

# 2021

INTERIM FINANCIAL REPORT  
AT 30 JUNE

Falck  
Renew  
ables

PURE POWER TO GROW



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

Interim Financial Report at 30 June 2021

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## 1 Company officers

### 1. Company officers

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#### Board of Directors

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

(\*) Independent Members for the purposes of the TUF and the Corporate Governance Code

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

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#### Board of Statutory Auditors

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

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

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#### Independent Auditors

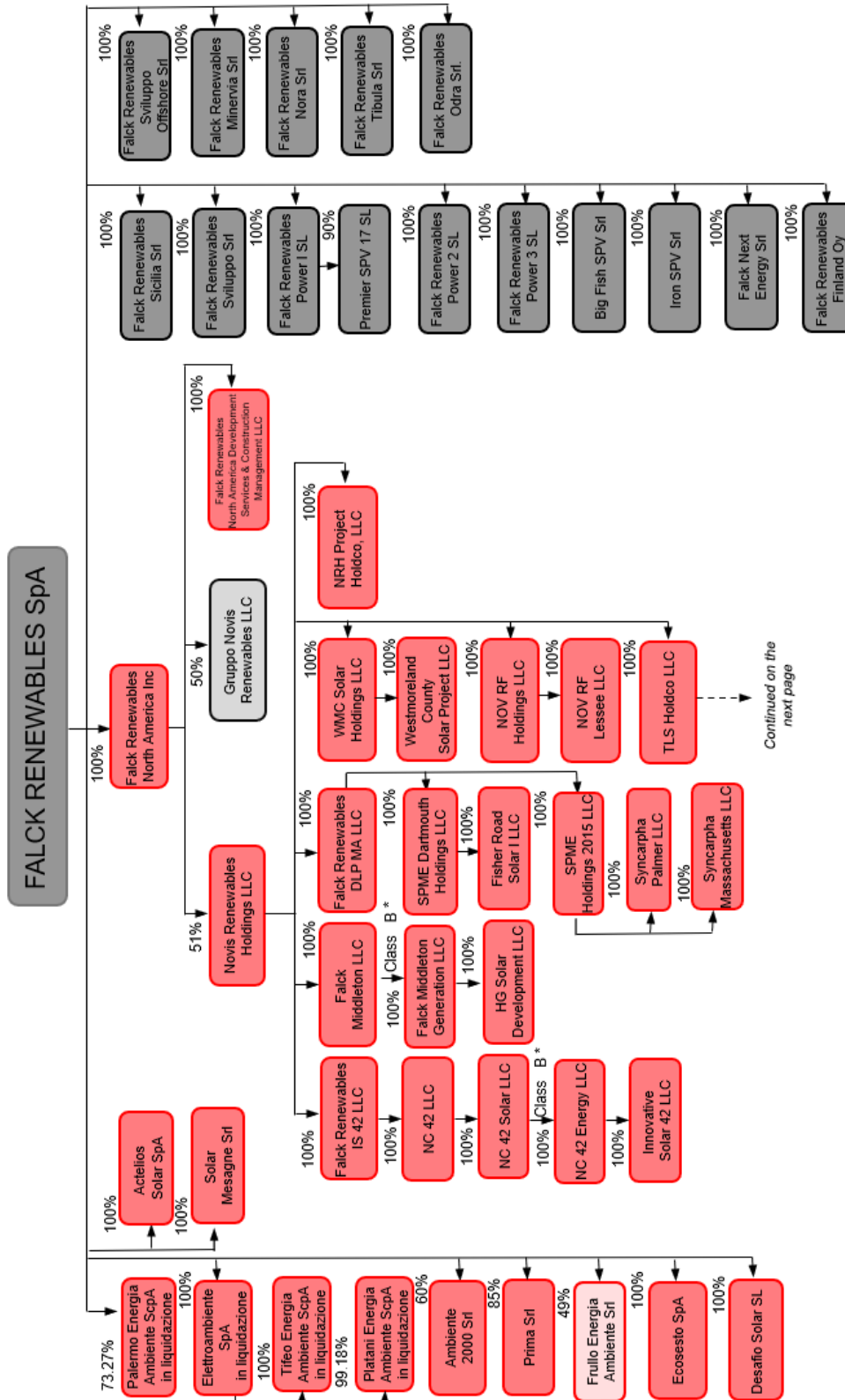
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PricewaterhouseCoopers SpA

2 Group structure

2. Group presentation

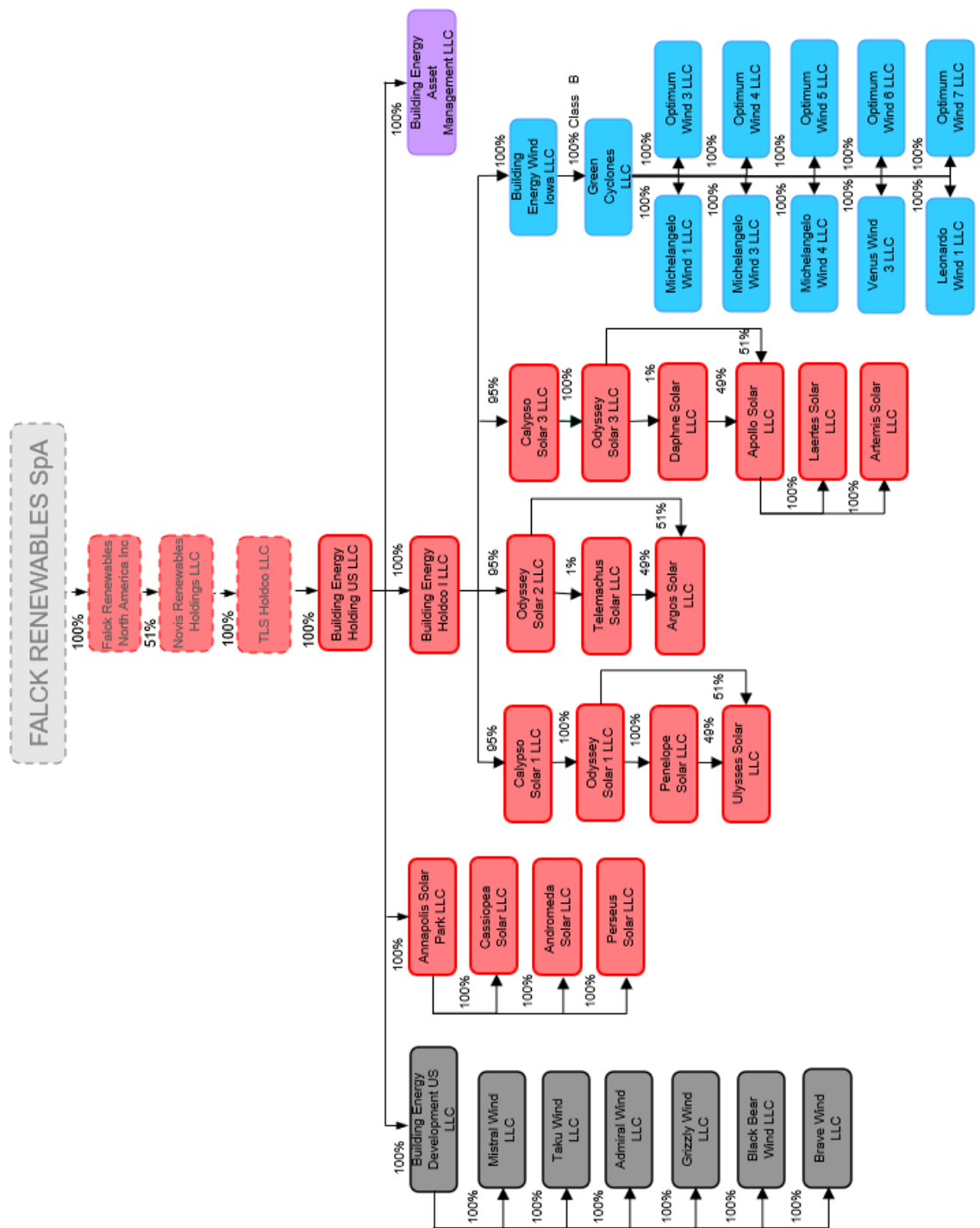
2.1 Group structure



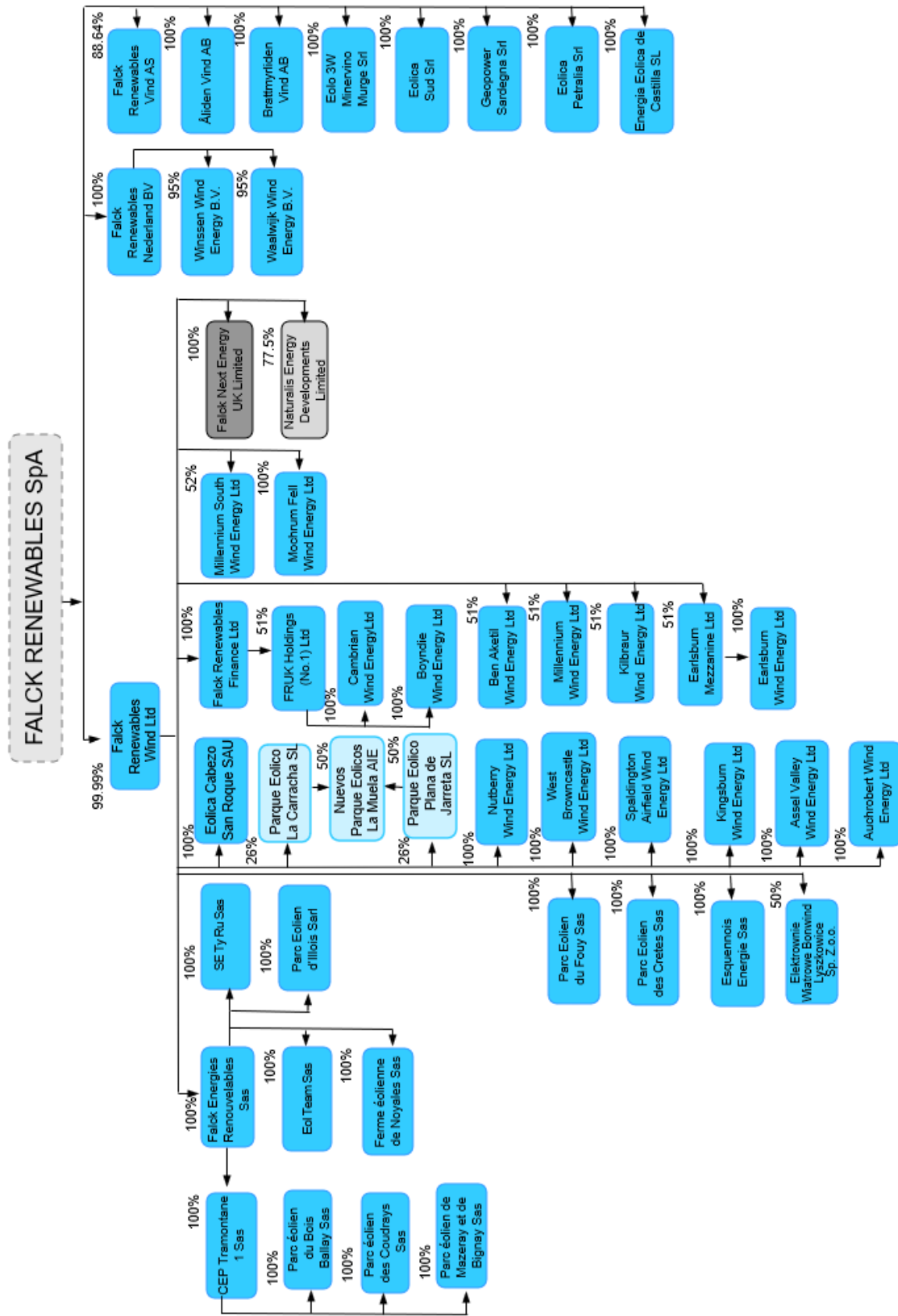
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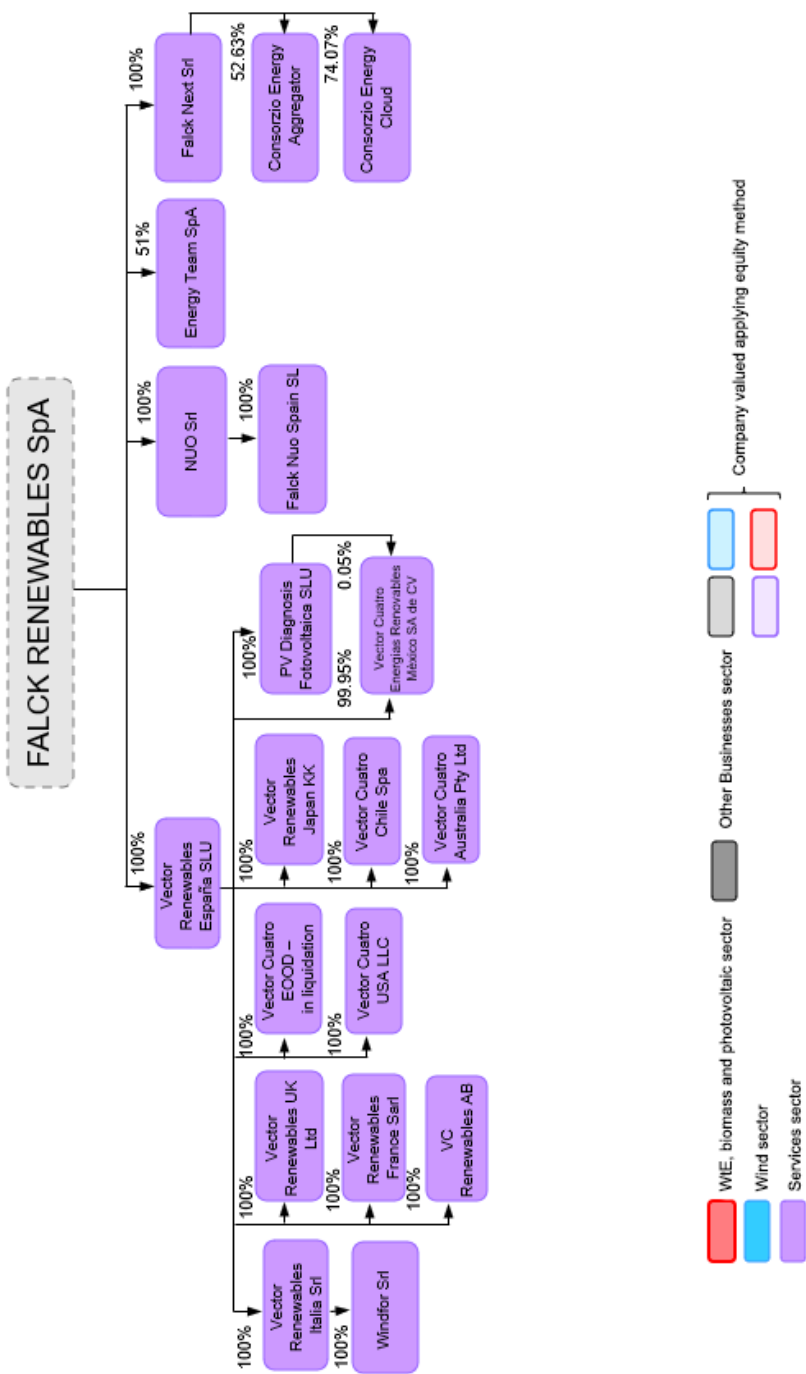
FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

2 Group structure









\*The class B quotas guarantee the control of the company, while class A quotas attribute protective rights.

### 3. Consolidated financial highlights

(€ thousands)	30.06.2021	30.06.2020	31.12.2020
Revenues from sale of goods and services	234,186	195,289	384,359
EBITDA (1)	100,700	106,251	197,240
Operating profit/(loss)	54,573	62,290	111,280
Profit/(loss) for the period	19,098	28,401	59,825
Falck Renewables SpA profit/(loss) for the period	11,570	21,283	45,606
Earnings per share (€) (2)	0.040	0.074	0.158
No. shares in circulation (annual average) in thousands	289,204	289,204	289,204
No. shares in circulation (end of the period) in thousands	289,204	289,204	289,204
- Net financial liabilities (assets)	122,718	39,389	52,847
- "Non-recourse" project financing	603,300	614,204	606,532
Total net financial position without derivatives (assets)	726,018	653,593	659,379
- Interest rate, commodity and exchange rate derivative financial instruments (credits)	64,563	38,887	46,150
Total net financial position with derivatives (assets)	790,581	692,480	705,529
Net financial debt excluding operating leases	691,477	610,599	614,873
Net equity	711,452	646,991	708,194
Equity attributable to Falck Renewables SpA equity holders	564,884	539,343	568,777
Equity holders earnings per share (€) (2)	1.953	1.865	1.967
Investments	46,161	62,996	99,979
EBITDA/Revenues	43%	54.4%	51.3%
Operating profit/Revenues	23.3%	31.9%	29.0%
Profit for the period/Equity	2.7%	4.4%	8.4%
Net financial position/Equity	1.11	1.07	1.00
Total number of group employees (no.)	582	535	553

(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.

#### **4. Interim Directors' report**

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## 4 Interim Directors' report

### 4.1. Falck Renewables Group operating and financial review

#### 4.1.1 Falck Renewables Group profile

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

As of 30 June 2021, 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 Renewables Group, a 100% owned subsidiary, also operates in Japan, Mexico, Australia and Bulgaria.

Falck Renewables Group operates in the following business sectors:

- the WtE, biomass and solar energy sector, whose revenues come from the sale of electricity produced, the applicable incentives (the former "green certificate" rate), and the transfer of waste for the production of WtE energy. With regard to the photovoltaic systems, considerable revenues are also derived from the incentive foreseen by Italy's Energy Account system, as well as investment incentives (United States);
- wind power, which produces revenues from selling energy and from incentive tariffs applicable to the Group's wind farms;
- the Services sector, mainly consisting of (i) the Spanish group Vector Renewables acquired in 2014, operating in services and management of plants for the production of renewable energy, with a deep-rooted and extensive international presence; (ii) Energy Team SpA, acquired in October 2018, a leading company in Italy in consumption control and flexibility management services on electricity markets; and (iii) 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.

## 4 Interim Directors' report

### 4.1.2 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 2019/944 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 revision of the Renewable Energy Directive and the Energy Efficiency Directive in order to assess the introduction of more ambitious climate targets for 2030. As part of the review, the Commission proposed increasing the European 2030 target for the reduction of greenhouse gas emissions from 40% to 55%. Within the context of this review process, which also takes into account the different initiatives presented during 2020, such as the EU Energy Systems Integration and Hydrogen Strategies and the so-called Next Generation EU, the economic recovery fund allocated in response to the Covid-19 pandemic, a set of legislative proposals called Fit for 55 was approved by the Commission in July of 2021. The Fit for 55 package (with which the Commission undertakes to reduce net greenhouse gas emissions by at least 55% by 2030 compared to the 1990 levels) includes various measures, including a proposed revision of the REDII that would increase the share of renewables comprising the Union's final energy consumption values to 40% by 2030. This review process, which is currently subject to public consultation, will end following the discussion and approval of the final proposals by the European Parliament and the Council.

## 4 Interim Directors' report

### *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, with the exception of the new developments in the United Kingdom.

In keeping with that which is indicated for the 2020 tax period, 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 in article 2, paragraph 2-bis of the Decree Law 119 dated 23.10.2018, as amended by Conversion Law no. 136 of 17.12.2018, concerning the application of the reverse charge regime to supplies of gas and electricity to a taxable dealer also applies in 2021. This mechanism, 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 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 regard to the United Kingdom, it should be noted that on 10 June 2021 the Finance Bill 2021 was definitively approved (with "Royal Assent"), which brought the corporate income tax rate to 25% starting from 1 April 2023. Following this change, the income tax rates applicable to the Group's companies residing in the United Kingdom will be 19% for both the current tax period and the 2022 tax period, 23.5% for the 2023 tax period, and 25% for the subsequent tax periods. This amendment made it necessary to record deferred tax liabilities, which in turn would have an effect on the Group's net result of € 5.9 million in the 2021 interim report.

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 the sectors 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 was reinstated again for 2021) and the increase for 2019 and 2020 in the threshold for the deductibility of interest expenses.

Sweden and Norway have witnessed a gradual reduction in the tax rate for corporate income determination purposes as explained below. In Sweden, in particular, the reduction of the corporate income tax rate to 20.6% as

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of the year 2021 remains confirmed. The Norwegian budget law for 2019, on the other hand, introduced a reduction in the corporate income tax rate from 23% to 22% from 2019.

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.

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

### *Italy: regulatory framework for the Wind, WtE, biomass and solar sectors*

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

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

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

### **Incentive tariffs, formerly Green Certificates (GC)**

As required by the Ministerial Decree of 6 July 2012, as of 2016 the Green Certificate mechanism was replaced by a new form of incentive that guarantees the payment of a fee by the GSE on net energy generation in addition to earnings from the 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.

The ARERA resolution no. 22/2021/R/efr determined, for the purposes of quantifying the value of the Incentive replacing the green certificate for 2021, the average value in 2020 of the electricity sale prices, equal to € 39.80/MWh. Therefore, the value of the Incentive for 2021 was set at € 109.36/MWh.

Ecosesto SpA's biomass plant, on the other hand, benefits from an incentive as described above, increased by a



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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 2021 incentive is equal to € 177.16/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 decree no. 91/2014, converted into Law no. 116/2014, establishes that, as of January 2015, the incentive tariff for energy produced by plants with a nominal capacity of more than 200 kW (all those of Falck Renewables Group), will be remodelled, choosing from three possible options. The Group has opted for the following reformulation (so-called option c): without prejudice to the 20-year disbursement period, the tariff is reduced by 8% compared to the incentive initially granted, for the remaining duration of the incentive period from 1 January 2015.

Following an appeal filed by a number of operators, the Regional Administrative Court of Lazio (TAR) 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 Council declared the question of constitutionality posed by the plaintiffs with regard to the aforementioned provision to be unfounded. After the Constitutional Court rejected the findings of constitutional legitimacy, the TAR decided to refer the matter to the Court of Justice of the European Union, which expressed its opinion on 15 April 2021, finding the law to be compatible with the laws of the European Union. The final judgements will subsequently be determined by the Lazio Regional Administrative Court, which will have to take the ruling of the European court into account.

### **FER1 Decree Incentives**

On 9 August 2019, the Ministerial Decree of 4 July 2019, more commonly known as the FER1 Decree, which promotes the production of energy from renewable sources to reach the European targets for 2030 defined in the Integrated National Energy and Climate Plan (PNIEC), was published in the Official Gazette. The decree provides for technology-neutral competitive procedures for auctions ( $\geq 1$ MW) and registries ( $< 1$ MW), 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. The Government is currently evaluating the possibility of extending the incentive mechanism referred to in the Ministerial Decree of 4 July 2019 until 2026.

