversion of the Green Bond for a maximum amount of Euro 200 million, inclusive of any share premium, though the issuance of ordinary Falck Renewables SpA shares with regular dividend rights, with the same	We obtained an understanding of the whole transaction and assessed internal control over its correct presentation in the financial statements in accordance with the applicable financial reporting standards. As part of the activities performed, also with the support of PwC experts, we verified: • the adequacy of the process of measuring, accounting for and presenting the transaction in the financial statements in accordance with International Financial Reporting Standards IFRS 9 – "Financial instruments" and IAS 32 – "Financial instruments: presentation"; • the reasonableness of the assumptions and the mathematical accuracy of the models used to measure the fair value and amortised cost of the five-year bond and call option sold on the ordinary shares in Falck Renewables SpA, also

characteristics as ordinary shares outstanding. The convertible bond is a compound financial instrument, comprising (i) a five-year bond at market rates, and (ii) a call option sold to subscribers of the bond, i.e. the possibility to convert the bond into new ordinary shares in the Company at a predefined price.

Considering the materiality of the transaction (which qualifies as a non-recurring event pursuant to CONSOB's communication No. DEM/6064293 of 28 July 2006) and the degree of complexity of fair value measurement of the five-year bond and of the call option, embedded in the convertible bond, the accounting treatment of the transaction was a key matter in our audit of the Group's financial statements.

through independent and sensitivity analyses.

Finally, we verified the accuracy and completeness of disclosures provided in the notes to the financial statements

Other Matters

The Company's financial statements for the year ended 31 December 2019 were audited by another auditor, which issued an unqualified opinion thereon dated 30 March 2020.

The company, as required by law, has included in the notes to the financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the financial statements of Falck Renewables SpA does not extend to those figures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 15 April 2019, the shareholders of Falck Renewables SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Falck Renewables SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Falck Renewables SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Falck Renewables SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Falck Renewables SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 31 March 2021

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

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Falck Renewables SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Falck Renewables Group (the Group), which comprise the statement of financial position as of 31 December 2020, the income statement, the statement of comprehensive income, the statement of changes in net equity, the statement of cash flows for the year then ended and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Falck Renewables SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
First year of the engagement On 15 April 2019, the shareholders of Falck Renewables SpA in general meeting engaged PricewaterhouseCoopers SpA to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2020 to 31 December 2028 The complexity of the Company and its Group, and that of the regulatory framework of the renewable energy industry in which the Falck Renewables Group operates were key matters requiring special attention in the course of our first year on the engagement.	In performing our audit procedures we held meetings with our key contacts at the Group, with the aim, in particular, to obtain an understanding of the regulatory framework of the renewable energy industry. We obtained a specific understanding of the key accounting policies adopted by the Company and obtained documentary evidence and the rationale for the key accounting matters in the consolidated financial statements for the year ended 31 December 2020. We reviewed the predecessor auditor's working papers relating to the audit of the consolidated financial statements as of 31 December 2019 and discussed with them the audit methodology adopted for the previous year, the materiality threshold applied, the accounting choices made by the Company in the preparation of the previous year's financial reporting and the findings from the audit of the consolidated financial statements for the year ended 31 December 2019.
Measurement of goodwill and other intangible assets and property, plant and equipment Note 6.6.4 "Accounting policies" Note 6.6.8 "Balance sheet contents and movements", section A, paragraph 1 "Intangible assets" and paragraph 2 "Property, plant and equipment" As of 31 December 2020 Intangible assets amounted to Euro 165 million, including Goodwill of Euro 94 million, and Property, plant and equipment amounted to Euro 1,333 million. The valuation processes and methods used to determine the recoverable amount of each cash generating unit (CGU) are laid down in a specific impairment testing procedure that has been duly approved by the Company's board of directors. Recoverable amount is generally identified as	Our audit procedures in response to this key matter included, among other things, the following: • We analysed the impairment testing procedure approved by the board of directors on 2 March 2021, which illustrates the method followed by the Company to perform the impairment test, providing specific guidance in relation to the definition of the perimeter of CGUs, the identification of possible impairment indicators and the estimation of the recoverable amounts of the CGUs; • We verified the compliance of that procedure with IAS 36 "Impairment of assets" and prevailing valuation practice; • We verified whether the types of cash flows used to determine value in use were appropriate and consistent with the Group's business plans;