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### **Other major events affecting the regulatory framework governing renewable electricity production**

#### National Integrated Energy and Climate Plan (NIEC)

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 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. In light of the increases currently taking place in relation to the European targets for renewables, the Government is discussing an adjustment of the PNIEC. The updated Plan is expected to be published by August 2021.

#### National Recovery and Resilience Plan (PNRR)

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

#### Revision and reform of the Italian Electricity Market

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

With this in mind, on 23 July 2019 ARERA published the consultation document 322/2019/R/eel "*Testo Integrato del Dispacciamento elettrico (TIDE) - Orientamenti complessivi*" (Integrated Text on Electricity Dispatching - General guidelines). The aim of the text is to reform the electricity dispatching service, how the necessary resources can be provided and how they are remunerated, and to adapt the energy markets to the new context with a view to achieving European targets by 2030. The document aims to introduce a series of important innovations, which should become fully effective by late 2021/ early 2022, including the application of negative prices on the Day-Ahead Market (MGP) and the Intraday Market (MI), the determination of nodal imbalances, the new role of the Balancing Service Provider, and the introduction in the intraday continuous trading market closing at h-1, or rather one hour before the delivery period. This last measure, which is set to be launched on the Italian electricity market in September of 2021, falls within the context of the broader process of reviewing and integrating the various national intraday markets at the European level, otherwise known as European Single Intraday Coupling (SIDC).

On 5 May 2017, the Authority also 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 (MSD), 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 MSD. The first procedure for the forward procurement of dispatching resources provided by the Mixed Virtual Enabled

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Units (UVAM) was published on 14 November 2018 as part of pilot projects for participating in the dispatching of renewables, demand, distributed generation, storage and electric mobility. Following the relative consultation held in November 2020, in February of 2021 Terna published the new regulation for the tender concerning the forward procurement of UVAM resources, which became effective in May 2021. Falck Next Energy Srl currently manages 17 UVAMs, for a total volume of 41.9 MW, including 8 units qualified during the interim procedure held for the period from 1 May through 31 December 2021, for a total of 24.8 MW, and 9 units qualified during the monthly procedure in July 2021, for a further 17.1 MW.

Furthermore, on 6 July 2020, again as part of the projects pursuant to Resolution no. 300/2017, Terna published the regulation regarding the pilot project for the provision of the ultra-rapid frequency regulation service ("Fast Reserve"), dedicated, among other things, to storage systems, both standalone and behind-the-meter. The 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, for which final approval was obtained in June of 2021, 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 MSD 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 Mezzanella 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 procedure 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 original deadline of 31 December 2020 for capacity with a delivery date of 2023 has therefore been postponed until 31 October 2021.

Furthermore, following the European Union's approval of the renewal of the mechanism for the period after 2023, Terna launched a consultation between May and June 2021 aimed at determining the new rules for the auctions for the 2024 and 2025 delivery periods, to be held by the end of the year. Terna will publish the definitive rules in the coming months.

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### Energy management

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

In May 2019, Falck Next Energy also joined the European Energy Exchange EEX (EEX), the leading trading platform for energy and CO2 emissions financial derivatives, and announced the launch of proprietary trading activities. As of April 2020, the proprietary trading has extended its activities from the electricity sector to the gas sector by qualifying to trade on the financial indices of the main European gas exchanges on EEX. During the first few months of 2021, several futures contracts with underlying CO2 were also concluded on EEX.

Lastly, since October 2020, Falck Next Energy Srl has been operating on the Joint Allocation Office (JAO), a platform that enables participation in auction procedures for trading rights on cross-border capacity through the subscription of purchase options based on the price differential of the European market's interconnected countries. The capacity contracted by Falck Next Energy on this platform for the first half of 2021 is equal to 109.546 MWh.

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

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 Eolica de Castilla plant, which came into operation in February 2020.

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

In compliance with the mandate introduced by Royal Decree 23/2020, a new incentive mechanism, which ensures a fixed price for the sale of energy for a period of 12 years, was introduced through Royal Decree 960/2020, approved on 4 November 2020. The new regime, which is further defined in Ordinance



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TED/1161/2020, applies to the auction procedure for 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 mixed pool of technologies. Falck Renewables SpA participated in this procedure, and was awarded 40 MW through its own solar projects.

### ❖ *United Kingdom: regulatory framework for 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 Certificate (ROCs) and has replaced the previous Feed-in Tariff system, known as Non Fossil Fuel Obligation (NFFO).

The previous regulation applied to the sale of electricity from renewable sources was introduced by the Electricity Orders of 1994, 1997 and 1998, in England and Wales, and of 1994, 1997 and 1999 in Scotland.

Although this legislation has been superseded, plants 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 incentive scheme governed by the Renewables Obligation Orders (ROOs). The 2006 Renewables Obligation Order - for England and Wales - and the 2007 Renewables Obligation Order - for Scotland - require suppliers to demonstrate that a percentage of the electricity they sell comes from renewable sources.

The Office of Gas and Electricity Markets (OFGEM) issues ROCs and Scottish Renewables Obligations Certificates (SROCs) for the Gas and Electricity Markets Authority (GEMA).

The Renewables Obligations system should have been concluded by 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 amount of renewable energy has been measured in the number of ROCs per MWh of energy supplied and for the period 1 April 2021 to 31 March 2022 the value to be achieved by each supplier is set at 0.492 ROCs per MWh of energy distributed in Great Britain and 0.194 in Northern Ireland.

The RO regime uses a certification system using ROCs and SROCs to verify supplier compliance. Renewable energy producers, on the other hand, receive a specific number of such certificates for each MWh of electricity generated, based on the source utilised; ROCs and SROCs can be traded, even by participating in auctions organised by the NFPA itself.

At the end of July 2012, the updated ROCs for new plants that entered into service 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 distribution grid -therefore all of the Group's wind farms with the exception of Kilbraur and Millennium- are also usually entitled to receive other incentives, known as "Embedded Benefits". 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).

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In this regard, it is worth noting that connections of up to 132 kV belong to the distribution networks in England and Wales, while connections above 132 kV are considered part of the transmission grid. The situation is different in Scotland, where the transmission networks also include installations connected up to 132kV, 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. In December 2020, the revision of the Embedded Benefit relating to the tariff component known as Balancing Services Use of System (BSUoS) was consolidated, providing for a change in its calculation from a net to a gross tariff base, to be applied from April 2021. Consequently, any benefits enjoyed by so-called embedded systems have been eliminated. Ofgem also stated that, starting in 2023, all BSUoS charges will be transferred from the producers to the suppliers, so from that time forward no wind farm will be subject to the aforementioned tariff components. This change may also affect wholesale energy prices.

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

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

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 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 procedure (AR4), will include an auction in late 2021 open to all technologies, including onshore wind and solar. Ahead of the auction, the government put the CfD structure out for consultation, the result of which confirms the UK regulator's desire

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to replace the current two-way system with a three-way system. The new mechanism therefore involves a first contingent (POT 1) reserved for established technologies, such as onshore wind and solar power, a second (POT 2) dedicated to less established technologies, such as tidal power renewables, wind on minor islands and floating offshore wind, and a final one dedicated to non-floating offshore wind (POT 3).

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

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

Two further decrees concerning the implementation of the FiT and the CfD, approved in May 2016, set the overall regulatory context in which an appropriate and full implementation of the Energy and Transition Act of 2015 is framed.

As far as onshore wind farms are concerned, the French government published a decree on 13 December 2016 sanctioning the end of the FiT system and simultaneously the introduction of the benefits derived from the CfD system. However, plants that made a FiT request before 1 January 2016 continue to enjoy the relevant benefits, according to the Decree of 17 June 2014. Consequently, all the plants that applied to an incentive system prior to 31 December 2016 will be granted a fixed tariff scheme, equal to € 82/MWh and subject to annual indexing, for the first ten years of production, while the tariff for the last five years of the contract is linked to the amount of energy produced in the first ten years. Low-wind sites with less than 2,400 hours of generation per year will continue to benefit from the same fixed tariff for the full fifteen year incentive period, whereas mid and high-wind speed sites will see a decrease in the applied tariff during the last five years.

Since 2017, these wind plants have only been subject to a CfD (contract for difference) type system, pursuant to the decree of 10 May 2017 and 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 base tariff is defined according to the diameter of the largest rotor of the turbine, from a minimum of € 72/MWh to a maximum of € 74/MWh;
- b. the base tariff provides for a cap of € 40/MWh to be applied exclusively to the annual production of the plant in excess of a certain predefined level, which also depends on the diameter of the rotor;
- c. The CfD contract has a duration of 20 years;
- d. the base tariff is subject to annual indexing;
- e. an operating premium of € 2.8/MWh is applied to cover fixed and variable costs related to market access and the Capacity Market.

- 2) Wind farms with a minimum of 7 turbines.

The multi-year auction procedure plan dedicated to onshore wind power plants published on 5 May 2017, and

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amended each year up until 2021, sets as a target the incentivisation of 4.08 GW of aggregate power, for the period between December 2017 and June 2021, according to the following scheme:

- a. the value of the base tariff is equal to that submitted by the head of the wind power project during the auction procedure, and cannot exceed € 70/MWh;
- b. if the project provides for a participatory investment or financing by local public and/or private entities, the value of the base tariff increases as follows:
  - i. in the case of participatory investments greater than or equal to 40% of the entire cost of the project, an additional premium of € 3/MWh is applied,
  - ii. in the case of participatory financing greater than or equal to 10% of the entire cost of the project, excluding the senior debt, an additional premium of € 1/MWh is applied;
- c. The CfD contract has a duration of 20 years;
- d. the base 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 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 31 March 2021, the onshore wind capacity installed in France is equal to 17.9 GW.

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

Falck Renewables Group has been operating in North Carolina since December 2017 with a 92 MW solar power plant, in Massachusetts since June 2018 with four solar power plants, for a total of 20.5 MW, as well as in the 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 are required to comply with certain environmental requirements in order to promote the production of renewable energy. At the state level, the Renewables Portfolio Standards (RPS), currently in place in 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 the investments made in properties related to solar projects: in particular, the ITC foreseen for utility-scale projects that began construction or purchased certain components for the construction of the plant,



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such as solar panels, before the end of 2019, is 30% of the share invested in compatible assets. In 2020, the value of the ITC fell to 26%; it is expected to fall to 22% at the end of 2023 and to settle at 10% from 2026.

### Production Tax Credit (PTC)

The Production Tax Credit (PTC) is a tax credit applied to the production of renewable energy from wind power for a period of ten years after the plant enters into service. The mechanism, originally established in 1992 under the Energy Policy Act, has been extended several times by various laws starting in 1999, and was most recently extended by the Taxpayer Certainty and Disaster Tax Relief Act approved in 2020.

This tax credit is legally assigned a base value of 1.5 US cents per kWh, adjusted annually for the inflation rate published by the US Internal Revenue Service (IRS). For 2021, the indexed value of the PTC is set at 2.5 US cents per kWh.

In addition, pursuant to the IRS guidelines, the base value of the PTC is reduced depending on the year in which the plant was built and its relative entry into operation. In particular, the following are applied:

- 100% of the base value of the PTC in the case of construction work commencing in 2016, if the plant enters into operation by the end of 2021;
- 80% of the base value of the PTC in the case of work commencing in 2017, if the plant enters into operation by the end of 2022;
- 60% of the base value of the PTC in the case of work commencing in 2018, if entry into operation takes place within 4 years;
- 40% of the base value of the PTC in the case of work commencing in 2019, if entry into operation takes place within 4 years;
- following the extension of the mechanism approved in 2019 and the approval of the Disaster Tax Relief Act, 60% of the base value of the PTC, if work starts in 2020 and the plant enters into operation within 4 years.

#### ▪ *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 REC market in North Carolina also allows utilities to purchase up to 25% of their obligation share under the RPS in other qualified REC markets outside the state.

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- *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 have the possibility of producing Solar Renewable Energy Certificates (SRECs), which energy suppliers buy to comply with the Solar Carve-Out programme under the RPS. As a result of changes introduced to the objectives of the RPS, new SREC quotas have been created. The original "Solar Carve-Out Program" (later called SREC Class I) was replaced by the Solar Carve-Out II Program (or SREC Class II). In general, Class I SRECs apply to solar systems built on or after 1 January 2008, while Class II SRECs apply to projects built on or after 1 January 2013. The Class II SREC program was then replaced in November 2018 by the new Solar Massachusetts Renewable Target (SMART), which applies a staggered incentive, differentiated by territory and 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.

The price of the SRECs mainly depends on market availability, based on bilateral contracts stipulated between sellers and buyers in order to stabilise their value. The Massachusetts Department of Energy Resources (DOER) has implemented a state-level auction scheme known as the Solar Credit Clearinghouse Auction II, with prices set on an annual basis and a 5% deduction for administrative expenses. SREC producers only take part in the Solar Credit Clearinghouse Auction II if they have not been able to sell the certificates on the open market through bilateral contracts.

Solar energy projects that fall under SRECs generate 0.6 to 1.0 certificates per MWh produced in the first 10 years after their Commercial Operation Date (COD), according to the type of project and off-taker.

- *New York*

Unlike most state-run RPS programs that require utilities to provide a certain percentage of their electrical 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, NYSEDA 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 NYSEDA; 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 NYSEDA, 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 eligible installations put into operation after 1 January 2015 are classified as Tier 1 sources.

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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.

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 PSC granted additional funding and extended the NYSun program to support the 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.

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### Renewable Energy Certificates (REC)

RECs are valid for a period of three years during which they can be transferred, sold or otherwise redeemed. It is therefore possible to use them for compliance purposes during the year of generation and in the two following years.

As an operator on the PJM (Pennsylvania, New Jersey, Maryland) market, Maryland uses the monitoring and tracking system called PJM-GATS to certify, create, issue and track RECs.

All utilities that provide electricity are required to file an annual report with the Public Service Commission demonstrating compliance with the RPS; if they fail to meet 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 under-supplied 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. It is possible that, if not removed in the coming years, the customs tariffs currently applied could lead to an increase in 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 service in 2019: the Swedish Åliden Vind plant, with a power capacity of 46.8 MW, and the Norwegian Hennøy plant, with a power capacity of 50 MW. Two additional wind farms have since been added to these: the first, located in Brattmyrliden, Sweden, entered into operation in June 2021, with a total installed capacity of 74.1 MW, while the second, located in Okla, Norway, remains 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 has established a shared renewable production target of 28.4 TWh by 2020, with Sweden and Norway financing 15.2 TWh and 13.2 TWh, respectively. 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 these 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.

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These certificates can also be exchanged on the market, where they are purchased by electricity suppliers in order to comply with their state-imposed disclosure obligations, or else can be kept by the producers to be exchanged at a later time.

Due to the technological neutrality of the mechanism, the good wind conditions, and the lower investment costs, the elcertificate market has favoured the installation of onshore wind turbines in both countries.

The deadline for the end of the common market was recently revised based on a proposal by the Swedish government in March 2020 to end the scheme ten years early. In September 2020, the two countries' energy ministers signed an agreement aimed at ending the elcertificate mechanism in 2035. Therefore it will not be possible to obtain certificates in either country for any renewable plants that enter into operation after 31 December 2021. However, the agreement specifies that this deadline will 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 renewable 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 FER 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<sub>2</sub> capture and storage (CCS) and hydrogen from electrolysis.

Compared to SDE+, the new incentive is calculated on the basis of the tonnes of CO<sub>2</sub> emissions avoided per application, using a particular benchmark. The first auction call foreseen by the SDE++ was held in November and December of 2020, and a second call, recently approved by the government, will be open between October and November 2021.



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### 4.1.3 Performance

The Group uses the following alternative performance indicators:

- a) EBITDA is defined by the Group as profit for the period before investment income and expenses, financial income and expenses, depreciation, amortisation, impairment losses, provisions for risks and income taxes;
- b) 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;
- c) 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;
- d) Adjusted results: to make it easier to understand the operating performance of the business, the economic, financial and equity results are also shown highlighting several adjustments related to (i) events or transactions whose occurrence is non-recurring, i.e. those transactions or facts that do not recur frequently in the usual course of business (so-called Non-Recurring Events pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006); or (ii) events or transactions of a non-ordinary nature, i.e. not representative of the normal course of business (so-called Special items): these results are referred to as "Adjusted results". The adjusted results are not audited.

As defined by the ESMA (European Security and Markets Authority) in its guidelines published on 4 March 2021, the Net Financial Debt differs from the Net Financial Position due to the inclusion of certain items, such as "other non-current payables", and the exclusion of the fair value of the non-current financial instruments (derivative financial assets) and "hedging" instruments, as well as "non-current financial receivables". For the reconciliation between the Net Financial Position (which amounts to € 790,581 thousand) and the Net Financial Debt (which amounts to € 808,012 thousand), please refer to the "Net Financial Debt (ESMA)" section of the explanatory notes to the financial statements.

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.

The Revenues of Falck Renewables Group in the first half of 2021 amounted to € 234,186 thousand, for an increase of € 38,897 thousand (+19.9%) with respect to the first half of 2020.

The increase in revenues reflects multiple opposing dynamics, which can be summarised as follows: (i) approximately € 8.3 million for the change in the consolidation perimeter due to the acquisition of the Building Energy Holding US plants (November 2020), the Desafio Solar SL plant (April 2021), and the Donema plant (July 2020), and for the entry into operation of the Brattmyrliden plant (June 2021); (ii) approximately € 27.5 million for the greater volume of energy sold by Falck Next Energy Srl, and approximately € 4.3 million for the increased revenues of the consortia tasked with managing the interruptibility service on the Italian energy market; (iii) approximately € 11 million for the increase in electricity sales prices, especially in Italy, but also in Norway and the United Kingdom, including the differential attributable to the ROC Recycle component; (iv) approximately € 17.1 million due to the lower wind production in the United Kingdom, Italy, France and the Nordic countries (Sweden and Norway), which was partially offset by the greater production in Spain; (v) approximately € 2.4 million for the increased energy production of the biomass plant, which was stopped however in the first half of 2020 due to scheduled maintenance; and (vi) € 2.6 million due to increased revenues from the Services sector.

The GWh generated in the Wind sector in the first half of 2021 amounted to 1,190 compared to 1,275 recorded in the 2020 first half (-7% compared to the same period in 2020) due to the decrease in wind.

The overall GWh generated globally by all of the Group's technologies totalled 1,435 compared to 1,464 in the first half of 2020 (-2% compared to the same 2020 period).



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As anticipated, there was an increase in electricity sale prices, including the incentive component and the hedging of the price risk, during the first half of 2021 compared to the first half of 2020: (i) for wind plants in Italy by 16% Norway by 6% and in the UK by 2%; (ii) for solar plants in Italy by 12%; and (iii) for biomass plants by 6%, due to the incentive component. There was a reduction in prices, on the other hand, including price risk hedging activities, for wind farms in Sweden (by 9%) and Spain (by 1%), while in France the Feed in tariff mechanism led to general price stability with respect to the previous period.

In the first half of 2021, compared to the previous period, the pound sterling appreciated by an average of 0.8% against the Euro, and the dollar depreciated by an average of 8.6% against the Euro.

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

	EUR/GBP	EUR/USD
End of period exchange rate 30 June 2021	0.8581	1.1884
End of period exchange rate 30 June 2020	0.9124	1.1198
End of period exchange rate 31 December 2020	0.8990	1.2271
Average exchange rate 30 June 2021	0.8680	1.2053
Average exchange rate 30 June 2020	0.8746	1.102
Average exchange rate 31 December 2020	0.8897	1.1422

	(€ thousands)		
	30.06.2021	30.06.2020	31.12.2020
Sales revenues	234,186	195,289	384,359
<b>Operating profit/(loss)</b>	<b>54,573</b>	<b>62,290</b>	<b>111,280</b>
<b>EBITDA</b>	<b>100,700</b>	<b>106,251</b>	<b>197,240</b>
<b>Profit/(loss) before tax</b>	<b>36,722</b>	<b>40,673</b>	<b>75,587</b>
<b>Profit/(loss) for the period</b>	<b>19,098</b>	<b>28,401</b>	<b>59,825</b>
<b>Profit for the period attributable to owners of the parent</b>	<b>11,570</b>	<b>21,283</b>	<b>45,606</b>
Invested capital net of provisions	1,502,033	1,339,471	1,413,723
Total Group and Non-controlling interest equity	711,452	646,991	708,194
<b>Net financial position - liabilities/(assets)</b>	<b>790,581</b>	<b>692,480</b>	<b>705,529</b>
of which non-recourse project financing	603,300	614,204	606,532
<b>Investments</b>	<b>46,161</b>	<b>62,996</b>	<b>99,979</b>
Personnel at the period-end	582	535	553
Ordinary shares	291,413,891	291,413,891	291,413,891

A breakdown of revenues by category of activity is shown below:

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	(€ thousands)			
	30.06.2021	%	30.06.2020	%
WtE, biomass and solar sectors	38,838	16	31,844	16
Wind sector	134,892	58	130,009	67
Services Sector	25,975	11	20,224	10
Other Businesses	79,671	34	34,343	18
Partial total	279,376	119	216,420	111
Elimination of intra-group revenues	(45,190)	(19)	(21,131)	(11)
<b>Total</b>	<b>234,186</b>	<b>100</b>	<b>195,289</b>	<b>100</b>

While revenues increased by approximately € 38.9 million, costs, including depreciation and amortisation, increased by approximately € 42.5 million, while other income and the margin from trading activities decreased by a total of € 4.1 million, resulting in a decrease in operating income of € 7.7 million, due to the following dynamics:

**Other income** decreased by € 3,552 thousand. In the first half of 2020, this item included a gain of € 3,989 thousand realised on the sale by the Group of its 50% interest in Novis Renewables LLC. The extraordinary income and contractual penalties were also lower, respectively by € 391 thousand and € 300 thousand compared to the same previous period. This effect was partially offset by higher operating and capital grants of approximately € 947 thousand compared to the previous period, mainly due to the acquisition of the wind farm in Iowa, in the United States.

**Direct costs and expenses** increased by € 42,435 thousand, mainly due to: (i) the purchase of energy from the market by Falck Next Energy Srl, for € 28.5 million, and the higher costs of the consortia tasked with managing the interruptibility service on the Italian energy market, for € 4.3 million; (ii) the higher costs and depreciation due to the higher installed capacity, for € 5.2 million; (iii) the higher maintenance costs of the Trezzo WtE plant, as the plant anticipated the shutdown with respect to 2020, for € 0.8 million, the allocation of € 0.6 million to the environmental restoration fund, and the increased management costs partially offset by lower maintenance costs of the Rende plant, which underwent a two-year shutdown for maintenance during the first half of 2020, for € 0.2 million; and (iv) the reclassification of several cost items from general and administrative expenses, for € 1.8 million.

**Personnel costs** increased by € 2,701 thousand, mainly due to the average increase in the workforce with respect to the first half of 2020 (+39 employees) and salary increases compared to the first half of 2020. The increase in the number of employees compared to 30 June 2020 is mainly due to the Services segment, the acquisition in November 2020 of Building Energy Holding US LLC (5 employees) and internal growth as the main functions, in continuity with what occurred in 2020, are being structured to cope with the development of the new initiatives envisaged in the Business Plan.

**General and administrative expenses** decreased by € 2,658 thousand with respect to the same period in 2020, mainly due to the decreased provisions made to the provision for doubtful accounts, for € 2 million, and the decreased reclassified service costs, for € 1.8 million, for better exposure among the direct Costs and expenses, which was partially offset by increased depreciation and by a penalty paid to an offtaker by the company Brattmyrliden due to the delay of the plant's entry into operation, for which a request for compensation will be submitted to the plant's manufacturer.

Due to the above trends, during the first half of 2021, the **EBITDA** reached € 100,700 thousand (€ 106,251 thousand in the first half of 2020), which as a percentage of revenues was 43% (54.4% in the first half of 2020), and the **Operating income** amounted to € 54,573 thousand (€ 62,290 thousand in 2020) or 23.3% of revenues (31.9% in the first half of 2020).

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The **EBITDA** for the first half of 2021 decreased compared to the first half of 2020 mainly due to significantly lower wind power production in the United Kingdom (-21.8%), Italy (-2.9%), France (-17.1%) and Sweden and Norway (-14.2%) partially offset by: (i) the Group's higher power production due to new installed capacity; (ii) the increase in electricity sale prices mainly in Italy, Norway and the United Kingdom; (iii) the higher energy production of the biomass plant shutdown for scheduled maintenance during the first half of 2020; and (iv) the increased margins of the Services sector. As described above, the first quarter of 2020 also benefited from the gain realised following the Group's sale of its 50% interest in Novis Renewables LLC to Eni New Energy US Inc for € 4 million.

**Net financial expenses** decreased by € 3,762 thousand compared to the first half of 2020. The decrease was due to lower exchange rate losses, the measures taken by the management to streamline financial costs through debt renegotiations, releases and lower accruals to the provision for doubtful accounts for a total of € 1,346 thousand and the positive change in the Fair Value of Energy Team's put option for approximately € 695 thousand (Special item), partially offset by the effect of notional charges on the convertible bond, measured at amortised cost and equal to € 2,333 thousand (Special item).

In the first half of 2021 Falck Renewables Group recorded a **profit before tax and before minority interests** of € 36,722 thousand, a decrease of € 3,951 thousand compared to the first half of 2020.

As of 30 June 2021, the **income taxes** amounted to € 17,624 thousand (€ 12,272 thousand in first half of 2020). This figure was significantly affected by the one-off adjustment of deferred tax liabilities in the UK, with a total negative impact of approximately € 8.3 million, resulting from the approval of the increase in the corporate income tax rate from 19% to 25% from 1 April 2023 (Special item). Taxes for the first half of 2020 were negatively impacted by the effects of the one-off adjustment of deferred tax liabilities in the UK for a total of € 2.7 million, following the failure to reduce the income tax rate from 19% to 17%, which was previously approved and subsequently repealed (Special item).

As a result of the aforementioned dynamics, the **Profit/(loss)** amounted to € 19,098 thousand compared to € 28,401 thousand as of 30 June 2020.

**Profit/(loss) attributable the Group** amounted to € 11,570 thousand, as opposed to € 21,283 thousand as of 30 June 2020.

The **net financial position including the fair value of derivatives** totalled € 790,581 thousand, as opposed to € 705,529 thousand as of 31 December 2020, and comprised:

- non-recourse financing of € 603,300 thousand, down € 3,232 thousand on the balance at 31 December 2020;
- the liability for operating leases, which in accordance with IFRS 16 is classified under financial liabilities, amounting to € 99,104 million. Net of this amount, the net financial position would be € 691,477 thousand;
- net financial debt of € 142,133 thousand relating to projects under construction and development which, at 30 June 2021, had not yet generated full year revenue; net of this amount, the fair value of derivatives (€ 64,563 thousand at 30 June 2021 compared with € 46,150 thousand at 31 December 2020) and financial debt under operating leases, the net financial position would have been € 484,781 thousand.

The following components led to the change in the net financial position: cash generation from operations amounted to approximately € 78.7 million and was more than offset by net investments and the increase in the consolidation perimeter made during the half of the year, for a total of approximately € 100.6 million. The revaluation of sterling and the dollar against the euro had a negative effect on net financial debt of € 16.2 million, and the change in the fair value of derivatives had a positive effect on the net financial position of € 13.3 million. Capital increases in companies accounted for using the equity method amounted to approximately € 8.7 million

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and dividend payments amounted to € 23.3 million. Finally, additional minority movements were negative by about € 1.7 million.

Moreover, 82% of Gross debt, amounting to € 834,139 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 € 685,502 thousand.

The net financial position (excluding the fair value of derivatives and the debt under operating leases, amounting to € 626,914 thousand) is also hedged against interest rate fluctuations by fixed-rate loans and interest rate swaps for an amount equal to 109% of financial debt.

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

No Non-Recurring Events occurred during the first half of 2020 or the first half of 2021.

The *special items* are as follows:

### 30.06.2021

- the notional charges of the amortised cost of the convertible bond loan, for € 2.3 million, which increased the reported financial expenses, and led to a € 2.3 million increase in the net financial position reported as of 30 June 2021;
- the adjustment of deferred tax liabilities in the United Kingdom for a total of € 8.3 million on Net Income and for a total of € 7.2 million on Group and Minority Shareholders' Equity, following the increase in the corporate income tax rate to 25% as of 1 April 2023;
- the positive change in the Fair Value of the Energy Team Put option, for € 0.7 million, which increased the reported financial income, and led to a € 0.7 million decrease in the net financial position reported as of 30 June 2021.

### 30.06.2020

- the costs of the Long Term Incentive Plan, for € 1 million in relation to the 2017-2019 Share Plan, which increased the reported costs and led to a € 0.7 million increase in the net financial position reported as of 30 June 2020;
- the costs in favour of the local communities and territories in which the Group is conducting operations in support of the “Covid-19” emergency, for € 0.7 million, which increased the reported operating costs and led to a € 0.5 million increase in the net financial position reported as of 30 June 2020;
- adjustment of deferred tax liabilities in the UK for a total of € 2.7 million on Net Income and for a total of € 2.5 million on Group and Minority Shareholders' Equity, following the non-reduction of the income tax rate to 17% (previously approved and subsequently repealed).

	(€ thousands)			
	30.06.2021 Reported	Prior year adjustments	Special items 2021	30.06.2021 Adjusted
<b>Revenues</b>	<b>234,186</b>			<b>234,186</b>
Expenses net of other income	(133,486)			(133,486)
<b>EBITDA</b>	<b>100,700</b>			<b>100,700</b>

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Amortisation and depreciation, charges to provisions, impairment (revaluations)	(46,127)		(46,127)	
<b>Operating profit/(loss)</b>	<b>54,573</b>		<b>54,573</b>	
Financial income/(expenses)	(17,044)	1,638	(15,406)	
Investment income/(expenses)	(807)		(807)	
<b>Profit/(loss) before tax</b>	<b>36,722</b>	<b>1,638</b>	<b>38,360</b>	
Income tax expense	(17,624)	8,123	(9,501)	
<b>Profit/(loss) for the period</b>	<b>19,098</b>	<b>9,761</b>	<b>28,859</b>	
Profit attributable to non-controlling interests	7,528	2,359	9,887	
<b>Profit/(loss) attributable to owners of the parent</b>	<b>11,570</b>	<b>7,402</b>	<b>18,972</b>	
<b>Invested capital net of provisions</b>	<b>1,502,033</b>	<b>(3,933)</b>	<b>7,107</b>	<b>1,505,207</b>
<b>Total Group and Non-controlling interests equity</b>	<b>711,452</b>	<b>(27,123)</b>	<b>8,745</b>	<b>693,074</b>
<b>Net financial position - liabilities/(assets)</b>	<b>790,581</b>	<b>23,190</b>	<b>(1,638)</b>	<b>812,133</b>

(€ thousands)

	30.06.2020 Reported	Prior year adjustments	Special items 2020	30.06.2020 Adjusted
<b>Revenues</b>	<b>195,289</b>			<b>195,289</b>
Expenses net of other income	(89,038)		1,687	(87,351)
<b>EBITDA</b>	<b>106,251</b>		<b>1,687</b>	<b>107,938</b>
Amortisation and depreciation, charges to provisions, impairment (revaluations)	(43,961)			(43,961)
<b>Operating profit/(loss)</b>	<b>62,290</b>		<b>1,687</b>	<b>63,977</b>
Financial income/(expenses)	(20,806)			(20,806)
Investment income/(expenses)	(811)			(811)
<b>Profit/(loss) before tax</b>	<b>40,673</b>		<b>1,687</b>	<b>42,360</b>
Income tax expense	(12,272)		2,324	(9,948)
<b>Profit/(loss) for the period</b>	<b>28,401</b>		<b>4,011</b>	<b>32,412</b>
Profit attributable to non-controlling interests	7,118		1,038	8,156
<b>Profit/(loss) attributable to owners of the parent</b>	<b>21,283</b>		<b>2,973</b>	<b>24,256</b>
<b>Invested capital net of provisions</b>	<b>1,339,471</b>		<b>2,541</b>	<b>1,342,012</b>
<b>Total Group and Non-controlling interests equity</b>	<b>646,991</b>		<b>3,823</b>	<b>650,814</b>
<b>Net financial position - liabilities/(assets)</b>	<b>692,480</b>		<b>(1,282)</b>	<b>691,198</b>

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	(€ thousands)		
	30.06.2021 Adjusted	30.06.2020 Adjusted	Change
<b>Revenues</b>	<b>234,186</b>	<b>195,289</b>	<b>38,897</b>
Expenses net of other income	(133,486)	(87,351)	(46,135)
<b>EBITDA</b>	<b>100,700</b>	<b>107,938</b>	<b>(7,238)</b>
Amortisation and depreciation, charges to provisions, impairment (revaluations)	(46,127)	(43,961)	(2,166)
<b>Operating profit/(loss)</b>	<b>54,573</b>	<b>63,977</b>	<b>(9,404)</b>
Financial income/(expenses)	(15,406)	(20,806)	5,400
Investment income/(expenses)	(807)	(811)	4
<b>Profit/(loss) before tax</b>	<b>38,360</b>	<b>42,360</b>	<b>(4,000)</b>
Income tax expense	(9,501)	(9,948)	447
<b>Profit/(loss) for the period</b>	<b>28,859</b>	<b>32,412</b>	<b>(3,553)</b>
Profit attributable to non-controlling interests	9,887	8,156	1,731
<b>Profit/(loss) attributable to owners of the parent</b>	<b>18,972</b>	<b>24,256</b>	<b>(5,284)</b>
<b>Invested capital net of provisions</b>	<b>1,505,207</b>	<b>1,342,012</b>	<b>163,195</b>
<b>Total Group and Non-controlling interests equity</b>	<b>693,074</b>	<b>650,814</b>	<b>42,260</b>
<b>Net financial position - liabilities/(assets)</b>	<b>812,133</b>	<b>691,198</b>	<b>120,935</b>

	(€ thousands)				
	31.12.2020 Reported	Non- recurring Events	31.12.2020 net of non- recurring events	Special items	31.12.2020 Adjusted
<b>Net financial position - liabilities/(assets)</b>	<b>705,529</b>	22,622	<b>728,151</b>	568	<b>728,719</b>

For more information on the adjusted net financial position as of 31 December 2020, please refer to the 2020 Annual Report.

During the first half of 2021 total investments amounted to € 46,161 thousand.

Investments in property, plant and equipment amounted to € 38,515 thousand, mainly relating to the construction of the wind farms of Brattmyrliden (€ 12,549 thousand) in Sweden, Falck Renewables Vind (€ 4,726 thousand) in Norway, Parc Eolien d'Illois (€ 2,486 thousand) in France, Energia Eolica de Castilla (€ 96 thousand) in Spain, the construction of the Westmoreland County Solar Project (€ 16,766 thousand) in the US, the maintenance of Ecosesto SpA's plants (€ 360 thousand), the capitalisation of usage rights (€ 466 thousand), and the purchase of office furniture and equipment (€ 405 thousand).

Investments in intangible fixed assets amounted to € 7,646 thousand and mainly refer to operating software and licensing expenses of € 2,529 thousand and € 5,117 thousand in development costs.



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### **Other investments (change in consolidation perimeter)**

In April 2021 Falck Renewables SpA completed the acquisition of 100% of the share capital of Desafio Solar SL, owner of a solar plant operating in Spain with an installed capacity of 50 MW.

The investment in acquisitions, recorded as a change in the consolidation perimeter, amounted to € 51,552 thousand (including the net financial position acquired), which must be added to the investments in tangible and intangible assets described above for a total of € 97,713 thousand.

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As of 30 June 2020, the **workforce** consisted of the following:

	(Number)		
	30.06.2021	30.06.2020	31.12.2020
Managers	59	58	58
White-collar staff	492	446	464
Blue-collar staff	31	31	31
<b>Total personnel in consolidated companies</b>	<b>582</b>	<b>535</b>	<b>553</b>

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

	(Number)		
	30.06.2021	30.06.2020	31.12.2020
WtE, biomass and solar sectors	72	65	72
Wind sector	21	26	26
Services sector	357	332	334
Other Businesses	132	112	121
<b>Total</b>	<b>582</b>	<b>535</b>	<b>553</b>

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

	(MW)		
Technology	30.06.2021	30.06.2020	31.12.2020
Wind	1,036.7	932.7	962.7
WtE	20.0	20.0	20.0
Biomass	15.0	15.0	15.0
Solar	211.2	128.6	161.1
<b>Total</b>	<b>1,282.9</b>	<b>1,096.3</b>	<b>1,158.8</b>

The installed capacity increased by 186.6 MW with respect to 30 June 2020.

During the month of July 2020, Falck Next Srl purchased a ground-based solar power plant with a nominal capacity of 0.9 MW, located in the Italian province of Bologna, from Bryo SpA (Donema).

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.

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

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### 4.1.4 Non-financial performance indicators

The key non-financial indicators are as follows:

	Unit of measurement	30.06.2021	30.06.2020	Var	Var %
Gross electricity generated	GWh	1,435	1,464	(29)	-2%
Total waste handled	Ton	71	74	(3)	-4%

### 4.1.5 Share price performance

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



During the first six months of 2021 the share showed a decreasing trend characterised by marked volatility: the initial downtrend, which was in line with the performance recorded by the entire equity sector, and was mainly linked to the uncertainties associated with the spread of the pandemic throughout the major European countries, was compounded during the second quarter by the fear of a progressive increase in inflation, associated with an inevitable increase in rates, which would be particularly detrimental to the Utilities sector, and more generally to growth-oriented securities like Falck Renewables SpA.

The downward trend, which reached its lowest point in early March, at € 5.275 per share, was followed by a decisive upswing, which brought the share to € 6.245 at the end of the same month, with a further downward correction starting at the end of April, reaching the lowest point of € 5.05 per share in mid-May. All this despite the entry into the S&P Global Clean Energy index (which consists of all the major players in the renewable sector). Thanks to a good recovery, the share reached a value of € 5.560 per share at the end of June 2021, for a decrease of 15.63% compared to its value at the end of December 2020.

During the first half of 2021, despite the difficulties in organising meetings due to the Covid-19 pandemic, the communications of our main strategic and business issues to the market increased. Precisely for this reason, we made a special effort to increase the number of meetings with potential investors, both in Italy and internationally, organising digital roadshows and taking part in virtual events organised by *Borsa Italiana*, brokers and specialised companies.

Of particular note was the participation in the European Renewables Conference organised by Jefferies, the Renewable Energy Forum organised jointly at the end of June by Oddo BHF, BBVA and Natixis, the second

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edition of the Pan European ESG Conference organised by Kepler Cheuvreux and the Made in Italy Conference organised by UBS, where the company had the opportunity to meet with some of the most important institutional investors. Also with regard to ESG issues, it is worth noting that, in addition to the usual conferences for the STAR segment (to which the company belongs), the company also participated in the Sustainability Week 2021 organised by Borsa Italiana.

It should also be noted that, on 27 January 2021, Falck Renewables 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.

As of 29 January 2021, Falck Renewables SpA no longer qualified 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 dropped below the 3% threshold.

As well as communicating the strategic objectives, we continued throughout the interim period with our usual focus on shareholders or potential shareholders, privileging an approach based mainly on one-to-one meetings and on sending reports and clarifications, also via email or telephone contacts. The Company also 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](http://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.

### 4.1.6 Performance of the business sectors

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 photovoltaic sector

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

	(€ thousands)		
	30.06.2021	30.06.2020	31.12.2020
Sales revenues	38,838	31,844	64,884
<b>EBITDA</b>	<b>19,461</b>	<b>20,356</b>	<b>37,291</b>
<b>Operating profit/(loss)</b>	<b>10,359</b>	<b>12,765</b>	<b>22,911</b>
<b>Net profit/(loss) for the period</b>	<b>8,829</b>	<b>9,532</b>	<b>18,389</b>
<b>Profit/(loss) attributable to owners of the parent</b>	<b>7,581</b>	<b>8,165</b>	<b>17,005</b>
<b>Intangible assets</b>	<b>806</b>	<b>285</b>	<b>240</b>
<b>Property, plant and equipment</b>	<b>339,499</b>	<b>239,301</b>	<b>273,143</b>
<b>Net financial position -</b>	<b>175,091</b>	<b>93,220</b>	<b>129,640</b>
of which non-recourse project financing	97,642	59,950	78,089
<b>Investments</b>	<b>17,242</b>	<b>1,416</b>	<b>15,798</b>
Personnel at the period-end	(no.)	72	65
		72	72

This sector focuses on electricity production from renewable sources in particular through the conversion of urban waste to energy (WtE) and from biomass and solar power.

The strategy is developed through the management of operating power plants and the development of new projects, either directly or through joint ventures with leading industrial enterprises.

In November 2020, the sector increased its installed capacity by 31.6 MW following the acquisition of Building Energy Holding US LLC. In addition, during the month of April 2021, following the acquisition of Desafio Solar SL, it increased its installed capacity by an additional 50 MW.

The sector showed an increase in revenues of € 6,994 thousand compared to the first half of 2020, for an increase of 22%, mainly due to: (i) the change in the consolidation perimeter, due to the acquisition of the Building Energy Holding US and Desafio Solar SL plants, for approximately € 4.4 million; and (ii) the increased energy production of the biomass plant that had been stopped for scheduled maintenance during the first half of 2020, for approximately € 2.4 million.

The Ebitda amounted to € 19,461 thousand, for a decrease with respect to the figure for the first half of 2020 (€ - 895 thousand): as a percentage of revenues it stood at 50.1% (as opposed to 63.9% in 2020). The EBITDA for the first half of 2020 included the effect of the gain of € 3,989 thousand realised on the sale by the Group of 50% of the equity interest in EF Columbus Renewables LLC to Eni New Energy US Inc with the consequent deconsolidation of these shares and the initial recognition at fair value of the remaining 50% interest.

As a result of the above trends, the greater amounts set aside for provisions, and the increased depreciation due to the greater installed capacity, the operating income decreased by € 2,406 thousand and amounted to € 10,359 thousand.

During the first half of 2021, capital expenditure on tangible and intangible assets amounted to € 17,242 thousand and mainly related to the construction of the Westmoreland County Solar Project (€ 16,766 thousand) in the US, maintenance work on the Ecosesto plants (€ 360 thousand), and technological renewal costs (€ 34 thousand).



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The net financial position, showing a debit balance of € 175,091 thousand, increased compared to 30 June 2020 by € 81,871 thousand, mainly due to the acquisition of Building Energy Holding US LLC and Desafío Solar SL, and the investments made during the period since 30 June 2020.

The net financial position included non-recourse project financing of € 97,642 thousand (€ 59,950 thousand at 30 June 2020), which increased due to the consolidation of the Building Energy US LLC and Desafío Solar SL solar plants, and the positive fair value of the interest rate risk hedging derivatives of € 82 thousand.

### ❖ Wind sector

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

	(€ thousands)		
	30.06.2021	30.06.2020	31.12.2020
Sales revenues	134,892	130,009	246,702
<b>EBITDA</b>	<b>101,543</b>	<b>96,960</b>	<b>181,143</b>
<b>Operating profit/(loss)</b>	<b>68,713</b>	<b>64,109</b>	<b>116,948</b>
<b>Profit/(loss) for the period</b>	<b>34,385</b>	<b>31,900</b>	<b>65,203</b>
<b>Profit/(loss) attributable to owners of the parent</b>	<b>28,105</b>	<b>26,136</b>	<b>52,367</b>
<b>Intangible assets</b>	<b>101,662</b>	<b>97,758</b>	<b>99,487</b>
<b>Property, plant and equipment</b>	<b>1,069,021</b>	<b>1,019,418</b>	<b>1,052,543</b>
<b>Net financial position - liabilities/(assets)</b>	<b>366,368</b>	<b>447,143</b>	<b>431,503</b>
of which non-recourse project financing	505,658	554,254	528,443
<b>Investments</b>	<b>20,645</b>	<b>53,357</b>	<b>60,852</b>
Personnel at the period-end	(no.)	21	26
		26	26

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

In November 2020, the sector increased its installed capacity by 30 MW following the acquisition of Building Energy Holding US LLC. In June 2021, the Swedish plant of Brattmyrlyden also entered into operation, increasing the sector's installed capacity by an additional 74.1 MW.

Revenues increased by € 4,883 thousand, mainly due to: (i) the change in the consolidation perimeter due to the acquisition of the Building Energy Holding US plants (November 2020) and the entry into operation of the Brattmyrlyden plant (June 2021), for approximately € 3.6 million; (ii) the increase in electricity sales prices in Italy, Spain, Norway, and the United Kingdom, including the differential attributable to the ROC Recycle component, for approximately € 17.5 million; and (iii) the exchange rate effect resulting from the average revaluation of the British pound, for approximately € 0.4 million. The increase in revenues was partially offset by approximately € 17.1 million due to the decreased wind power production in the United Kingdom, Italy, France, and the Nordic countries (Sweden and Norway). In Spain, production increased compared to the same period last year.

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The GWh generated in the Wind sector in the first half of 2021 amounted to 1,190 compared to 1,275 recorded in the 2020 first half (-7% compared to the same period in 2020) due to the decrease in wind.

In the first half of 2021, compared to the previous period, the pound sterling appreciated by an average of 0.8% against the euro.

EBITDA amounted to € 101,543 thousand, an increase of € 4,583 thousand over the same period last year and equal to 75.3% of revenues (2020: 74.6%).

The increase in Ebitda was mainly due to the dynamics described above regarding the revenues.

As a result of the above trends, operating income improved by € 4,604 thousand compared to the first half of 2020, and was equal to 50.9% of revenues (49.3% in 2020).