value in use, except where reference is made to the fair value resulting from recent transactions. The determination of recoverable amount is based on assumptions that are sometimes complex and by their nature entail the use of judgement by management, with particular reference to the estimation of future cash flows, which are measured using forecast price and production curves provided by third parties, and the definition of the discount rates applied to those forecasts. In consideration of the degree of judgement required and the complexity of the assumptions used in the estimation of the recoverable amounts of goodwill, other intangible assets and property, plant and equipment, we considered this a key audit matter.	• We verified the reasonableness of the key assumptions underlying the estimated future cash flows and the discount rates used (also against forecasts from external sources, where available); • We compared previous years' forecasts with the corresponding actual figures; • We verified the valuation models adopted and the mathematical accuracy of the quantification of value in use; • Where recoverable amounts coincide with fair values resulting from recent transactions, we verified that the fair values matched the relevant agreements; • We verified the carrying amounts of CGUs; • We verified the sensitivity analyses performed by the Company. In our analyses we also used the support of PwC valuation experts. Finally, we examined the disclosures provided in the notes to the consolidated financial statements.
Green Convertible Bond Note 8.6.2 "Balance sheet contents and movements" section D, paragraph 13 "Financial liabilities" and paragraph 10 "Share capital" On 16 September 2020 Falck Renewables SpA successfully placed a senior unsecured equity-linked green bond for Euro 200 million, with maturity on 23 September 2025. At the extraordinary general meeting held on 17 November 2020, the shareholders of Falck Renewables SpA approved the conversion into shares of the bond (the "Green Bond") and the related capital increase. The divisible capital increase, with exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, is in the sole service of the conversion of the Green Bond for a maximum amount of Euro 200 million, inclusive of any share premium, though the issuance of ordinary Falck Renewables SpA shares with regular dividend rights, with the same characteristics as ordinary shares outstanding. The convertible bond is a compound financial instrument, comprising (i) a five-year bond at	We obtained an understanding of the whole transaction and assessed internal control over its correct presentation in the financial statements in accordance with the applicable financial reporting standards. As part of the activities performed, also with the support of PwC experts, we verified: • the adequacy of the process of measuring, accounting for and presenting the transaction in the financial statements in accordance with International Financial Reporting Standards IFRS 9 – "Financial instruments" and IAS 32 – "Financial instruments: presentation"; • the reasonableness of the assumptions and the mathematical accuracy of the models used to measure the fair value and amortised cost of the five-year bond and call option sold on the ordinary shares in Falck Renewables SpA, also through independent and sensitivity analyses.

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market rates, and (ii) a call option sold to subscribers of the bond, i.e. the possibility to convert the bond into new ordinary shares in the Company at a predefined price. Considering the materiality of the transaction (which qualifies as a non-recurring event pursuant to CONSOB's communication No. DEM/6064293 of 28 July 2006) and the degree of complexity of fair value measurement of the five-year bond and of the call option embedded in the convertible bond, the accounting treatment of the transaction was a key matter in our audit of the Group's financial statements.	Finally, we verified the accuracy and completeness of the disclosures provided in the notes to the consolidated financial statements.
Extraordinary transactions and business combinations Note 6.6.2 "Scope of consolidation" Note 6.6.8 "Balance sheet contents and movements", section D, paragraph 11 "Share capital" Note 6.6.9 "Income statement contents and movements", paragraph 20 "Other income" In March 2020 Falck Renewables entered into a strategic partnership agreement with the ENI Group to accelerate further development of renewable energy in the United States. The agreement provided for the transfer to Eni New Energy US Inc. of 49% of the Company's ownership interest in Novis Renewables Holdings, LLC, the owner of the plants in operation in the United States at the transfer date, for total installed capacity equal to 112.5 MW. At the same time, under the terms of the agreement, a new venture, named Novis Renewables, LLC, was set up, 50% of which was then sold to the ENI Group, for the development, construction and financing of new renewable projects such as solar, photovoltaic, onshore wind and energy storage. The sale of 49% of Novis Renewables Holdings, LLC, in which Falck Renewables maintained control, generated a gain of Euro 11,569 thousand which, this being a transaction with non-controlling interests, was recognised directly in equity. The parallel sale of 50% of Novis Renewables, LLC generated a gain of Euro 3,865 thousand, which was accounted for in "Other income" in the consolidated income statement, as	Our audit procedures in response to this key matter included, among other things, the following: - We analysed the agreements relating to the extraordinary transactions and business combinations to obtain an understanding of the key terms and conditions; - We analysed the accounting treatment of those transactions; - We verified the appropriate identification and verification of the estimation of fair value of the interest in Novis Renewables LLC, and of the assets acquired and liabilities assumed at the date of acquisition of control of BEHUS; and - We analysed critically the valuation assumptions used, such as the estimated production curves and the discount rates used by management to determine the fair values. Finally, we verified the adequacy of the disclosures provided in the notes to the consolidated financial statements in relation to the extraordinary transactions and business combinations.

a result of the deconsolidation of the interest sold and the initial recognition at fair value of the remaining 50% interest in the joint venture that is carried at equity.

In November 2020 the Falck Renewables Group acquired control of Building Energy Holdings US, LLC and its subsidiaries (BEHUS). The operations of BEHUS comprise 61.6 MW of wind and solar projects in operation in the United States, a development and asset management team and a pipeline of wind projects up to 160 MW.
The cost of the acquisition was Euro 26 million. The acquisition was accounted for in accordance with IFRS 3.

The accounting processes and methods applied to the above transactions involved, for each transaction, making evaluations about the agreements made, the definition of control, the identification of the assets and liabilities acquired and transferred, and the determination of the relevant fair values. Those evaluations are based on assumptions that are sometimes complex and by their nature entail the use of judgement by management, with particular reference to the estimation of the earnings and cash flows that the entities involved will generate in future.

Given the materiality of the extraordinary transaction and business combination under examination and considering the presence of complex valuations that required a high degree of judgment by the directors of the parent company, we considered the extraordinary transactions and business combinations a key audit matter.

Other Matter

The consolidated financial statements of the Falck Renewables Group for the year ended 31 December 2019 were audited by another auditor, which issued an unqualified opinion thereon dated 30 March 2020.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Falck Renewables SpA or to cease operations, or have no realistic alternative but to do so. The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

The board of statutory auditors of Falck Renewables SpA is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 15 April 2019, the shareholders of Falck Renewables SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Falck Renewables SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Falck Renewables Group as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Falck Renewables Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Falck Renewables Group as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Falck Renewables SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 31 March 2021

PricewaterhouseCoopers SpA

Signed by

Marco Sala
(Partner)

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