The first half of 2020 included the effect of provisions for risks and write-down of receivables totalling approximately € 2.6 million.

Investments on tangible and intangible assets in the first half of 2021 amounted to € 20,645 thousand, and mainly related to the construction of the wind farms of Brattmyrliden in Sweden (€ 12,633 thousand), Falck Renewables Vind in Norway (€ 4,726 thousand), Energia Eolica de Castilla in Spain (€ 96 thousand), Parc Eolien d'Illois (€ 2,513 thousand), development costs (€ 109 thousand) and software licenses (€ 86 thousand), and technological renewal costs (€ 20 thousand).

The net financial position amounted to € 366,368 thousand, including non-recourse project financing of € 505,658 thousand and the negative fair value of derivatives hedging interest rate, exchange rate and commodity risk for € 22,600 thousand, a decrease of € 80,775 thousand compared with 30 June 2020 due to the cash generated by operating plants net of investments made after 30 June 2020.

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### ❖ Services sector

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

	(€ thousands)			
	30.06.2021	30.06.2020	31.12.2020	
Sales revenues	25,975	20,224	42,901	
<b>EBITDA</b>	<b>3,050</b>	<b>1,411</b>	<b>4,506</b>	
<b>Operating profit/(loss)</b>	<b>250</b>	<b>(997)</b>	<b>(835)</b>	
<b>Net profit/(loss) for the period</b>	<b>33</b>	<b>(1,168)</b>	<b>(1,315)</b>	
<b>Profit/(loss) attributable to owners of the parent</b>	<b>33</b>	<b>(1,168)</b>	<b>(1,315)</b>	
<b>Intangible assets</b>	<b>44,179</b>	<b>45,557</b>	<b>44,992</b>	
<b>Property, plant and equipment</b>	<b>6,428</b>	<b>2,846</b>	<b>6,609</b>	
<b>Net financial position - liabilities/(assets)</b>	<b>2,282</b>	<b>673</b>	<b>3,487</b>	
of which non-recourse project financing				
<b>Investments</b>	<b>1,440</b>	<b>4,542</b>	<b>10,204</b>	
Personnel at the period-end	(no.)	357	332	334

The sector consists mainly of the Spanish group Vector Renewables, 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, Chile, Japan, Mexico, and the United Kingdom.

Vector Renewables also offers engineering and consulting services in the development of projects to generate electricity principally using solar and wind energy.

Energy Team SpA and Falck Next Srl work side by side with producers and consumers (Public Administration, Industry and Tertiary Sector, Local Communities) for a sustainable energy development, implementing efficient, transparent and intelligent measurement, management and local energy production systems.

Nuo Srl offers digital asset management solutions in order to optimise asset management and performance thanks to the support of digital technology.

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

The sector shows an increase in revenues of € 5.7 million mainly due to higher revenues from the consortia tasked with managing the interruptibility service on the Italian energy market, for about € 4.3 million, and from Energy Team, for about € 1.4 million.

The other income increased by € 2.6 million due to the improved performance of Vector Renewables group.

Ebitda improved by approximately € 1,639 thousand, reaching 11.7% of revenues (7% in 2020).

The Operating Income increased by € 1,247 thousand due to the increase in revenues and other income, which more than offset both the increase in direct costs and expenses and administrative expenses (approximately € +5.7 million in total), and the increase in personnel costs (€ +1.4 million).

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The net financial position was in the negative for € 2,282 thousand, for an increase of € 1,609 thousand compared to 30 June 2020, mainly due to the investments made during the period.

### ❖ Other businesses

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

	(€ thousands)		
	30.06.2021	30.06.2020	31.12.2020
Sales revenues	79,671	34,343	81,359
<b>EBITDA</b>	<b>(23,205)</b>	<b>(10,962)</b>	<b>(23,082)</b>
<b>Operating profit/(loss)</b>	<b>(24,841)</b>	<b>(12,231)</b>	<b>(25,587)</b>
<b>Net profit/(loss) for the period</b>	<b>(20,594)</b>	<b>7,828</b>	<b>32,002</b>
<b>Profit/(loss) attributable to owners of the parent</b>	<b>(20,593)</b>	<b>7,841</b>	<b>32,002</b>
<b>Intangible assets</b>	<b>27,697</b>	<b>12,580</b>	<b>21,516</b>
<b>Property, plant and equipment</b>	<b>5,462</b>	<b>5,334</b>	<b>5,579</b>
<b>Net financial position - liabilities/(assets) of which non-recourse project financing</b>	<b>327,773</b>	<b>234,748</b>	<b>221,775</b>
<b>Investments</b>	<b>7,031</b>	<b>7,058</b>	<b>17,328</b>
Personnel at the period-end	(no.)	132	112
		121	

On 16 September 2020 Falck Renewables SpA placed a convertible debenture loan for a nominal amount of € 200 million maturing on 23 September 2025. On 17 November 2020 the Extraordinary Shareholders' Assembly of Falck Renewables SpA authorised the convertibility of the debenture loan into shares.

Revenue increased by € 45,328 thousand, mainly due to the higher volume of energy sold by Falck Next Energy Srl for approximately € 44.7 million.

Operating income decreased by € 12,610 thousand. This decrease is mainly attributable to the commodity risk hedging activities carried out on the production of the Group's plants and the third party electricity brokerage activities carried out by Falck Next Energy Srl.

Investments for the period amounted to € 7,031 thousand, of which € 6,560 thousand related to intangible assets (software, licences and development costs).

## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

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This table sets out the data for the sector:

	(€ thousands)			
	FKR	Other companies	Eliminations	Sector
Sales revenues	732	83,208	(4,269)	<b>79,671</b>
<b>EBITDA</b>	(13,568)	(13,055)	3,418	<b>(23,205)</b>
<b>Operating profit/(loss)</b>	(14,861)	(13,398)	3,418	<b>(24,841)</b>
<b>Net profit/(loss) for the period</b>	(10,320)	(13,698)	3,424	<b>(20,594)</b>
<b>Intangible assets</b>	13,126	14,571		<b>27,697</b>
<b>Property, plant and equipment</b>	5,434	28		<b>5,462</b>
<b>Net financial position - liabilities/(assets)</b>	284,065	27,450	16,258	<b>327,773</b>
of which non-recourse project financing				
<b>Investments</b>	2,021	5,010		<b>7,031</b>
Personnel at the period-end	(no.)	123	9	<b>132</b>

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

The financial position (primarily Falck Renewables SpA) showed a net debt of € 327,773 thousand, compared with a net debt of € 234,748 thousand at 30 June 2020.

The increase in the financial position compared to previous period is due to the capital increases in the 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 convertible bond.

The net financial position includes the negative fair value of foreign exchange and commodity hedging derivatives for € 42,045 thousand (positive for € 480 thousand at 30 June 2020).



## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

### 4 Interim Directors' report

#### Significant minority shareholdings

In compliance with IFRS 12, the data required as at 30 June 2021, relating to subsidiaries with significant minority interests, are shown below, broken down by the countries listed below:

- **United Kingdom**

Company Name	Headquarters	Currency	Capital	% held directly	Parent company
Ben Aketil Wind Energy Ltd	Inverness (United Kingdom)	GBP	100	51.000	Falck Renewables Wind Ltd
Boyndie Wind Energy Ltd	Inverness (United Kingdom)	GBP	100	100.000	FRUK Holdings (No.1) Ltd
Cambrian Wind Energy Ltd	London (United Kingdom)	GBP	100	100.000	FRUK Holdings (No.1) Ltd
Earlsburn Mezzanine Ltd	London (United Kingdom)	GBP	1,000	51.000	Falck Renewables Wind Ltd
Earlsburn Wind Energy Ltd	Inverness (United Kingdom)	GBP	100	100.000	Earlsburn Mezzanine Ltd
FRUK Holdings (No.1) Ltd	London (United Kingdom)	GBP	1	51.000	Falck Renewables Finance Ltd
Kilbraur Wind Energy Ltd	Inverness (United Kingdom)	GBP	100	51.000	Falck Renewables Wind Ltd
Millennium Wind Energy Ltd	Inverness (United Kingdom)	GBP	100	51.000	Falck Renewables Wind Ltd

#### Key balance sheet data

(€ thousands)

Company Name	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Ben Aketil Wind Energy Ltd	19,083	5,640	5,854	10,797	8,072
Boyndie Wind Energy Ltd	8,710	1,459	2,572	3,408	4,189
Cambrian Wind Energy Ltd	18,542	14,009	13,365	7,456	11,730
Earlsburn Mezzanine Ltd	46,183	4,724	30,220	19,637	1,050
Earlsburn Wind Energy Ltd	20,464	4,714	8,402	8,633	8,143
FRUK Holdings (No.1) Ltd	17,690	13,170	7,760	17,155	5,945
Kilbraur Wind Energy Ltd	51,866	10,753	16,931	38,425	7,263
Millennium Wind Energy Ltd	53,633	12,107	20,466	37,180	8,094

#### Key income statement data

(€ thousands)

Company Name	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the period
Ben Aketil Wind Energy Ltd	4,371	3,268	2,970	1,862
Boyndie Wind Energy Ltd	2,441	1,432	1,406	922
Cambrian Wind Energy Ltd	10,012	3,363	3,312	2,642
Earlsburn Mezzanine Ltd		(16)	3,027	3,065
Earlsburn Wind Energy Ltd	5,769	3,512	3,279	2,029
FRUK Holdings (No.1) Ltd		(17)	2,382	2,474
Kilbraur Wind Energy Ltd	11,925	6,461	5,932	3,025
Millennium Wind Energy Ltd	10,911	5,581	4,969	2,357

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- **United States**

Company Name	Headquarters	Currency	Capital	% held directly	% held indirectly
Annapolis Solar Park LLC	Delaware (USA)	USD		100	Building Energy Holding US, LLC
Building Energy Asset Management LLC	Delaware (USA)	USD		100	Building Energy Holding US, LLC
Building Energy Development US, LLC	Delaware (USA)	USD		100	Building Energy Holding US, LLC
Building Energy Holding US, LLC	Delaware (USA)	USD		100	TLS Holdco LLC
Building Energy Wind Iowa LLC	Delaware (USA)	USD		100	Building Energy Holdco, I, LLC
Calypso Solar 1, LLC	Delaware (USA)	USD		95	Building Energy Holdco, I, LLC
Calypso Solar 3, LLC	Delaware (USA)	USD		95	Building Energy Holdco, I, LLC
Falck Middleton Generation LLC	Delaware (USA)	USD		100% class B*	Falck Middleton LLC
Falck Middleton LLC	Delaware (USA)	USD		100	Novis Renewables Holdings LLC
Falck Renewables DLP MA LLC	Delaware (USA)	USD		100	Novis Renewables Holdings LLC
Falck Renewables IS 42 LLC	Delaware (USA)	USD		100	Novis Renewables Holdings LLC
Fisher Road Solar I LLC	Delaware (USA)	USD		100	SPME DARTMOUTH HOLDINGS, LLC
HG Solar Development LLC	Delaware (USA)	USD		100	Falck Middleton Generation LLC
Innovative Solar 42 LLC	Delaware (USA)	USD		100	NC 42 Energy LLC
NC 42 Energy LLC	Delaware (USA)	USD		100% class B*	NC 42 Solar LLC
NC 42 LLC	Delaware (USA)	USD		100	Falck Renewables IS 42 LLC
NC 42 Solar LLC	Delaware (USA)	USD		100	NC 42 LLC
NOV RF Holdings LLC	Delaware (USA)	USD		100	Novis Renewables Holdings LLC
NOV RF Lessee LLC	Delaware (USA)	USD		100	NOV RF Holdings LLC
Novis Renewables Holdings LLC	Delaware (USA)	USD		51	Falck Renewables North America LLC
NRH Project Holdco, LLC	Delaware (USA)	USD		100	Novis Renewables Holdings LLC
Odyssey Solar 2, LLC	Delaware (USA)	USD		95	Building Energy Holdco, I, LLC
Spme Dartmouth Holdings, LLC	Delaware (USA)	USD		100	Falck Renewables DLP MA LLC
SPME Holdings 2015 LLC	Delaware (USA)	USD		100	Falck Renewables DLP MA LLC
Syncarpha Massachusetts LLC	Delaware (USA)	USD		100	SPME Holdings 2015 LLC
Syncarpha Palmer LLC	Delaware (USA)	USD		100	SPME Holdings 2015 LLC
TLS Holdco LLC	Delaware (USA)	USD		100	Novis Renewables Holdings LLC
Westmoreland County Solar Project LLC	Delaware (USA)	USD		100	WMC Solar Holdings LLC
WMC Solar Holdings LLC	Delaware (USA)	USD		100	Novis Renewables Holdings LLC

Class B shares guarantee the control of the company.

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Main balance sheet data for the group of companies listed above

(€ thousands)

Company Name	Non-current assets	Current assets	Net equity	Non-current liabilities	Current liabilities
Novis Renewables Holdings Group	276,219	35,425	151,769	126,939	32,936

Main economic data for the group of companies listed above

(€ thousands)

Company Name	Revenues	Operating profit/(loss)	Profit/(loss) before tax	Profit/(loss) for the period
Novis Renewables Holdings Group	10,270	4,520	2,946	2,944

### 4.1.7 Review of business for the first half of 2021

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

On 27 January 2021, Falck Renewables SpA was included in Bloomberg's Gender-Equality Index (GEI) for the first time. The index, which includes 380 companies in 44 countries, tracks the performance of companies worldwide that are committed to disclosing their efforts and achievements in the area of gender equality through transparency, increased representation in management positions and the creation of specific policies.

Specifically, companies are included in the index mainly based on an assessment of their performance in five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro-women brand.

On 29 January 2021 Falck Renewables SpA, in accordance with 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, letter w-quater 1) of Legislative Decree 58 dated 24 February 1998, ("TUF"), as its capitalisation exceeded the reference threshold during the three-year period 2018-2020.

On 11 February 2021, Falck Renewables SpA announced that it was among the 30 European energy players that, after two years of research and preparation, had officially launched "HyDeal Ambition", an initiative aiming at supplying green hydrogen in Europe at € 1.5/kg (including transmission and storage) by 2030. The production of green hydrogen, through electrolysis from solar sources, will start in 2022 from the Iberian Peninsula.

Our goal is to reach 95 GW of solar and 67 GW of electrolysis capacity by 2030 to produce 3.6 million tonnes of green hydrogen per year for use in the energy, industry and mobility sectors, through the gas infrastructure or storage network, equivalent to one and a half months of oil consumption in France. A phased approach will be anticipated with the first deliveries in Spain and south-west France, to be followed by an extension through eastern France and Germany.

On 12 February 2021, Falck Renewables Sicilia Srl, owner of a solar project under development in Sicily, and Illumia Trend, a trading company of the Tremagi group, an Italian energy and gas supplier operating throughout

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Italy with approximately 350,000 domestic, business and industrial customers, signed a long-term Power Purchase Agreement (PPA).

The project (10.5 MW) is located in the province of Ragusa. Once in operation, the solar plant will produce up to 20 GWh of electricity per year, equivalent to the amount of energy needed to cover the needs of around 7,400 households. Falck Renewables Group, through its subsidiary Falck Next Energy Srl, will also take care of the dispatching of the solar plant, enabling a correct match between the supply profile requested by Illumia and the clean energy produced.

The multi-year contract is characterised by an innovative pricing structure that will allow both companies to balance risks and strategic objectives. 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 19 April 2021, the company was included in the S&P Global Clean Energy index, which includes 82 international companies that stand out for their strong commitment to ESG issues related to sustainability and sustainable development: an acknowledgement of the commitment dedicated to the development of ESG issues in support of the company's core business.

On 20 April 2021 Falck Renewables SpA finalised the acquisition of 100% of the share capital of Desafio Solar SLU, owner of a solar plant operating in Spain. The signing of the Share Purchase Agreement with Caicos Directorship SL, a company owned by Fund IV, managed by Everwood Capital SGEIC SA, was announced on 29 March 2021. The price was approximately € 22 million, plus the assumption of the project's residual debt, and will undergo the usual adjustment mechanisms. The solar plant (50 MW), located in the municipality of Escatrón, in the region of Aragon, has been in operation since June 2020. Annual electricity production is estimated at around 88.7 GWh. The plant has a Power Purchase Agreement (PPA) covering about 70% of the energy produced.

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

On 24 May 2021, Falck Renewables SpA announced the signing of a ten-year Corporate Power Purchase Agreement (PPA) with the Ferrero Group, which operates in the food sector, namely as a producer of sweets and beverages. The contract concerns two projects owned by Falck Renewables Group that integrate photovoltaics and agriculture, being developed in Sicily in the provinces of Ragusa and Trapani.

It is estimated that, once in operation, the plants (totalling 17.5 MW) will produce up to 35 GWh of electricity per year, sufficient to meet the energy needs of about 13 thousand households.

On 27 May 2021, Falck Renewables Sviluppo Srl, owner of a solar project under development in Puglia, announced the signing of a Corporate Power Purchase Agreement (PPA) with Solvay, a leading international group in the field of advanced materials and specialty chemicals.

The contract, which has a duration of 10 years, will cover about 70% of the electricity produced by the solar system, and represents a quantity equal to the electricity needs of the four Italian Solvay sites in: Bollate, Ospiate, Livorno and Rosignano.

This will reduce Solvay's emissions by over 15,000 tonnes of CO<sub>2</sub> per year, in line with the Solvay One Planet sustainability strategy.

Once in operation, the project (41.1 MW) in the province of Foggia will generate about 70 GWh of energy per year, sufficient to meet the annual needs of about 26,000 families.

The project, which currently also includes a 10 MW/20 MWh storage system, is designed to allow renewable electricity production and agricultural exploitation to be integrated into the site. The current design provides for the alternation of rows of solar panels and rows of olive trees of different varieties, including the Fs-17 variety, which is resistant to the Xylella bacterium. The plan provides for the management of the olive grove to be entrusted to local specialised operators, even organised into social enterprises, who will benefit from the agricultural activity, resulting in new revenues and jobs for the region of Puglia.

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On 16 June 2021 Falck Renewables SpA signed an agreement to acquire 60% of the shares of SAET SpA, a Padua based company that is a leader in the design and construction of high voltage electrical systems and the construction of energy storage plants. The acquisition was completed on 20 July 2021.

The agreed price, which amounted to approximately € 5.5 million, was financed entirely using in-house resources, and will undergo the usual adjustment mechanisms. The transaction also entailed the signature of a shareholders' agreement at closing, and the possibility of acquiring the remaining 40% of SAET within four years.

On 30 June 2021 Falck Renewables SpA added a further 74.1 MW of new wind capacity with the commissioning of the Brattmyrliden plant in Sweden. It is estimated that the plant will generate up to 263.5 GWh of electricity per year.

The plant holds a 10-year Virtual Corporate Power Purchase Agreement, signed on 22 July 2020 with Ball Corporation, a leading multinational in the supply of aluminium packaging, which covers approximately 70% of the electricity produced by the wind farm.

### 4.1.8 Environment, health, safety and sustainability

In the belief that the commitment to sustainable development represents an important theme in the company's management strategy, environmental protection has become the central objective of our economic and social policies and industrial activities in recent years. Falck Renewables Group has made this aspect the focal point of its activities all around the world, investing and focusing on the production of clean energy.

In addition to its commitment to the environment, even in the wake of the Covid-19 pandemic and other ongoing events, the Group has enhanced its corporate welfare programs, and has invested in activities designed to "lead all its employees to a new sense of normalcy".

In addition to the smart working strategies already tested and disseminated throughout the Group, which have ensured greater flexibility in terms of managing work hours, we have also introduced training courses to encourage "adaptation to the new reality", new digital tools to help to manage remote activities, and a supplementary insurance policy to protect any employees who contract Covid, which also includes support and medical assistance for all other types of diseases.

Starting this year, the Group has launched a "free psychological help desk" for all employees in need. This support marks the completion of a pathway undertaken last year, with the provision of specific training courses for the management of the stress generated by the situation; namely, the courses offered included time management, smartworking/family management, yoga and mindfulness, and weak signals.

The QHSE department was also involved in the management of the Covid-19 pandemic during the first half of 2021, adapting the protocol and procedures to meet the new regulatory requirements.

The "Mea" app (my enabler app), implemented with the support of the Digital Transformation and IT department, is used by the entire Group to safely carry out the following:

- the booking of workstations and meeting rooms, without ever exceeding the maximum occupancy levels of the various rooms and the total number of daily admissions permitted to the company's offices;
- the reservation of the PPE necessary to carry out the activities safely;
- the management of communication linked to the crisis;
- daily clocking, even when the activities are carried out in smart working mode;
- the sanitisation of the areas utilised at the end of the work day.



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With the support of the Human Resources department, new services and initiatives were implemented to ensure corporate well-being. In particular:

- the agreement for medical support, even on-line, and for dedicated consultancy, which covers all family members, was renewed through the broker AON; the service also includes the possibility of receiving medical attention at home, and medicines prescribed at home;
- the establishment of a psychological help desk for all employees;
- training courses on weak signals, cognitive biases, diversity, etc.

Standard courses were also organised, including language, management training, public speaking, negotiation courses, etc.

The Group’s commitment to continuous improvement and the implementation of the best QHSE standards is also demonstrated by its desire to increase its number of certified sites/companies. The Group has laid out a five-year plan for obtaining new certifications for its wind and solar power sites. The goal for 2021 is to obtain ISO 14001 certification for the Energy team, and ISO 14001 and ISO 45001 certification for Falck Renewables Wind Ltd.

The updated certifications are as follows:

<b>Company</b>	<b>Management system</b>	<b>Location</b>
Falck Renewables SpA	Safety Management System UNI EN ISO 45001:2018	Headquarters
Ambiente 2000 Srl	Quality management system UNI EN ISO 9001:2015	Trezzo sull’Adda WtE plant
	Environmental management system UNI EN ISO 14001:2015 Safety Management System UNI EN ISO 45001:2018	
Prima Srl	Quality management system UNI EN ISO 9001:2015	Trezzo sull’Adda WtE plant
	Environmental management system UNI EN ISO 14001:2015 EMAS III registration	
Ecosesto SpA	Environmental management system UNI EN ISO 14001:2015	Rende biomass plant
	Safety Management System UNI EN ISO 45001:2018	
Falck Next Srl	Environmental management system UNI EN ISO 14001:2015	Offices
	Quality management system UNI EN ISO 9001:2015 Safety Management System UNI EN ISO 45001:2018	
Vector Renewables SL	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	Energy Management System UNI CEI EN ISO 50001: 2018	Offices
	Quality management system UNI EN ISO 9001:2015 Energy service companies (ESCOs) UNI CEI 11352:2014	

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

## 4 Interim Directors’ report

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 the interim period, no workplace accidents occurred among the staff of Falck Renewables Group, but one accident was recorded in transit.

Finally, no accidents occurred involving contractors.

### Main sustainability results

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, since 2020 Falck Renewables SpA has also been 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.

During the first half of 2021, the Group experienced a further consolidation of its sustainability action, both in terms of activities implemented and its positioning in the main international ESG indices.

With regard to the strategic sustainability parameters monitored, the main results obtained as of 30 June 2021 can be summarised as follows:

- the added value distributed to all stakeholders (employees, shareholders, providers of loan capital, central and peripheral public administration and local communities), amounted to € 87 million, for a 6.3% decrease compared to the same period last year;
- 40% of the Group’s renewable energy plants have enacted significant community engagement programs<sup>1</sup>, reaching 98% of the annual target;
- the tonnes of CO2 equivalent avoided in the atmosphere thanks to renewable electricity production<sup>2</sup> amount to 313,234 tCO2eq, equal to 44% of the annual target of 712,000 tCO2eq;
- the average number of individual hours of training provided during the interim period amounted to 21.9, equal to 68% of the annual target of 32 hours.

The integrated agri-voltaic approach was also extended to project development activities in Spain.

Lastly, during the first half of 2021, improvements were achieved in several ESG ratings by Bloomberg, Sustainalytics, and Vigeo Eiris. It is also worth noting the entry into the Bloomberg Gender Equality Index at the beginning of the year, and the entry in April into the S&P Global Clean Energy index, which includes international companies that stand out for their strong commitment to sustainability-related ESG issues.

<sup>1</sup> Involvement of local communities through co-operative schemes, ownership schemes, benefit schemes, crowdfunding initiatives or through the local enablement of sustainable energy consumption services (i.e. community energy PPA, access to net metering credit schemes, etc.) for the benefit of communities or public utilities.

<sup>2</sup> Emission factor references applied in this report: USA: “Emission Factors for Greenhouse Gas Inventories” (US EPA, 2020); EU: “Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries” (ISPRA, 2020); Norway: “Electricity disclosure 2018” (NVE-RME, updated to 2020). These factors are updated from those applied in 2020. The performance levels and objectives have been recalculated accordingly.

## 4 Interim Directors' report

The results obtained are in line with the progression to 2025 communicated in March 2020 and confirmed in April 2021.

For further details, please refer to the NFS of 31 December 2020 and the 2020 sustainability report.

### 4.1.9 Research and development activities

The Group has continued the research and development activities started in previous years and has focused its efforts in particular on projects that it considers particularly innovative. The amount spent during the first half of 2021 was € 685 thousand.

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

The research activities are continuing during the second half of 2021.

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

### 4.1.10 Risks and uncertainties

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

#### a) Financial

##### 1. Credit risk

Credit risk is understood as both potential losses from non-payment by customers and counterparty risk related to trading in other financial assets. The credit risk associated with the activities carried out by Falck Renewables Group is very limited in respect of both commercial customers and financial counterparties. In relation to trade customers, there is a diversification of customers as well as a limited level of risk since most of the exposure to third party customers (not related parties) is to electric utilities and/or in some cases companies through PPA (Power Purchase Agreement) contracts directly with companies (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 the company Falck Next Energy Srl and the proprietary Branch.

It should be noted that, despite their large and diversified base of third-party customers, taking into account their limited impact on the Group's overall turnover, Vector Renewables Group and Energy Team SpA did not significantly alter the Group's trade credit risk level.

The credit risk attributable to the bank 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).

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

### **2. Liquidity risk**

Falck Renewables Group has a central treasury department with the Parent Company, and has a "domestic" cash pooling system in place between Falck Renewables SpA and all the Italian Subsidiaries that are not subject to project financing (the latter are not included in the system in relation to "non-recourse" financing mechanisms). The Group companies not subject to project financing also settle intercompany commercial positions through netting, regulated by specific correspondence accounts. Falck Renewables Group produces a monthly update of its net financial position and rolling financial forecast, with final figures for the period summarised by sector, and at the Group level. Falck Renewables SpA's revolving syndicated loan agreement ("Corporate Loan") amended on 30 July 2018, amounting to € 325 million, was unused as of 30 June 2021. The contract, which expires on 31 December 2023, is subject to, inter alia, financial covenants based on the ratio of Net Financial Position/EBITDA and Net Financial Position/Total Equity calculated using the amounts disclosed in the consolidated financial report: these covenants were met based on this Interim Financial Report.

### **3. Plant financing risks**

The Group finances its projects, particularly in the wind and solar sectors, mainly through project financing or similar financial instruments without recourse to shareholders (i.e. without guarantees issued by the parent company Falck Renewables SpA and/or other direct parent companies). While waiting to receive project financing, it occasionally falls back on the Group's working capital (self-financing), the remaining Corporate Loan (available amount of € 325 million, which can be used on a revolving basis until its maturity on 31 December 2023), or other short term bank loans, especially during the construction phase. The Group still continues to have access to project financing or other types of financing at the best market conditions in line with those of similar projects.

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

The Corporate Loan and the Green Convertible Bond ensure financial sustainability of the Group's Business Plan.

### **4. Interest and exchange rate risks**

- **Interest rate risk**

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

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

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

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Renewables Group uses plain vanilla derivatives to hedge interest rates and, in particular, enters into interest rate swaps (IRS) with the exclusive aim of hedging.

The Project Financing conditions require hedging through IRS derivatives to mitigate project financial risks, with the accounting being carried out according to the principles of hedge accounting when the appropriate conditions are met. As a result, changes in the fair value of derivatives that do not qualify for hedge accounting follow the general rule for trading derivatives, i.e. they are recognised directly in profit or loss and impact the profit for the period. The Group had hedged a significant portion of the net debt against increases in interest rates through IRS hedging at 30 June 2021.

- **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 (ii) translation risk, both of which could impact the Group's income statement and balance sheet.

(i) The transaction risk is defined as the effect of the fluctuation of the exchange rates assumed in the project's financial model, or in force at the time at which the commercial/financial relationship in foreign currency originated, and the exchange rates used for the settlement of the relative transaction (collection/payment). This risk, which can have a direct impact on the result for the period, is calculated based on the account currency of each Group company.

The Group strives to minimise exposure to transaction risk by determining the "currency balance" and establishing hedging with plain vanilla derivatives, typically forward purchases or sales of foreign currency.

(ii) Translation risk represents the overall impact of exchange rate fluctuations on the Group's income statement and consolidated equity of translating assets, liabilities, revenues and costs of consolidated entities that prepare financial statements in a currency other than the 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 and 2021 with a managed volume of more than 750 GWh and greater geographical and technological diversification of the portfolio. This activity will continue over the course of the years, and the volume managed will increase in proportion to the volume of the new Falck Renewables Group plants that will come into operation. The goal is to ensure better diversification of the Group's portfolio at the zonal and/or territorial level. From the third quarter of 2020, the dispatching activity was also extended to the UK, in order to internalise the management of the plants in that portfolio as well.

As of 2021, 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.



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In order to mitigate these risks, a specific structure has been set up within the Energy Management function which, on the basis of specific Risk Policies approved at Group level, carries out hedging activities (strategies for fixing the prices of the physical volumes underlying the portfolio), trading (strategies aimed at achieving margins by exploiting price volatility) and market analysis using statistical models.

At the beginning of 2019, with a view to continuously improving processes and with the objective of ensuring constant monitoring of its internal control system, a specific structure was also set up within the Risk Management function, which is responsible for monitoring and reporting the Group Portfolio's exposure to risks and coordinating the development of risk policies and the monitoring and reporting tools used (ETRM).

The purpose of the risk policies is to define the risk profile deemed to be acceptable by the Group within the context of its Hedging and Trading activities, providing for the adoption of specific risk limits in terms of VaR and Stop Loss risk capital, performance indicators, and escalation processes for the use of the derivative financial instruments commonly used on the market, in order to maintain the exposure itself within the approved limits.

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

### **1. Volume risk**

Exposure to volume risk can lead during the year to situations of over/under hedging with respect to the 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 threshold in order to limit over-hedging.

### **2. Price risk**

To manage price risk, the Energy Management department uses financial swaps to set spot prices on the electricity markets, within the limits of the Energy Risk Policy and the PPA (Power Purchase Agreement) contracts with the third parties appointed to withdraw the energy. These contracts allow for the prices to be fixed based on the production volumes.

In January 2021, the Group adopted a new Hedging Policy that provides for a hedging scheme for managing the price risk exposure of its European assets, the purpose of which is to hedge a percentage of each asset's expected production volumes equal to at least 70%, in order to minimise the variability of the Group's financial results caused by the volatility of electricity prices. The volume to be hedged for each asset is determined on a monthly basis, in order to take the seasonality of the expected production into account, and to minimise the risk of over/underhedging.

Falck Next Energy Srl was tasked with implementing this hedging scheme, and reference benchmarks were established for each country and for the various temporal granularities of the financed products used to perform the hedging (Year, Quarter, Month), with the aim of evaluating their performance and identifying the extra value generated by implementing this hedging scheme.

## 4 Interim Directors’ report

### 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 manage the operational risk during unmanned market hours.

During the course of 2020, a Business Continuity project was launched in order to strengthen market management procedures and prevent any errors/problems that might arise from business interruptions due to various causes.

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 contract, late payments and financial difficulties, etc.).

Counterparty risk management is therefore also one of the main elements of attention in order to achieve bankability of a project.

Throughout Falck Renewables Group, counterparty risk management includes assessing the current soundness of the off-taker in providing guarantees and an outlook on the risks that could arise in the long term with respect to the contract. It is very important to draw up a contractual structure that can provide a long-term mitigation of the operational risks arising from the management of this type of operation.

In some cases, in order to cover the counterparty risk and make the project easier to finance, the group requires the 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
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**Payment of professional services - Sicily Region lawyers vs Tifeo Energia Ambiente ScpA in liquidation and Elettroambiente SpA in liquidation.**

17.03.2018 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	The hearing date is pending.
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## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

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	<p>Ambiente SpA 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 article 7 of the settlement. With the "Order" dated 23 October 2019, the Court of Milan: (i) dismissed Stallone's claims, (ii) awarded Russo the sum of € 234 thousand, plus VAT and CPA and court costs, of € 20 thousand, (iii) ordered the Sicily Region, Tifeo, Elettroambiente and Zurich, jointly and severally, to pay those amounts, (iv) ordered the Sicily Region to reimburse Tifeo, Elettroambiente and Zurich all amounts paid to Russo by them, (v) ordered the Sicily Region to reimburse Tifeo and Elettroambiente for the costs of the proceedings, of € 18 thousand, plus incidental expenses (the same amount was also paid to Zurich). In execution of the provisions of the Order, the payment was made. Subsequently, during the month of February 2021, the Sicily Region proceeded to credit the advanced amounts.</p> <p>Supreme Court: On 20 June 2020, lawyers Russo and Stallone filed an appeal with the Supreme Court against the order, claiming Stallone's lack of active legitimacy, failure to apply Ministerial Decree no. 127/2014 for the liquidation of the amounts due to the lawyers amounting to € 13 thousand, and failure to rule on interest. In their counter-appeal of 10 July 2020, Tifeo and Elettroambiente requested the Court of Cassation (i) to declare inadmissible (including, where applicable, pursuant to 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. (ii) order Francesco Stallone and Pietro Carmelo Russo to reimburse Tifeo and Elettroambiente for the costs of the proceedings, plus tax and ancillary costs in accordance with law. Zurich also lodged a counter-appeal, requesting that the appeal notified by Mr Russo and Mr Stallone be dismissed in its entirety.</p>	<p>The companies have established an adequate risk provision.</p>
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Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
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#### Payment of professional services - Sicily Region lawyers vs Platani Energia Ambiente SpA in liquidation and Elettroambiente SpA in liquidation.

<p>1 June 2020 Court of Milan</p>	<p>On 1 June 2020, Attorneys Pietro Carmelo Russo and Francesco 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.</p>	<p>A hearing is scheduled for 20 October 2021. The companies have established an adequate risk provision.</p>
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	<p>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). With the order dated 22 April 2021, the Judge rejected the request for a summons submitted by the Presidency of the Sicilian Region and the Department.</p>	
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**Payment of professional services - Sicily Region lawyers vs Falck Renewables, Falck, Palermo Energia Ambiente Scpa in liquidation and Zurich Insurance PLC**

<p>23.04.2021 Court of Milan</p>	<p>By appeal pursuant to art. 702 bis of the Italian Criminal Code filed on 23 April 2021, attorneys Francesco Stallone and Pietro Carmelo Russo (lawyers for the Sicily Region) summoned Falck Renewables SpA (“FKR”), Falck SpA (“Falck”), Palermo Energia Ambiente S.C.P.A. in Liquidation (“PEA”) and Zurich Insurance PLC before the Court of Milan in order to seek the payment of an amount equal to € 624 thousand, or alternatively € 539 thousand, plus interest pursuant to art. 1284, par. 4 of the Italian Civil Code “By way of fees for professional services consisting of assistance and representation in court” provided in favour of the Presidency of the Sicily Region and the Energy Department of Public Utility Services of the Sicily Region (the “Sicily Region”) in verdict no. 74309/2009 of the Court of Milan.</p> <p>In particular, during the settlement of the aforementioned case, in the belief that the accrued fees might not be paid by the Sicily Region, the professionals in question refused to waive their rights under article 13, paragraph 8 of Law 247/2012.</p>	<p>The first hearing has been set for 8 September 2021.</p> <p>The Companies have established an adequate risk provision.</p>
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Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
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**ISTAT revaluation - Gestore Servizi Energetici vs Ecosesto SpA**

<p>11.03.2015 Lazio Regional Court</p>	<p>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.</p>	<p>The hearing date is pending.</p> <p>The Company has set aside the sum requested by the GSE in previous years, amounting to approximately € 529 thousand.</p>
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#### ISTAT revaluation - Gestore Servizi Energetici vs Actelios Solar SpA

<p>07.04.2015 Lazio Regional Court</p>	<p>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.</p>	<p>The hearing date is pending.</p> <p>The Company has already set aside the sum of € 40 thousand in previous years.</p>
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#### Recalculation of incentives - Gestore Servizi Energetici vs Prima Srl

<p>16.12.2016 Lombardy Regional Court</p>	<p>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 <i>periculum in mora</i>, 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.</p>	<p>The date of the hearing is pending.</p> <p>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.</p>
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<p>06.05.2017 Lombardy Regional Court</p>	<p>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 <i>ius superveniens</i> 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 [...]".</p>	<p>The date of the hearing is pending.</p> <p>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.</p>
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#### B) Potential liabilities related to legal cases of fully consolidated companies

## 4 Interim Directors' report

Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
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### Payment request for services - Mr Curione vs Eolica Petralia

1 June 2016 Court of Appeal, Milan	<p>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).</p> <p>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 judgement 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</p>	<p>Milan Court of Appeal, judgement of 17 February 2021, rejection of the appeal.</p> <p>The Company has not established a risk provision.</p>
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### C) Current lawsuits of fully consolidated companies

Start date/ Jurisdiction	Description of the dispute	Status of proceedings
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#### Appeal against plant qualification - Ecosesto vs GSE

23.04.2010 Council of State	<p>By appeal filed on 23 April 2010, Ecosesto SpA challenged the GSE measure of 13 February 2010, relating to the biomass plant of Rende, in the part in which, while recognizing the qualification as a plant powered by renewable sources, it applies a D coefficient equal to 0.9 instead of 1. By ruling no. 13251 of 19 November 2019, the Lazio Regional Administrative Court, Section III, held that the action brought by Ecosesto SpA should be dismissed. The company appealed to the Council of State within the time limits established by law.</p>	The date of the hearing is pending.
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#### Grin Convention Ecosesto SpA-Eolica Petralia Srl-Eolica Sud Srl-Eolo 3W MM Srl-Geopower Sardegna Srl and Prima Srl vs GSE

30.06.2016 Council of State	<p>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 above mentioned decision. The companies - with the exception of Prima Srl - filed an appeal within the deadline.</p>	The date of the hearing is pending.
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### D) Probable and potential liabilities of equity companies:

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



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### Action brought by Gestore Servizi Elettrici vs Frullo Energia Ambiente Srl

<p>2016 Lombardy Regional Court Council of State Lombardy Regional Court</p>	<p>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.</p>	<p>On 8 June 2021, a sentence of partial acceptance was issued. The company is considering an appeal to the Council of State.</p> <p>FEA has set aside the amount requested by the GSE.</p>
<p>2017 Lombardy Regional Court Lazio Regional Court</p>	<p>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.</p>	<p>The hearing date is pending.</p> <p>FEA has set aside the amount requested by GSE as a provision for doubtful accounts.</p>

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#### d) Tax

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

Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
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##### Refusal to refund VAT credits for 2006, 2007 and 2008 - Tax Office vs Palermo Energia Ambiente Scpa in liquidation

29.07.2011 Palermo Provincial Tax Commission Regional Tax Commission Supreme Court	<p>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).</p> <p>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.</p>	<p>The case is currently pending in the Supreme Court.</p> <p>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).</p>
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##### Refusal to refund VAT credit for 2008 - Tax Office vs Tifeo Energia Ambiente Scpa in liquidation

26.05.2016 Palermo Provincial Tax Commission Regional Tax Commission	<p>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.</p>	<p>The case is currently pending before the Regional Tax Commission.</p> <p>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.</p>
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##### Settlement of registration tax for the year 2014 - Tax Office vs Tifeo Energia Ambiente Scpa in liquidation

27.06.2017 Enna Provincial Tax Commission Regional Tax Commission Supreme Court	<p>On 27 June 2017, the Tax Office filed a notification of liquidation for stamp (and Land Registry) duties worth a total of € 579 thousand. The tax was calculated on the basis of a judgement of the Court of Enna, filed on 11 September 2014, concerning the enforcement of a contract for the sale of land. On 11 January 2019, the CTP of Enna upheld the appeal brought by Tifeo and ordered the Tax Office to pay the costs of the proceedings. On 25 November 2019, the Sicily CTR upheld the Provincial Commission's ruling. On 4 February 2020, the Avvocatura Generale dello Stato notified the appeal to the Supreme Court against the judgement issued by the CTR. The company therefore filed a counter-appeal with the Supreme Court.</p>	<p>The case is currently pending before the Supreme Court.</p> <p>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).</p>
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## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

### 4 Interim Directors' report

Start date/ Jurisdiction	Description of the dispute	Status of proceedings and Management consideration
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#### 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).
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#### 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
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#### Correctness of land register classification - Unione dei Comuni Terre di Pianura vs Frullo Energia Ambiente Srl (ICI/IMU)

30.03.2016 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, each year the Company has set aside an estimate of the IMU potentially due (€ 140 thousand).
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#### 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 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

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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, and for this reason the risk of an increase in insurance premiums, deductibles or a reduction in limits cannot be excluded in the future, considering 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 the possibility of a significant drop in the volume of electricity generated, resulting in a negative impact on productivity and the Group's operating results, state of affairs and financial position.

The Group mitigates this risk by diversifying the geographical areas in which its plants are developed and by monitoring the historical trend of data both for plants that are already operational and when identifying sites of interest, in order to periodically update the estimates of future production of individual wind farms, taking into account both the actual windiness at the various sites and the related technical operation, recorded historically.

This procedure is applied to all plants run by the Group that have been in service for at least five years, while for more recent plants, forecast production is based on third party estimates carried out by a market leader in wind level assessment. Over the coming years other plants will be included in the estimate update procedure once they have reached five years' operating activity, while those plants already included in the process will undergo further recalculations based on historical data over a longer timeframe.

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

Considering the knowledge and skills needed to carry out the Group's activities, especially with reference to the evolution of the business model that envisages the development of new activities and markets, the aspects connected with the management and development of the most important professional skills should also be noted following the growth of the services and digital innovation sector .

In order to manage this potential risk, among other things, the Group has also implemented processes for identifying talents and key resources to be exploited through targeted training and career development courses. In addition, the Group has completed a preliminary analysis of its resources' distinctive skills, and has laid out a training plan to cover any skills gaps and establish adequate succession plans for the resources themselves. This analysis will be progressively updated in relation to any changes in the business activities and based on any new organisational requirements.

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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, together with the Cash 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 with company treasury shares already in the portfolio or purchased under article 2357 of the Italian Civil Code.

At 30 June 2021 the Share Plan was in place for the CEO of Falck Renewables SpA for 600,000 share rights and 465,000 share rights to certain Group managers and the Cash Plan, relating to the CEO and certain Group managers, for a total of approximately € 2 million.

### *g) External risks*

Operating in the renewables sector, which is heavily regulated and not always predictable, requires the Group to keep abreast of changes in legislation in order to implement the best solutions. The directives and regulations on renewables issued both at EU and national level can have a significant impact on the Group's activities and results. These regulations govern, inter alia, both plant construction (regarding both construction and administration authorisations) and operation, together with production incentives and environmental aspects (regulations relating to the landscape and noise pollution).

As Falck Next Energy Srl has taken over the management of the plants of the Group and of some third parties, we must also pay attention to the measures relating to the electricity market. Finally, the regulations relating to energy efficiency, self-production and self-consumption systems must also be considered.

The Group constantly monitors the risks associated with the ongoing changes in the renewable energy market, which is increasingly competitive, with fewer benefits being offered by the sector. Moreover, despite enjoying several incentives, the sector remains vulnerable to energy price drops due to separate, concurring factors (e.g. macroeconomic and regulatory).

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". The various proposals even included the imminent introduction of negative prices on the MGP and MI markets, in compliance with the European regulation. This change is expected during the second half of 2021, starting on 21 September. The TIDE also illustrates the Authority's guidelines on



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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 Mezzanella 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 31 October 2021, under penalty of losing the guarantee paid.

It should also be noted that ARERA published its resolution 109/2021/R/eel on 16 March 2021, which, at the request of operators interested in adopting the new mechanism, modifies the method for carrying out the valuation of plant auxiliary services. This mechanism will become effective as of 1 January 2022. At the moment, the effects of this change still need to be assessed, pending the establishment of the new calculation algorithms by TERNA.

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.

With regard to Spain, a preliminary draft has been issued that intervenes on the remuneration of CO<sub>2</sub> not emitted in the electricity market, in order to reduce the consideration for production plants that don't emit greenhouse gases and entered into operation prior to 11 March 2005. This reduction will be proportional to the income obtained by incorporating the value of the emission quotas, to which the CO<sub>2</sub>-emitting marginal technologies are entitled, into the market price.

If this regulation is approved, the change in the legislation could affect the Group's plant in Cabezo San Roque (23.3 MW).

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



## 4 Interim Directors' report

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

In fact, effective 1 January 2021, the UK left the EU single market and customs union along with all EU policies and international agreements, placing restrictions on the free movement of people, goods, services and capital between the UK and the EU, although, to date, no significant disruption has been experienced to air, road, rail and maritime connectivity, which continues in a sustainable and uninterrupted manner.

The EU and the UK will therefore constitute two distinct markets and two separate regulatory and legal spaces. The EU-UK Trade and Cooperation Agreement includes several measures to simplify relations between the EU and the UK.

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

- the free flow of energy is guaranteed between the EU and the UK, based on adequate infrastructure and without technical and regulatory barriers. The UK is currently a net importer of energy. The EU supplies it with about 5-10% of electricity and 12% of gas. The provisions ensure security of supply, which is particularly important for Ireland, which will remain isolated from the EU internal energy market until new interconnections are in place;
- energy exchanges via electricity interconnectors between the EU and the UK will no longer be managed through existing single market instruments, such as market integration (coupling), as these are reserved for EU Member States. From 1 January 2021, the UK has been trading with the EU on third-country terms, although the agreement allows for the possibility of developing separate arrangements for interconnector trade over time, based on a multi-region loose volume coupling model, which is generally less efficient than coupling;
- the UK has set up a domestic Emissions Trading Scheme (UK ETS), leaving the EU Emissions Trading Scheme (EU ETS) to reduce greenhouse gas emissions, and will be excluded from its effort-sharing mechanisms that allow Member States to share the burden of meeting decarbonisation targets. A link between the two carbon pricing mechanisms, including the inclusion of new sectors within the respective ETSs, is not excluded in the future;
- the UK will set its own climate change policies and targets. However, the agreement establishes an ambitious framework for cooperation in the fight against climate change, with a focus on the development of offshore energy in the North Sea and with the common goal of achieving climate neutrality in all sectors of the economy by 2050. The agreement includes a strong principle of non-regression such that the level of climate protection in place at the end of the transitional period should be the minimum guaranteed;
- lastly, the agreement does not contain any elements relating to equivalence regimes for financial services, and the two parties will unilaterally establish new rules on access to their respective financial markets. The different monetary policies of the EU and the UK, the new trade relations and balances that will be established and the speed of economic recovery from the Covid-19 crisis may also have an impact on currency instruments in the medium to long term.

With reference to Falck Renewables Group'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

## 4 Interim Directors' report

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, 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 could result from the continuation of the Covid-19 pandemic and the emergency health situation that has affected most countries worldwide since the end of 2019, causing an unprecedented upheaval in the approach to the management of personal social relations, including within the company's life, as well as global macro-economic effects.

During the first phase, the directives and measures issued by the countries involved in the crisis to contain the spread of contagion imposed increasingly restrictive regulations on the mobility of people and goods, and on the reduction/suspension of production activities in areas at greater risk of contagion (so-called lockdowns), with consequent negative impacts on production activities in all industrial sectors and on trade at the national and international levels. Faced with these scenarios, the Group 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 point out that, from the very onset of the crisis in 2020, over 90% of the staff at all the Italian and foreign offices were widely encouraged to use remote work methods for a prolonged period of time ("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.

As of the first few months of 2021, in conjunction with the launch of increasingly widespread vaccination campaigns, significant improvements were being recorded from a public health and economic perspective, also thanks to the gradual relaxing of government-imposed safety measures, with the clear aim of promoting a progressive return to normality.

However, a certain degree of uncertainty remains with regard to how the pandemic will play out in the future, also due to the variants of the virus that continue to emerge around the world, which, despite the increasing number of vaccinated people, appear difficult to contain, also due to "reopenings", and the relaxing of government restrictions during this first half of 2021.

For these reasons, although significant improvements are expected, new increases in infection rates and the consequent launch of new and more restrictive lockdown measures cannot be excluded, which could have a negative impact on the Group's markets, activities and future results. This potential impact remains difficult to quantify, as it is strictly connected to the continuation of the pandemic and the constantly changing macroeconomic context, the dynamics of which cannot be easily foreseen.

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

- a sharp initial decline in the sale prices of the energy produced on the markets in which the Group operates during the first half of 2020 (with regard to the produced component exposed to spot price volatility on the electricity markets), which was in part able to be neutralised by the Group thanks to hedging activities under the 2020 Portfolio, followed by a gradual and constant recovery, with prices returning to values above pre-Covid levels during the first half of 2021;
- an initial reduction of the services carried out by the Group's companies during the first half of 2020 (e.g. Energy Team) directly at the customers' plants (e.g. Auditing and energy monitoring services, sale and installation of components for energy efficiency, asset management and technical services), mainly as a result of the reduced

## 4 Interim Directors' report

domestic and international mobility due to the lockdowns, and the subsequent economic crisis, which was followed by a gradual recovery and a return to near-normal during the first half of 2021;

- initial delay in the progress of projects under development, both in Italy and in other countries (e.g. in the United States), due to the considerable attention that public structures had to devote to the health crisis, the shortages of personnel due to illness, and the lockdown situations, which was followed by a return to near-normal conditions during the course of 2021.

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

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

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

### 4.1.11 Significant events after the balance sheet date

On 8 July 2021 Falck Renewables SpA announced a partnership with Ørsted, a world leader in offshore wind and BlueFloat Energy, an expert in floating wind energy.

On 15 July 2021, the partnership participated in Crown Estate Scotland's ScotWind auction, for the award of seabed leases for the development of large-scale floating wind farms.

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

On 20 July 2021 Falck Renewables SpA finalised the agreement for the acquisition of 60% of SAET SpA that was signed on 16 June 2021.

### 4.1.12 Evolution of the business activities during the year in progress

The Group's results in 2021 will benefit for approximately 6 months from the production of the Brattmyrliden wind farm (74 MW, in Sweden) and the Desafio Solar SLU solar plant (50 MW, in Spain) and for the full year from the production in the USA of the wind farm (30 MW, in Iowa) and the four solar plants (total capacity 31.6 MW), three in New York state and one in Maryland) of Building Energy, 51% owned by 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 Group is also monitoring the evolution of interest rates, the evolution of costs for the supply of photovoltaic systems and the evolution of corporate tax rates in the various countries where it is present.

## 4 Interim Directors' report

The Company is closely monitoring the effects of the situation arising from the "Coronavirus (or Covid-19) crisis" and will take steps, as far as possible, to mitigate any impact on the Group's economic and financial indicators relating to the 2021 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.

### 4.2 Operating and financial review of Falck Renewables SpA

#### 4.2.1 Financial highlights

	(€ thousands)		
	30.06.2021	30.06.2020	31.12.2020
Sales revenues	732	40	81
<b>Operating profit/(loss)</b>	<b>(14,861)</b>	<b>(10,419)</b>	<b>(23,300)</b>
<b>Profit before taxation</b>	<b>(13,833)</b>	<b>8,186</b>	<b>32,522</b>
<b>Profit/(loss) for the period</b>	<b>(10,320)</b>	<b>11,157</b>	<b>37,202</b>
<b>Net financial position - liabilities/(assets)</b>	<b>284,065</b>	<b>246,940</b>	<b>218,021</b>
<b>Investments</b>	<b>2,021</b>	<b>5,859</b>	<b>11,901</b>
Personnel at the period-end	(no.) 123	106	112
Ordinary shares	(no.) 291,413,891	291,413,891	291,413,891

#### 4.2.2 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 as of 30 June 2021 recorded a net negative of € 10,320 thousand, as opposed to the positive result of € 11,157 thousand for the previous period.

This result was mainly influenced by the decrease in dividends collected (€ 15,350 thousand), the € 2,650 thousand increase in financial expenses (€ 2,333 of which were attributable to the notional charges of the amortised cost of the convertible bond loan), the € 1,411 thousand increase in personnel costs for the strengthening of certain business line and staff structures, and the € 2,722 thousand decrease in Other income, mainly due to the capital gain for the sale of the Nuo software to Nuo Srl, accounted for in the previous period, which was partially offset by the increased revenues for services (€ 692 thousands).

The financial position showed a debit balance of € 284,065 thousand, compared with a debit balance of € 218,021 thousand at 31 December 2020.

The increase in the financial position compared to previous period is due to the capital increases in the 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 convertible bond.

## 4 Interim Directors' report

We remind you that on 12 June 2015, Falck Renewables SpA entered into a new Corporate Loan contract, subsequently modified on 30 July 2018, for € 325 million maturing on 31 December 2023; as of 30 June 2021 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 € 775 thousand.

### 4.2.3 Employees

The total number of Company employees at 30 June 2021 was 123, comprising 29 managers and 94 white collar workers, representing an increase of 11 compared to the total at 31 December 2020.

### 4.2.4 Investments

Investments for the period amounted to € 2,021 thousand, of which € 1,550 thousand related to software licences and management system developments, € 245 thousand related to hardware components and € 226 thousand related to the capitalisation of user rights.

### 4.2.5 Corporate governance

Falck Renewables SpA has continued to streamline its corporate governance system in order to ensure transparency and efficiency.

The Share Capital consists entirely of ordinary shares with no nominal value. The reference shareholder 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 Shareholder Engagement Policy
- the Diversity and Inclusiveness Policy;
- guidance on the accumulation of assignments.

The Company is governed by a Board of Directors.

The Chair and, within the limits of their respective mandates, the Vice-Chair and the CEO are jointly and severally responsible for legal representation and signature. The latter has been granted powers for the management of ordinary administration, and for certain defined activities, powers of extraordinary administration.

The Company adheres to the Corporate Governance Code approved by the Borsa Italiana Corporate Governance Committee in January of 2020, and has therefore revised its Corporate Governance Regulations to align them with the new contents of the aforementioned Corporate Governance Code.

The Board of Directors set up the Remuneration Committee and the Risk Control Committee with advisory and proposing functions, as well as the Sustainable Strategy Committee with advisory, investigative and support functions on sustainability, energy markets and technological innovation for the purpose of defining the Group's strategic objectives.

In compliance with the provisions of Legislative Decree 231/01, the Company has also introduced its own organisational and management model and appointed a special Supervisory Body.

The Company has appointed an Investor Relator to provide the market with periodic information and news about the Company and the Group.

## 4 Interim Directors' report

### 4.2.6 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.

### 4.2.7 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 30 June 2021 the Company was 60.00% owned directly by Falck SpA, which in turn is 65.96% owned by Finmeria Srl, with which no economic or financial relationships exist.

Falck Renewables SpA performs professional services and manages shared services for the parent company Falck SpA. 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.

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

### 4.2.8 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 € 25 thousand.



## 4 Interim Directors' report

Charges made by Falck SpA for a total of € 500 thousand, mainly for the use of the Falck brand, negatively impacted the operating result.

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

### 4.2.9 Holdings of treasury shares or parent company shares

In compliance with article 2428, paragraph 3, point 3 of the Italian Civil Code, the Company declares that at 30 June 2021 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 30 June 2021, 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.

### 4.2.10 Purchases and sales of treasury shares or parent company shares during the course of the financial year

In accordance with the provisions of article 2428, paragraph 2, point 4, of the Italian Civil Code, we inform you that, during the first half of 2021, the company did not purchase or sell any treasury shares.

### 4.2.11 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.

## 4 Interim Directors' report

The Share Plan, together with the Cash 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 with company treasury shares already in the portfolio or purchased under article 2357 of the Italian Civil Code.

As of 30 June 2021, the Share Plan was in place for the CEO of Falck Renewables SpA and for certain Group managers, respectively for 600,000 and 465,000 share rights, and the Cash Plan was in place for the CEO and certain Group managers, for a total of approximately € 2 million.

### 4.2.12 Corporate governance

Falck Renewables SpA adheres to and complies with the Corporate Governance Code approved by the Borsa Italiana Corporate Governance Committee in January of 2020, and has therefore revised its Corporate Governance Regulations to align them with the new contents of the aforementioned Corporate Governance Code and the consequent adjustments to the characteristics of the Group.

The “Report on Corporate Governance and Structure” (the “Report”) provides an overview of the Group’s Corporate Governance model and discloses information regarding the ownership structure and compliance with the Corporate Governance Code, which includes the key governance principles implemented and the risk and internal control management system that oversees the financial disclosure process. This Report is subject to the same disclosure requirements as the annual financial statements, and is available on the [www.falckrenewables.com](http://www.falckrenewables.com) website in the Ethics and Governance - Corporate Governance - Documents section.

### 4.2.13 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.

### 4.2.14 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.

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**5. Condensed interim consolidated financial statements at 30 June 2021**

## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

### 5.2 Consolidated income statement

#### 5.1 Consolidated financial statement

		(€ thousands)			
		30.06.2021		31.12.2020	
	Notes	<i>of which related parties</i>		<i>of which related parties</i>	
<b>Assets</b>					
<b>A Non-current assets</b>					
1	Intangible assets	(1)	173,613	165,451	
2	Property, plant and equipment	(2)	1,415,500	1,332,993	
3	Investments and securities	(3)	2,599	2,573	
4	Investments accounted for using the equity method	(4)	33,371	27,738	
5	Medium/long-term financial receivables	(5)	13,231	6,802	7,897
6	Deferred tax assets	(8)	32,019	27,212	
7	Other receivables	(7)	2,677	3,385	
<b>Total</b>			<b>1,673,010</b>	<b>1,567,249</b>	
<b>B Current assets</b>					
1	Inventories	(9)	26,963	28,361	
2	Trade receivables	(6)	84,265	951	83,975
3	Other receivables	(7)	49,229	9,746	44,674
4	Short-term financial receivables	(5)	10,830	4,154	6,012
5	Securities	(3)	859	858	
6	Cash and cash equivalents	(10)	196,144	239,230	
<b>Total</b>			<b>368,290</b>	<b>403,110</b>	
<b>C Non-current assets held for sale</b>					
<b>Total assets</b>			<b>2,041,300</b>	<b>1,970,359</b>	
<b>Liabilities</b>					
<b>D Net equity</b>					
1	Share capital		291,414	291,414	
2	Reserves		261,900	231,757	
3	Retained earnings				
4	Profit for the period		11,570	45,606	
<b>Equity attributable to owners of the parent</b>		(11)	<b>564,884</b>	<b>568,777</b>	
5	Non-controlling interest		146,568	139,417	
<b>Total equity</b>		(11)	<b>711,452</b>	<b>708,194</b>	
<b>E Non-current liabilities</b>					
1	Non-current financial liabilities	(14)	844,863	16,631	843,640
2	Trade payables	(15)	2,604	3,220	
3	Other liabilities	(16)	51,323	3,371	52,035
4	Deferred tax liabilities	(8)	57,145	43,685	
5	Provisions for risks and charges	(12)	114,982	106,304	
6	TFR (Staff leaving indemnity)	(13)	5,956	5,712	
<b>Total</b>			<b>1,076,873</b>	<b>1,054,596</b>	
<b>F Current liabilities</b>					
1	Trade payables	(15)	59,666	1,277	60,322
2	Other liabilities	(16)	27,386	2,599	32,219
3	Current financial liabilities	(14)	165,923	405	115,028
4	Provisions for risks and charges	(12)			
<b>Total</b>			<b>252,975</b>	<b>207,569</b>	
<b>G Liabilities attributable to non-current assets held for sale</b>					
<b>Total liabilities</b>			<b>2,041,300</b>	<b>1,970,359</b>	

For details of "related party transactions", see page 107.

There were no significant transactions during the first half of 2021.

## 5.2 Consolidated income statement

### 5.2 Consolidated income statement

		(€ thousands)			
		30.06.2021		30.06.2020	
	Notes		<i>of which related parties</i>		<i>of which related parties</i>
A	Revenues	(17)	234,186	13	195,289
	Direct costs	(19)	(145,755)	(308)	(103,320)
	Personnel costs	(18)	(25,316)		(22,615)
	Other income	(20)	5,954	1,691	9,506
	Administrative expenses	(21)	(14,008)	(622)	(16,666)
	Net margin from trading activities		(488)		96
<b>B</b>	<b>Operating profit/(loss)</b>		<b>54,573</b>		<b>62,290</b>
	Financial income/(expenses)	(22)	(17,044)	993	(20,806)
	Investment income/(expenses)	(23)			(31)
	Share of profit of investments accounted for using the equity method	(24)	(807)	(807)	(780)
<b>C</b>	<b>Profit/(loss) before tax</b>		<b>36,722</b>		<b>40,673</b>
	Total income tax	(25)	(17,624)		(12,272)
<b>D</b>	<b>Profit/(loss) for the period</b>		<b>19,098</b>		<b>28,401</b>
E	Profit attributable to non-controlling interests		7,528		7,118
<b>F</b>	<b>Profit/(loss) attributable to owners of the parent</b>		<b>11,570</b>		<b>21,283</b>
	<i>Earnings per share attributable to owners of the parent (€)</i>	(11)	<i>0.0400</i>		<i>0.0736</i>
	<i>Profit/(loss) attributable to owners of the parent (€)</i>	(11)	<i>0.0399</i>		<i>0.0734</i>

For details of "related party transactions", see page 125.

There were no significant transactions during the first half of 2021.

## 5.3 Consolidated statement of comprehensive income

### 5.3 Consolidated statement of comprehensive income

		(€ thousands)					
		30.06.2021			30.06.2020		
		Gross	Tax	Net	Gross	Tax	Net
<b>A</b>	<b>Profit for the period</b>	<b>36,722</b>	<b>(17,624)</b>	<b>19,098</b>	<b>40,673</b>	<b>(12,272)</b>	<b>28,401</b>
<b>Other items of comprehensive income</b>							
<i>Other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax</i>							
	Foreign exchange differences on translation of overseas financial statements	17,399		17,399	(19,144)		(19,144)
	Fair value adjustment of available-for-sale financial assets						
	Other items included in equity concerning associated and joint venture companies measured with the equity method	(411)		(411)			
	Fair value adjustments of derivatives designated as cash flow hedges	(12,688)	4,252	(8,436)	(5,020)	1,035	(3,985)
<b>B</b>	<b>Total other items of comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of tax</b>	<b>4,300</b>	<b>4,252</b>	<b>8,552</b>	<b>(24,164)</b>	<b>1,035</b>	<b>(23,129)</b>
<i>Other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax</i>							
	Other items included in equity concerning associated and joint venture companies measured with the equity method	7		7	1		1
	Balance of actuarial gains/(losses) on personnel defined benefit plans						
<b>C</b>	<b>Total other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of tax</b>	<b>7</b>		<b>7</b>	<b>1</b>		<b>1</b>
<b>B+C</b>	<b>Other comprehensive income/(loss)</b>	<b>4,307</b>	<b>4,252</b>	<b>8,559</b>	<b>(24,163)</b>	<b>1,035</b>	<b>(23,128)</b>
<b>A+B+C</b>	<b>Total comprehensive income/(loss)</b>	<b>41,029</b>	<b>(13,372)</b>	<b>27,657</b>	<b>16,510</b>	<b>(11,237)</b>	<b>5,273</b>
	Attributable to:						
	- Owners of the parent			14,507			2,908
	- Non-controlling interests			13,150			2,365



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5.4 Consolidated statement of cash flows

5.4 Consolidated statement of cash flows

		(€ thousands)			
		30.06.2021		30.06.2020	
	Notes	<i>of which related parties</i>		<i>of which related parties</i>	
<b>Cash flow from operating activities</b>					
Profit for the period		19,098		28,401	
<i>Adjusted for:</i>					
Amortisation of intangible assets	(19) - (21)	2,413		2,039	
Depreciation of property, plant and equipment	(19) - (21)	41,781		38,539	
Impairment/(revaluation) of intangible assets	(19) - (21)	(3)		101	
Impairment/(revaluation) of property, plant and equipment	(19) - (21)	(61)			
Staff leaving indemnity provision	(18)	720		597	
Stock grant plan costs		675		1,358	
Financial income	(22)	(13,128)	(1,163)	(16,799)	(186)
Financial expenses	(22)	30,172	170	37,605	855
Share of profit of investments valued using equity method	(24)	807	807	780	780
(Gain)/loss on disposal of property, plant and equipment		37			
Other changes		4,148		(4,101)	
Capital grants		(2,001)		(1,000)	
Income tax (income statement)	(25)	17,624		12,272	
<b>Operating income before changes in net working capital and provisions</b>		<b>102,282</b>		<b>99,792</b>	
Change in inventories	(19)	1,398		(226)	
Change in trade receivables		137		25,710	
Change in trade payables		(1,369)		(17,187)	
Change in other receivables/payables		(1,182)		(23,515)	
Net change in provisions		1,076		(3,920)	
Change in personnel provisions - staff leaving indemnity paid during year	(13)	(478)		(261)	
<b>Cash flow from operating activities</b>		<b>101,864</b>		<b>80,393</b>	
Interest paid and exchange differences		(15,578)	(39)	(29,786)	(53)
Tax paid/collected		(7,625)		(9,642)	
Payments for stock grant plan				(5,700)	
<b>Net cash flow from operating activities (1)</b>		<b>78,661</b>		<b>35,265</b>	
<b>Cash flow from investing activities</b>					
Proceeds from sale of property, plant and equipment		58		16	
Purchases of intangible assets	(1)	(7,646)		(5,053)	
Purchases of property, plant and equipment	(2)	(38,062)		(53,867)	
Purchase of shares and capital increases		(9,001)	(8,976)	(7,897)	(7,623)
Disposals of equity investments with loss of control				2,006	
Purchase of subsidiaries net of cash		(20,807)			
Interest received and exchange rate gains		5,709	468	16,790	186
<b>Net cash flow from investing activities (2)</b>		<b>(69,749)</b>		<b>(48,005)</b>	
<b>Cash flow from financing activities</b>					
Dividends paid		(24,267)	(16,605)	(25,142)	(17,480)
Proceeds from share capital increase and capital contribution net of expenses		26		745	745
Net change in financial receivables		1,481	1,466	790	790
Loans granted		(1,349)	(1,349)	(757)	(757)
New borrowings		17,602		68,500	
Repayment of borrowings		(43,787)	(312)	(43,007)	(1,057)
Repayment of leasing liabilities		(5,381)		(4,818)	
Disposals of equity investments without loss of control				62,186	
<b>Net cash flow from financing activities (3)</b>		<b>(55,675)</b>		<b>58,497</b>	
<b>Net (decrease)/increase in cash and cash equivalents (1+2+3)</b>		<b>(46,763)</b>		<b>45,757</b>	
Cash and cash equivalents at 1 January		239,230		131,232	
Translation (loss)/gain on cash and cash equivalents		3,677		(3,532)	
<b>Cash and cash equivalents at the end of the period</b>	(9)	<b>196,144</b>		<b>173,457</b>	

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5.5 Consolidated statement of changes in equity

5.5 Consolidated statement of changes in equity

	(€ thousands)					
	Share capital	Reserves	Profit for the period	Total Group equity	Total minority equity	Total Equity
<b>At 31.12.2019</b>	<b>291,414</b>	<b>209,732</b>	<b>48,436</b>	<b>549,582</b>	<b>58,081</b>	<b>607,663</b>
Allocation of profit		48,436	(48,436)			
Dividends paid		(19,377)		(19,377)	(5,922)	(25,299)
Other comprehensive profit items included in net equity**		(18,375)		(18,375)	(4,753)	(23,128)
Purchase of own shares						
Stock grant plan fair value		(3,542)		(3,542)		(3,542)
Effects from the sale of US minority companies		11,610		11,610	47,694	59,304
Other movements		(1,838)		(1,838)	5,430	3,592
Profit for the period at 30 June 2020**			21,283	21,283	7,118	28,401
<b>At 30.06.2020</b>	<b>291,414</b>	<b>226,646</b>	<b>21,283</b>	<b>539,343</b>	<b>107,648</b>	<b>646,991</b>
Dividends paid					(5,374)	(5,374)
Other comprehensive profit items included in net equity**		(13,474)		(13,474)	(3,956)	(17,430)
Convertible bond reserve		19,170		19,170		19,170
Stock grant plan fair value		731		731		731
Effects from the sale of US minority companies		(41)		(41)		(41)
Other movements		(1,275)		(1,275)	33,998	32,723
Profit for the period at 31 December			24,323	24,323	7,101	31,424
<b>At 31.12.2020</b>	<b>291,414</b>	<b>231,757</b>	<b>45,606</b>	<b>568,777</b>	<b>139,417</b>	<b>708,194</b>
Appropriation of 2020 profit		45,606	(45,606)			
Dividends paid		(19,377)		(19,377)	(3,908)	(23,285)
Other comprehensive profit items included in net equity**		2,937		2,937	5,622	8,559
Stock grant plan fair value		675		675		675
Other movements		302		302	(2,091)	(1,789)
Profit for the period at 30 June 2021**			11,570	11,570	7,528	19,098
<b>At 30.06.2021</b>	<b>291,414</b>	<b>261,900</b>	<b>11,570</b>	<b>564,884</b>	<b>146,568</b>	<b>711,452</b>

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

## 5.6 Explanatory and supplementary notes to the financial report

### 5.6 Explanatory and supplementary notes to the financial statements

#### 5.6.1 Basis of preparation of the consolidated financial statements

The condensed interim consolidated financial statements for the period 1 January 2021 - 30 June 2021 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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.

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

The accounting standards adopted for the preparation of the interim condensed consolidated financial statements are in line with those used for the preparation of the consolidated financial statements at 31 December 2020.

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

## 5.6 Explanatory and supplementary notes to the financial report

### • **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 abbreviated consolidated interim reports are shown in EUR, and the balances and notes are expressed in thousands of EUR, unless specifically indicated

These condensed interim consolidated financial statements as of 30 June 2021 will be up for approval and authorisation for publication by the board of directors' meeting on 9 August 2021.

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

### 5.6.2 Consolidation perimeter

The condensed interim consolidated financial statements as of 30 June 2021 include the financial statements of the parent company Falck Renewables SpA and its subsidiaries.

Falck Renewables SpA controls an entity when it has the power to influence significant decisions, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity: in this case the entity is consolidated on a line-by-line basis.

The companies in which the parent company exercises joint control with other shareholders (joint-ventures) and those in which it exercises a significant influence are consolidated using the equity method.

Falck Renewables Group consists of 168 companies, of which 151 are consolidated on a line-by-line basis, and 17 are consolidated applying the equity method.

During the first half of 2021, the following companies, 100% owned by Falck Renewables SpA, were incorporated:

- Falck Renewables Sviluppo Offshore Srl with effect from 16 March 2021;
- Falck Renewables Minervia Srl with effect from 25 March 2021;
- Falck Renewables Tibula Srl with effect from 25 March 2021;
- Falck Renewables Nora Srl with effect from 25 March 2021;
- Falck Renewables Odra Srl with effect from 25 March 2021;
- Falck Renewables Finland Oy with effect from 1 June 2021.

In addition, the other transactions that took place during the course of the interim period are listed below:

- Falck Renewables SpA completed the acquisition of 100% of the share capital of Desafio Solar SL with effect from 20 April 2021;
- Novis Renewables Holdings, LLC established a new, wholly owned company named NRH Project Holdco, LLC, with effect from 20 May 2021;
- Falck Renewables Power I acquired 90% of the share capital of Premier SPV 17 SL on 24 June 2021.

The companies have been fully consolidated.

Furthermore, the following companies were removed from the commercial register during the first half:

## 5.6 Explanatory and supplementary notes to the financial report

- Sol Occidental SL with effect from 11 January 2021;
- Falck Renewables CH-1 LLC with effect from 20 January 2021;
- Route 23A Solar Farm LLC with effect from 20 January 2021;
- Lake Osiris Road Solar Farm LLC with effect from 20 January 2021.

During the course of the interim period, the following company was put into liquidation and changed its name:

- Vector Cuatro EOOD into Vector Cuatro EOOD - in liquidation with effect from 23 February 2021;

The following companies changed their names during the half:

- Vector Cuatro Japan into Vector Renewables Japan KK with effect from 17 February 2021;
- Vector Cuatro SL into Vector Renewables España SL with effect from 3 March 2021;
- Vector Cuatro France Sarl into Vector Renewables France Sarl with effect from 4 March 2021;
- Vector Cuatro Srl into Vector Renewables Italia Srl with effect from 14 June 2021.

### *Purchase Price Allocation*

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

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

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

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

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

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

(EUR/000)	2020	2021
Revenues	587	4,909
Profit/(loss) from the period	-6	1,420

The cumulative effect on shareholders' equity from the date of acquisition to the date of this report is equal to € 1,414 thousand.

## 5.6 Explanatory and supplementary notes to the financial report

### Temporary Purchase Price Allocation for the acquisition of Desafio Solar SL

On 20 April 2021 Falck Renewables SpA finalised the acquisition of 100% of the share capital of Desafio Solar SL, owner of a solar plant operating in Spain. The price was approximately € 22 million, plus the assumption of the project's residual debt, and will undergo the usual adjustment mechanisms. The solar plant (50 MW), located in the municipality of Escatrón, in the region of Aragon, has been in operation since June 2020.

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

Desafio Solar SL's financial position was entirely consolidated and recorded on the consolidated income statement from 20 April 2021. The cost of the acquisition, which amounted to € 21,987 thousand, including the assumption of the € 7,966 thousand shareholder loan, was paid entirely 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 € 14,118 thousand. The difference of € 97 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 company acquired in the first half of 2021 are shown below:

<b>(EUR/000)</b>	<b>Desafio Solar</b>
Property, plant and equipment	50,972
Intangible assets	580
Trade receivables/(payables)	326
Other assets/(liabilities)	(3,762)
Financial receivables/(payables)	(27,212)
Badwill	(97)
<b>Price</b>	<b>20,807</b>
Cash flow analysis of the acquisition:	
<b>Total acquisition cost</b>	<b>21,987</b>
Cash and cash equivalents acquired	1,180
<b>Price</b>	<b>20,807</b>
Payable for acquisitions at 30.06.2021	
<b>Net financial outlay for acquisitions</b>	<b>20,807</b>

The company's revenues and results at 30 June 2021, starting from the date of its consolidation within Falck Renewables Group, are as follows:

<b>(EUR/000)</b>	<b>2021</b>
Revenues	2,106
Profit/(loss) from the period	1,454



## 5.6 Explanatory and supplementary notes to the financial report

### 5.6.3 Principles of consolidation

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

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

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

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

- Amendment to 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 standards and amendments issued and not endorsed by the EU, but effective from 1 January 2021**

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

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

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

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

Below are the new standards, interpretations or improvements issued and 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;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021);
- Amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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:

## 5.6 Explanatory and supplementary notes to the financial report

	Average value first half of 2021	Average value first half of 2020	Final change at 30.06.2021	Final change at 31.12.2020
British Pounds (GBP)	0.8680	0.8746	0.8581	0.8990
US dollar (USD)	1.2053	1.102	1.1884	1.2271
Polish Zloty (PLN)	4.5374	4.412	4.5201	4.5597
Mexican Pesos (MXN)	24.327	23.843	23.5784	24.416
Bulgarian Lev (BGN)	1.9558	1.9558	1.9558	1.9558
Japanese Yen (JPY)	129.8681	119.2668	131.43	126.49
Chilean Peso (CLP)	868.02	895.57	866.75	872.52
Australian Dollar (AUD)	1.5626	1.6775	1.5853	1.5896

### 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.

During the first half of 2021 there were no impairment indicators regarding tangible and intangible assets resulting from the Covid-19 pandemic.

Finally, as far as the recoverability of receivables is concerned, there are no particular risks, as the counterparties are either institutional or primary companies both on the commercial customers side and when considering financial counterparties. The analysis carried out in accordance with IFRS 9 did not indicate the need to write down the carrying amount of receivables.

#### 5.6.4 Segment information

Set out below are details of the results of operations and financial position by business segment in accordance with IAS/IFRS disclosure requirements.

The segments identified represent the organisation and production structure adopted by Falck Renewables Group. The operating segments and performance indicators were based on the reporting model used by the Group's board of directors for the purpose of strategic decision making.

## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

### 5.6 Explanatory and supplementary notes to the financial report

(€ thousands)

	WTE, biomass, solar		Wind		Services		Other Businesses		Elimination		Consolidated	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
<b>Operations</b>												
Revenues	38,838	31,844	134,892	130,009	25,975	20,224	79,671	34,343	(45,190)	(21,131)	234,186	195,289
Direct costs	(26,091)	(21,545)	(62,819)	(56,918)	(14,424)	(9,490)	(89,227)	(33,149)	46,806	17,782	(145,755)	(103,320)
Personnel costs	(3,515)	(3,418)	(1,385)	(1,639)	(12,056)	(10,668)	(8,365)	(6,863)	5	(27)	(25,316)	(22,615)
Other income	2,827	7,038	2,643	1,573	3,096	491	4,329	5,003	(6,941)	(4,599)	5,954	9,506
Administrative expenses	(1,700)	(1,154)	(4,809)	(8,916)	(2,341)	(1,554)	(10,570)	(11,661)	5,412	6,619	(14,008)	(16,666)
Net margin from trading activities			191				(679)	96			(488)	96
<b>Operating profit/(loss)</b>	<b>10,359</b>	<b>12,765</b>	<b>68,713</b>	<b>64,109</b>	<b>250</b>	<b>(997)</b>	<b>(24,841)</b>	<b>(12,231)</b>	<b>92</b>	<b>(1,356)</b>	<b>54,573</b>	<b>62,290</b>
Financial income/(expenses)	(1,893)	(2,474)	(13,063)	(18,176)	(167)	(366)	(1,830)	373	(91)	(163)	(17,044)	(20,806)
Investment income/(expenses)	636		47				2,879	18,198	(3,562)	(18,229)		(31)
Share of profit of investments accounted for using the equity method	1,924	1,137					(2,731)	(1,917)			(807)	(780)
<b>Profit/(loss) before tax</b>	<b>11,026</b>	<b>11,428</b>	<b>55,697</b>	<b>45,933</b>	<b>83</b>	<b>(1,363)</b>	<b>(26,523)</b>	<b>4,423</b>	<b>(3,561)</b>	<b>(19,748)</b>	<b>36,722</b>	<b>40,673</b>
Tax	(2,197)	(1,896)	(21,312)	(14,033)	(50)	195	5,929	3,405	6	57	(17,624)	(12,272)
<b>Profit/(loss) for the period</b>	<b>8,829</b>	<b>9,532</b>	<b>34,385</b>	<b>31,900</b>	<b>33</b>	<b>(1,168)</b>	<b>(20,594)</b>	<b>7,828</b>	<b>(3,555)</b>	<b>(19,691)</b>	<b>19,098</b>	<b>28,401</b>
Profit/(loss) attributable to non-controlling interests	1,248	1,367	6,280	5,764			(1)	(13)	1		7,528	7,118
<b>Profit/(loss) attributable to owners of the parent</b>	<b>7,581</b>	<b>8,165</b>	<b>28,105</b>	<b>26,136</b>	<b>33</b>	<b>(1,168)</b>	<b>(20,593)</b>	<b>7,841</b>	<b>(3,556)</b>	<b>(19,691)</b>	<b>11,570</b>	<b>21,283</b>

(€ thousands)

	WTE, biomass, solar		Wind		Services		Other Businesses		Elimination		Consolidated	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
<b>Financial position</b>												
Intangible fixed assets	806	240	101,662	99,487	44,179	44,992	27,697	21,516	(731)	(784)	173,613	165,451
Property, plant and equipment	339,499	273,143	1,069,021	1,052,543	6,428	6,609	5,462	5,579	(4,910)	(4,881)	1,415,500	1,332,993
Net financial position	175,091	129,640	366,368	431,503	2,282	3,487	327,773	221,775	(80,933)	(80,876)	790,581	705,529
Investments in the period	17,242	15,798	20,645	60,852	1,440	10,204	7,031	17,328	(197)	(4,203)	46,161	99,979

## 5.6 Explanatory and supplementary notes to the financial report

### 5.6.5 Financial Statement contents and movements

#### A Non-current assets

##### 1 Intangible assets

Movements in the period were as follows:

	(€ thousands)								
	At 31.12.2020	Acquisit.	Foreign exchange diff.	Reclass.	Change in consolid. perim.	Other movemen ts	(Impairment)/ Reval.	Amortisations	At 30.06.2021
1.1 Industrial patent and intellectual property rights	3,229			75		(2)		(315)	2,987
1.2 Concessions, licenses, trademarks and other similar rights	7,480	46	(1)	5,175	580	(2)		(208)	13,070
1.3 Goodwill	93,636		2,326						95,962
1.4 Other intangibles	28,082	100	3	1,679				(1,778)	28,086
1.5 Rights of use	272							(86)	186
1.6 Fixed assets under construction and advance payments	32,752	7,500	24	(6,929)		(2)	3	(26)	33,322
<b>Total</b>	<b>165,451</b>	<b>7,646</b>	<b>2,352</b>		<b>580</b>	<b>(6)</b>	<b>3</b>	<b>(2,413)</b>	<b>173,613</b>

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 or to combinations of cash generating units in order to identify any reduction in value. The goodwill impairment test is carried out at the end of the year and, regardless, whenever specific impairment indicators arise.

- Actelios Solar SpA (Sicily solar plants)
- Annapolis Solar Park LLC (Maryland solar plants)
- Åliden Vind AB (wind farm at Örnköldsvik)
- 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 (wind farm at Örnköldsvik)
- 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)

## 5.6 Explanatory and supplementary notes to the financial report

- Cambrian Wind Energy Ltd (Cefn Croes wind farm)
- Desafio Solar SL (wind farm in Spain)
- Julia (Eol Team SAS, Ferme Eolienne de Noyales, Parc Eolien du Bois Ballay, Parc Eolien de Mazeray et de Bignay, Parc Eolien des Coudrays plants)
- Earlsburn Wind Energy Ltd (Earlsburn wind farm)
- Ecosesto SpA (Rende hybrid plant)
- Ecosesto SpA (Rende solar plant)
- Energy Team SpA (services)
- Energia Eolica de Castilla SL (wind farm at Carreastro)
- 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)
- Gruppo Vector Renewables España (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)
- Nutberry Wind Energy Ltd (Nutberry wind farm)
- Odyssey Solar 2 LLC (Geneva solar plant)
- Parc Eolien du Fouy SAS (Maine et Loire wind farm)
- Parc Eolien d'Illois Sarl (Parc Eolien d'Illois wind farm)
- Parc Eolien des Cretes SAS (Maine et Loire wind farm)
- Prima Srl (Trezzo sull'Adda WtE plant)
- Solar Mesagne Srl (Mesagne solar plants)
- Spaldington Airfield Wind Energy Ltd (Spaldington wind farm)
- Syncarpha Massachusetts LLC (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)
- Westmoreland Country Solar Project, LLC (Westmoreland solar plant)

## 5.6 Explanatory and supplementary notes to the financial report

Goodwill	(€ thousands)
	Book value at 30.06.2021
Energy Team SpA	9,119
Geopower Sardegna Srl	16,246
Cambrian Wind Energy Ltd	12,938
Falck Renewables Wind Ltd	10,222
Ben Aketil Wind Energy Ltd	10,194
Earlsburn Wind Energy Ltd	10,039
Millennium Wind Energy Ltd	9,730
Vector Renewables España SL	5,624
Boyndie Wind Energy Ltd	4,261
Kilbraur Wind Energy Ltd	3,874
Eolica Sud Srl	1,967
Eolo 3W Minervino Murge Srl	1,748
<b>Total</b>	<b>95,962</b>

During the course of the interim period, a specific impairment indicator was identified for the CGUs located in the United Kingdom, relating to the increase in the tax rate from the current 19% to 23.5% in 2023, and to 25% from 2024 onwards. The results of the impairment test on the CGUs located in the United Kingdom are shown in the section below titled “Impairment tests on intangible and tangible fixed assets”.

The change in the consolidation perimeter of € 580 thousand related to the acquisition of Desafio Solar SL 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 5.6.2 Consolidation perimeter.

Investments in intangible fixed assets amounted to € 7,646 thousand and mainly refer to operating software and licensing expenses of € 2,529 thousand and € 5,117 thousand in development costs.

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

The financial expenses charged during the year to intangible assets amounted to € 39 thousand.



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### 5.6 Explanatory and supplementary notes to the financial report

#### 2 Property, plant and equipment

Movements in the period were as follows:

(€ thousands)

	Balance at 31.12.2020	Additions	Change in consolid. perim.	Reclass.	Effect of variation	Disposals	Other movement s	(Impairment) Revaluat.	Amortisation/ depreciation	Balance at 30.06.2021
<b>Gross values</b>										
2.1 Land	7,589	20			15					7,624
2.2 Industrial buildings	1,854				8					1,862
2.3 Plants and machinery	1,773,786	118	45,438	88,850	36,592	(61)	4,595			1,949,318
2.4 Industrial and office equipment	2,123	71		33						2,227
2.5 Other assets	7,327	23		341	23	(3)	6			7,717
2.6 Assets operated under concession	95,705									95,705
2.7 Rights of use	96,910	466	5,534		2,549	(201)	3,646	(75)		108,829
2.8 Assets under construction and advances	102,525	37,817		(89,224)	379					51,497
<b>Total gross value</b>	<b>2,087,819</b>	<b>38,515</b>	<b>50,972</b>		<b>39,566</b>	<b>(265)</b>	<b>8,247</b>	<b>(75)</b>		<b>2,224,779</b>
<b>Accumulated depreciation</b>										
2.1 Land										
2.2 Industrial buildings	(1,210)				(1)		(1)	(29)		(1,241)
2.3 Plants and machinery	(653,900)			12	(12,972)	23	346	(35,084)		(701,575)
2.4 Industrial and office equipment	(1,773)						(1)	(31)		(1,805)
2.5 Other assets	(4,348)			(12)	(20)	2	(5)	(441)		(4,824)
2.6 Assets operated under concession	(82,317)							(2,531)		(84,848)
2.7 Rights of use	(11,278)				(291)	182	27	39	(3,665)	(14,986)
<b>Total depreciation</b>	<b>(754,826)</b>				<b>(13,284)</b>	<b>207</b>	<b>366</b>	<b>39</b>	<b>(41,781)</b>	<b>(809,279)</b>
<b>Net book amounts</b>										
2.1 Land	7,589	20			15					7,624
2.2 Industrial buildings	644				7		(1)	(29)		621
2.3 Plants and machinery	1,119,886	118	45,438	88,862	23,620	(38)	4,941	(35,084)		1,247,743
2.4 Industrial and office equipment	350	71		33			(1)	(31)		422
2.5 Other assets	2,979	23		329	3	(1)	1	(441)		2,893
2.6 Assets operated under concession	13,388							(2,531)		10,857
2.7 Rights of use	85,632	466	5,534		2,258	(19)	3,673	(36)	(3,665)	93,843
2.8 Assets under construction and advances	102,525	37,817		(89,224)	379					51,497
<b>Total property, plant and equipment</b>	<b>1,332,993</b>	<b>38,515</b>	<b>50,972</b>		<b>26,282</b>	<b>(58)</b>	<b>8,613</b>	<b>(36)</b>	<b>(41,781)</b>	<b>1,415,500</b>

Investments in property, plant and equipment amounted to € 38,515 thousand, mainly relating to the construction of the wind farms of Brattmyrliden (€ 12,549 thousand) in Sweden, Falck Renewables Vind (€ 4,726 thousand) in Norway, Parc Eolien d'Illouis (€ 2,486 thousand) in France, Energia Eolica de Castilla (€ 96 thousand) in Spain, the construction of the Westmoreland County Solar Project (€ 16,766 thousand) in the US, the maintenance of Ecosesto SpA's plants (€ 360 thousand), the capitalisation of usage rights (€ 466 thousand), and the purchase of office furniture and equipment (€ 405 thousand).

Property, plant and equipment at 30 June 2021 did not include amounts relating to revaluations carried out in accordance with local monetary revaluation legislation or arising from economic revaluations.

Borrowing costs contributed during the year to tangible fixed assets amounted to € 42 thousand.

## 5.6 Explanatory and supplementary notes to the financial report

The change in the consolidation perimeter of € 50,972 thousand related to the acquisition of Desafio Solar SLU 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 5.6.2 Consolidation perimeter.

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

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

### ***Impairment test for Intangible and Tangible Fixed Assets***

#### CGU Impairment test for plants and services

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

The discount rate was determined using the Weighted Average Cost of Capital (WACC), using the Capital Asset Pricing Model ("CAPM") technique in which the return on risk free rate securities was calculated on the basis of the yield curve for government securities in the reference country with a duration in line with the residual life of the plant.

The systematic non-diversifiable risk coefficient ( $\beta$ ) and the debt to equity ratio were calculated based on the market conditions and 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 3.7%
Wind sector UK:	from 2.8% to 3.7%
Wind sector Italy:	from 3.1% to 3.7%
Wind sector Spain:	from 3.5% to 3.7%
Wind sector France:	from 2.7% to 3.3%
Nordic Wind Power (Sweden and Norway):	from 3.0% to 3.1%
Solar sector Italy:	from 3.4% to 3.6%
Usa Wind and Solar	from 4.3% to 4.9%
Services	from 6.5% to 6.9%

#### General and sector-specific factors for plant CGUs

The management has verified the main assumptions utilised, which have been confirmed and shown to be in line with those used for the 2020 financial statements. In particular:

- with regard to the prices and production activities, the long-term assumptions have been confirmed. Moreover, over the short term there has been an increase in wholesale energy prices on the main markets with respect to those assumed in the cash flows, which nevertheless take the hedging transactions or PPAs (Power Purchase Agreements) into account where present;
- the discount rates are generally in line with those used in the 2020 financial statements;

## 5.6 Explanatory and supplementary notes to the financial report

- however, with specific regard to the United Kingdom market, a change in the tax legislation should be noted. In fact, during the course of the year a rule was introduced that will increase the reference tax rate with respect to that applied in the December 2020 assessments starting in April 2023.

### Results

During the first half of 2021, no specific events occurred at the Group level such as to alter or compromise the production capacity of the assets, which therefore maintained regular production levels, without suffering any particular effects due to the ongoing Covid-19 pandemic. Furthermore, as pointed out in the previous section, the main basic reference hypotheses have also been confirmed. Consequently, the values recognised for goodwill and tangible and intangible fixed assets have been confirmed for both the plants and the services sector, whose cash flows also take a terminal value into account.

For the assets located in the United Kingdom only, a thorough value check was carried out applying the new tax rates envisaged by the legislation that recently entered into force. Even after this update, the recoverability of the values recognised for goodwill and tangible and intangible fixed assets relating to the cash-generating units in the United Kingdom has been confirmed, like in the other countries.

### 3 Investments and securities

These consist of Energy Team securities amounting to € 955 thousand (of which € 859 thousand short-term), the 1.807% shareholding in Fondo Italiano per l'Efficienza Energetica SGR SpA amounting to € 2,403 thousand and options to purchase shares in Norway amounting to € 100 thousand.

During the first half of 2021, the Fondo Italiano per l'Efficienza Energetica SGR SpA continued its operational management of the Fund according to the development plan approved by its Board of Directors. For further information on total investments, please see the section “Commitments and contingencies”.

### 4 Investments accounted for using the equity method

(€ thousands)

	Balance at 31.12.2020	Acquisitions	Revaluation (Impairment)	Adjustment to total equity	Capital increases/ (dividends)	Other movem ents	Balance at 30.06.2021
Frullo Energia Ambiente Srl	22,549		1,924	(404)	(2,279)		21,790
Parque Eolico La Carracha SI	131					6	137
Parque Eolico Plana de Jarreta SI	105					5	110
Naturalis Energy Developments Ltd			(554)		561	(7)	
Nuevos Parque Eolicos La Muela AIE							
Novis Renewables LLC	4,953		(2,164)		8,415	130	11,334
<b>Total</b>	<b>27,738</b>		<b>(794)</b>	<b>(404)</b>	<b>6,697</b>	<b>134</b>	<b>33,371</b>

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

During the first half of 2021, no specific internal and external events occurred at the Group level such as to alter or compromise the value of the equity investments, and therefore no impairment activity was carried out.

In compliance with IFRS 12, the required data, as at 30 June 2021, related to associated companies and Joint Ventures valued at equity are shown below:

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### 5.6 Explanatory and supplementary notes to the financial report

	Headquarters	Currency	Capital	%		Parent company
				direct ownership	Indirect ownership	
Frullo Energia Ambiente Srl	Bologna	EUR	17,139,100	49.000		
EF NY CDG 001 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 002 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 003 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 004 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 005 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 006 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 007 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 008 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 009 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 0010 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
EF NY CDG 0011 LLC	Delaware (USA)	USD		100.000		Novis Renewables LLC
Naturalis Energy Developments Ltd	London (United Kingdom)	GBP	100	77.500		Falck Renewables Wind Ltd
Novis Renewables LLC	Delaware (USA)	USD		50.000		Falck Renewables North America Inc
Nuevos Parque Eolicos La Muela AIE	Zaragoza (Spain)	EUR	10,000	50.000		Parque Eolico La Carracha SL
Parque Eolico La Carracha SI	Zaragoza (Spain)	EUR	100,000	26.000		Falck Renewables Wind Ltd
Parque Eolico Plana de Jarreta SI	Zaragoza (Spain)	EUR	100,000	26.000		Falck Renewables Wind Ltd

#### Main financial data:

	(€ thousands)				
	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities
Frullo Energia Ambiente Srl	53,333	18,731	44,594	6,436	21,034
Novis Renewables Group	14,913	9,586	22,669	273	1,557
Naturalis Energy Developments Ltd	1,976	341	(410)		2,727
Nuevos Parque Eolicos La Muela AIE	2	123	38		87
Parque Eolico La Carracha SI	8,255	2,834	4,252	5,458	1,379
Parque Eolico Plana de Jarreta SI	8,196	2,919	2,807	6,935	1,373

#### Main economic data:

	(€ thousands)			
	Revenues	Operating Profit/(loss)	Profit/(loss) before taxes	Net operating income
Frullo Energia Ambiente Srl	14,285	4,481	4,465	3,912
Novis Renewables Group		(4,321)	(4,328)	(4,328)
Naturalis Energy Developments Ltd		(667)	(758)	(614)
Nuevos Parque Eolicos La Muela AIE	310			
Parque Eolico La Carracha SI	2,125	475	328	246
Parque Eolico Plana de Jarreta SI	2,104	469	342	257

## 5.6 Explanatory and supplementary notes to the financial report

### 5 Financial receivables

As at 30 June 2021, this item is broken down as follows:

	(€ thousands)								
	30.06.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third parties	8,597	6,842	1,755	8,648	7,057	1,591	(51)	(215)	164
Amounts owed by associates and joint ventures	2,484		2,484	1,439		1,439	1,045		1,045
Derivative financial instruments	12,980	6,389	6,591	3,822	840	2,982	9,158	5,549	3,609
<b>Total</b>	<b>24,061</b>	<b>13,231</b>	<b>10,830</b>	<b>13,909</b>	<b>7,897</b>	<b>6,012</b>	<b>10,152</b>	<b>5,334</b>	<b>4,818</b>

Financial receivables are disclosed net of the provision for doubtful accounts of 677 thousand Euros.

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 € 1,723 thousand at 30 June 2021 (31 December 2020 – € 2,442 thousand).

In order to hedge against commodity risk, hedging derivative instruments were activated, with a fair value at 30 June 2021 of € 10,835 thousand (€ 1,380 thousand at 31 December 2020).

Third party derivative interest rate swaps, whose fair value at 30 June 2021 is positive for € 422 thousand, were taken out to hedge project financing interest rate risks.

Please note that the fair value of non-current derivatives at 30 June 2021 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
<b>Rating</b>			
S&P AA-	771	757	(14)
Reuters A-	85	69	(16)
S&P BBB	150	148	(2)
Reuters BBB	305	303	(2)
S&P BBB-	274	274	0
Reuters B+	5,428	4,838	(590)
<b>Total</b>	<b>7,013</b>	<b>6,389</b>	<b>(624)</b>
<b>Sector</b>			
Banks	1,196	1,179	(17)
Other	5,817	5,210	(607)
<b>Total</b>	<b>7,013</b>	<b>6,389</b>	<b>(624)</b>

## 5.6 Explanatory and supplementary notes to the financial report

### 6 Trade receivables

As at 30 June 2021, this item is broken down as follows:

	(€ thousands)								
	30.06.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by clients	83,349		83,349	82,993		82,993	356		356
Amounts due to associates and joint ventures	158		158	175		175	(17)		(17)
Amounts due to parent companies	752		752	806		806	(54)		(54)
Amounts due to other Falck Group companies	6		6	1		1	5		5
<b>Total</b>	<b>84,265</b>		<b>84,265</b>	<b>83,975</b>		<b>83,975</b>	<b>290</b>		<b>290</b>

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

	(€ thousands)
	30.06.2021
Italy	39,558
United Kingdom	27,899
Germany	5,706
United States	3,411
Spain	3,535
Sweden	852
Norway	516
France	498
Japan	732
Mexico	597
Other	45
<b>Total</b>	<b>83,349</b>

The receivables in question are shown net of the provision for doubtful accounts, which at 30 June 2021 amounted to € 1,033 thousand, recognised to adjust them to their estimated realizable value.



## 5.6 Explanatory and supplementary notes to the financial report

### 7 Other receivables

As at 30 June 2021, this item is broken down as follows:

	(€ thousands)								
	30.06.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	2,559	391	2,168	2,290	656	1,634	269	(265)	534
Amounts owed by associates and joint ventures	4,924		4,924	2,646		2,646	2,278		2,278
Amounts due to parent companies	4,822		4,822	4,838		4,838	(16)		(16)
Advances	225		225	74		74	151		151
Tax credits	31,263		31,263	27,486		27,486	3,777		3,777
Guarantee deposits	999	869	130	1,131	993	138	(132)	(124)	(8)
Accrued income and prepayments	7,114	1,417	5,697	9,594	1,736	7,858	(2,480)	(319)	(2,161)
<b>Total</b>	<b>51,906</b>	<b>2,677</b>	<b>49,229</b>	<b>48,059</b>	<b>3,385</b>	<b>44,674</b>	<b>3,847</b>	<b>(708)</b>	<b>4,555</b>

Other receivables are shown net of the provision for doubtful accounts recognised to adjust them to their estimated realizable value which, at 30 June 2021, amounted to € 9,342 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 € 4,924 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

The deferred taxes as of 30 June 2021 amounted to 32,019 thousand Euros, for an increase of 4,807 thousand Euros compared to 31 December 2020.

Deferred tax payables, which amounted to € 57,145 thousand, increased by € 13,460 thousand with respect to 31 December 2020.

This figure was significantly affected by the adjustment of deferred taxes in the UK resulting from the approved increase in the corporate income tax rate to 25%, effective as of 1 April 2023.

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.

## 5.6 Explanatory and supplementary notes to the financial report

### B Current assets

#### 9 Inventories

Inventories at 30 June 2021 consisted of the following:

	(€ thousands)		
	30.06.2021	31.12.2020	Change
Raw materials and consumables	4,413	4,011	402
Semi-finished goods			
Work in progress			
Finished goods	22,550	24,350	(1,800)
Advances			
<b>Total</b>	<b>26,963</b>	<b>28,361</b>	<b>(1,398)</b>

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

The decrease in the “Finished products and goods” item is mainly due to the allocation of a portion of the photovoltaic panels to the Westmoreland Country Solar Project plant currently under construction.

#### 10 Cash and cash equivalents

	(€ thousands)		
	30.06.2021	31.12.2020	Change
Current bank and post office deposits	196,134	239,220	(43,086)
Cash in hand	10	10	
<b>Total</b>	<b>196,144</b>	<b>239,230</b>	<b>(43,086)</b>

Current account balances of the companies funded using project financing schemes are restricted by the obligations under the project financing contracts. The liquidity involved amount to 120,555 thousand Euros, including 109,991 thousand Euros relating to the wind sector, and 10,564 thousand Euros for the WtE, biomass and photovoltaic sectors.

The liquidity has decreased due to the payment of dividends and the investments made during the period.

The cash balances linked to project financing contracts analysed by company at 30 June 2021 were as follows:

## 5.6 Explanatory and supplementary notes to the financial report

	(€ thousands)
Actelios Solar SpA	5,520
Desafio Solar SL	1,180
Innovative solar 42 LLC	906
Annapolis Solar Park LLC (Annapolis Solar plant)	1,954
Odyssey Solar 2 LLC (Geneva Solar plant)	193
Odyssey Solar 3 LLC (H&M Solar plant)	735
Odyssey Solar 1 LLC (Snyder Rd Solar plant)	76
<b>Total WtE, biomass and solar sectors</b>	<b>10,564</b>
FRUK Holdings No1 Ltd	5,752
Cambrian Wind Energy Ltd	7,487
Boyndie Wind Energy Ltd	275
Earlsburn Mezzanine Ltd	1,871
Earlsburn Wind Energy Ltd	1,799
Ben Aketil Wind Energy Ltd	2,417
Millennium Wind Energy Ltd	6,163
Kilbraur Wind Energy Ltd	5,184
Nutberry Wind Energy Ltd	2,427
West Browncastle Wind Energy Ltd	3,552
Spaldington Airfield Wind Energy Ltd	1,641
Kingsburn Wind Energy Ltd	2,484
Assel Valley Wind Energy Ltd	4,128
Auchrobert Wind Energy Ltd	5,592
Eolica Sud Srl	10,706
Eolo 3W Minervino Murge Srl	7,015
Geopower Sardegna srl	26,833
Eolica Petralia Srl	3,435
Se Ty Ru SAS	1,166
Parc Eolien du Fouy SAS	1,211
Parque Eolien des Cretes SAS	1,172
Esquennois Energie SAS	1,625
CEP Tramontane 1 SAS	2,777
Ferme Eolienne de Noyales SAS	1,946
Parc Eolien du Bois Ballay SAS	107
Parc Eolien des Coudrays SAS	111
Parc Eolien de Mazeray et de Bignay SAS	107
Building Energy Wind Iowa LLC (Iowa Wind plant)	1,008
<b>Total Wind sector</b>	<b>109,991</b>
<b>Total cash balances linked to project financing</b>	<b>120,555</b>

Lastly, we note that the cash held by the parent Falck Renewables SpA amounted to € 32,942 thousand.

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

## 5.6 Explanatory and supplementary notes to the financial report

### Liabilities

#### D Equity

##### 11 Share capital

Share capital consists of 291,413,891 issued and fully paid ordinary shares, with a face value of € 1 each. At 30 June 2021, the parent company Falck Renewables SpA had 2,210,000 own shares for a face value of € 2,210,000, representing 0.7584% of total share capital.

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

The number of outstanding shares remained unchanged during the first half of 2021.

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.

The changes that took place in all the shareholders' equity accounts in 2020 and the first half of 2021 are as follows:

	(€ thousands)										
	Share capital	Share premium reserves	Reserves from spin off under common control	Reserves from conversion	Cash flow hedge reserves	Actuarial gains (losses) reserves	Other reserves	Result for the period	Group net equity	Third party net equity	Total
<b>At 31.12.2019</b>	<b>291,414</b>	<b>470,335</b>	<b>(371,598)</b>	<b>11,380</b>	<b>(31,864)</b>	<b>(826)</b>	<b>132,305</b>	<b>48,436</b>	<b>549,582</b>	<b>58,081</b>	<b>607,663</b>
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 period**								45,606	45,606	14,219	59,825
<b>At 31.12.2020</b>	<b>291,414</b>	<b>470,335</b>	<b>(371,598)</b>	<b>(8,869)</b>	<b>(43,209)</b>	<b>(1,081)</b>	<b>186,179</b>	<b>45,606</b>	<b>568,777</b>	<b>139,417</b>	<b>708,194</b>

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

## 5.6 Explanatory and supplementary notes to the financial report

(€ thousands)

	Reserves							Result for the period	Group net equity	Third party net equity	Total
	Share capital	Share premium reserve	Reserves from spin off under common control	Reserves from conversion	Cash flow hedge reserves	Actuarial gains (losses) reserves	Other reserves				
<b>At 31.12.2020</b>	<b>291,414</b>	<b>470,335</b>	<b>(371,598)</b>	<b>(8,869)</b>	<b>(43,209)</b>	<b>(1,081)</b>	<b>186,179</b>	<b>45,606</b>	<b>568,777</b>	<b>139,417</b>	<b>708,194</b>
Allocation of the Holding's 2020 result to reserves							45,606	(45,606)			
Dividends paid							(19,377)		(19,377)	(3,908)	(23,285)
Other comprehensive profit items included in net equity**				12,424	(9,494)	7			2,937	5,622	8,559
Stock grant plan fair value							675		675		675
Other movements							302		302	(2,091)	(1,789)
Profit for the period**								11,570	11,570	7,528	19,098
<b>At 30.06.2021</b>	<b>291,414</b>	<b>470,335</b>	<b>(371,598)</b>	<b>3,555</b>	<b>(52,703)</b>	<b>(1,074)</b>	<b>213,385</b>	<b>11,570</b>	<b>564,884</b>	<b>146,568</b>	<b>711,452</b>

\*\* 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 30 June 2021, the weighted average number of outstanding shares was increased to take into account the dilutive effects of the existing stock grant plan and the Green Bond.

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

	30.06.2021	31.12.2020
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)	11,570	45,606
<b>Profit/(loss) per base share (€ per share)</b>	<b>0.0400</b>	<b>0.158</b>

## 5.6 Explanatory and supplementary notes to the financial report

	30.06.2021	31.12.2020
Weighted average number of ordinary shares in issue (number)	289,203,891	289,203,891
Weighted average number of potential shares following the stock grant plan (number of shares)	1,065,000	1,017,000
Weighted average number of potential shares that would have been issued at Fair Value	(458,201)	(568,282)
Weighted average number of ordinary shares in issue (number) following diluted profit	289,810,690	289,652,609
Profit attributable to ordinary equity holders of the parent (€ thousands)	11,570	45,606
<b>Diluted profit/(loss) per share (€ per share)</b>	<b>0.0399</b>	<b>0.157</b>

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

## 12 Provisions for risks and charges

	(€ thousands)						
	Balance at 31.12.2020	Change in consolidation perimeter	Allocations	Used/ Released	Other movements	Exchange difference	Balance at 30.06.2021
<b>Non-current provisions for risks and charges</b>							
- litigation provision							
- investments provision	367				(35)	19	351
- environmental provision	83,588	2,394	605	(129)	5,208	1,537	93,203
- restructuring and liquidation fund							
- other risks provision	22,349		577	(1,794)		296	21,428
<b>Total non-current provisions for risks and charges</b>	<b>106,304</b>	<b>2,394</b>	<b>1,182</b>	<b>(1,923)</b>	<b>5,173</b>	<b>1,852</b>	<b>114,982</b>
<b>Non-current provisions for risks and charges</b>							
- other risks provision							
<b>Total current provisions for other liabilities and charges</b>							
<b>Total provisions for liabilities and charges</b>	<b>106,304</b>	<b>2,394</b>	<b>1,182</b>	<b>(1,923)</b>	<b>5,173</b>	<b>1,852</b>	<b>114,982</b>

Group provisions have been classified as non-current liabilities.

The environmental provision comprises future obligations in relation to the decommissioning of power plants at the end of their useful life that are calculated based on independent expert valuations.

This provision also includes amounts provided to meet future commitments in relation to the redevelopment of landfills in accordance with the obligations undertaken on receipt of authorisations from the relevant authorities. These are also based on estimates prepared by specialist enterprises.

The amount of € 2,394 thousand relates to the first-time consolidation of the Spanish company Desafio Solar S.L., which joined the Group as of 20 April 2021.

The amount of € 1,182 thousand is mainly attributable to provisions for potential litigation risks and tax risks, as well as for the environmental restoration fund.



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### 5.6 Explanatory and supplementary notes to the financial report

The amount of € 1,923 thousand is mainly attributable to the use and release of funds relating to price adjustments with offtakers and provisions for tax risks.

The amount of € 5,208 thousand mainly related to provisions for future charges to be incurred for environmental restoration related to plants entering into operation during 2021 and to adjustments of existing ones for changes in interest and inflation rates.

The amount of € 35 thousand refers to a release of the provision set aside for the company Naturalis Energy Developments Ltd, valued using the equity method.

#### 13 Staff leaving indemnity

(€ thousands)

	Balance 31.12.2020	Allocations	Other movements	Uses and payments	Balance 30.06.2021
Managers	809	182	(1)	(210)	780
White and blue-collar staff	4,903	538	3	(268)	5,176
<b>Total</b>	<b>5,712</b>	<b>720</b>	<b>2</b>	<b>(478)</b>	<b>5,956</b>

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

#### 14 Financial liabilities

As of 30 June 2021, this item consisted of the following:

(€ thousands)

	30.06.2021			31.12.2020			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	52,056	30,112	21,944	35,034	30,577	4,457	17,022	(465)	17,487
Payables for “non-recourse” project financing	603,300	515,862	87,438	606,532	511,226	95,306	(3,232)	4,636	(7,868)
Convertible bonds	178,762	178,762		176,429	176,429		2,333	2,333	
Financial leasing debts	99,125	92,963	6,162	90,701	85,571	5,130	8,424	7,392	1,032
Derivative financial instruments	77,543	27,164	50,379	49,972	39,837	10,135	27,571	(12,673)	40,244
<b>Total</b>	<b>1,010,786</b>	<b>844,863</b>	<b>165,923</b>	<b>958,668</b>	<b>843,640</b>	<b>115,028</b>	<b>52,118</b>	<b>1,223</b>	<b>50,895</b>

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.

The financial payables to third parties mainly increased due to higher drawdowns on loans relating to companies under construction.

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:

## 5.6 Explanatory and supplementary notes to the financial report

- the revolving credit line was increased from € 150 million to € 325 million;
- the expiry was extended from 30 June 2020 to 31 December 2023.

The loan is aimed at supporting the Group's financial requirements and business development activities. The parent company has placed a pledge on the shares held in Falck Renewables Wind Ltd in respect of this loan corresponding to a nominal value of GBP 37,755 thousand.

The loan is subject to, inter alia, financial covenants based on the ratio of net financial position/EBITDA and net financial position/total equity calculated using the amounts disclosed in the consolidated financial statements: these parameters were met as at 30 June 2021 based on these financial reports.

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.

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.

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 30 June 2021 was negative for € 26,496 thousand (negative for € 38,411 at 31 December 2020).

In order to hedge the exchange rate risk on current accounts and certain foreign currency transactions of the Parent Company and other subsidiaries, hedging derivatives were implemented towards third parties, whose fair value at 30 June 2021 was negative for € 24 thousand (negative for € 5 thousand at 31 December 2020).

In order to hedge against commodity risk, hedging derivatives were activated towards third parties, whose fair value at 30 June 2021 was negative by € 51,023 thousand (negative by € 11,556 thousand at 31 December 2020).

Details of Falck Renewables Group's outstanding interest rate and forex hedging agreements at 30 June 2021 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;

## 5.6 Explanatory and supplementary notes to the financial report

- to issue mortgages on properties or pledges on shares to the financial institutions that are party to the projects;
- the possibility of distributing dividends only on meeting specific financial parameters and after settling outstanding payments on the financial contracts;
- to meet certain financial parameters over the minimum default levels, calculated on a biannual basis, for the entire duration of the contracts.

As of 30 June 2021, all the Group companies that had signed “non-recourse” project financing loans showed financial parameters above the minimum default levels.

### 15 Trade payables

Trade payables at 30 June 2021 compared to the previous year are as follows:

	30.06.2021			31.12.2020			(€ thousands)		
	Total	Non-current	Current	Total	Non-current	Current	Total	Change Non-current	Current
Amounts due to third parties	61,130	2,604	58,526	62,476	3,220	59,256	(1,346)	(616)	(730)
Amounts owed by associates and joint ventures	561		561	575		575	(14)		(14)
Amounts due to parent companies	579		579	491		491	88		88
<b>Total</b>	<b>62,270</b>	<b>2,604</b>	<b>59,666</b>	<b>63,542</b>	<b>3,220</b>	<b>60,322</b>	<b>(1,272)</b>	<b>(616)</b>	<b>(656)</b>

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.

### 16 Other payables

Other payables at 30 June 2021 compared to 31 December 2020 are as follows:

	30.06.2021			31.12.2020			(€ thousands)		
	Total	Non-current	Current	Total	Non-current	Current	Total	Change Non-current	Current
Amounts due to third parties	25,678	3,972	21,706	31,588	4,449	27,139	(5,910)	(477)	(5,433)
Amounts due to subsidiaries									
Amounts owed by associates and joint ventures									
Amounts due to parent companies	585		585	2,442		2,442	(1,857)		(1,857)
Amounts due to other Falck Group companies				4		4	(4)		(4)
Advances	36		36	13		13	23		23
Accrued expenses and deferred income	52,410	47,351	5,059	50,207	47,586	2,621	2,203	(235)	2,438
<b>Total</b>	<b>78,709</b>	<b>51,323</b>	<b>27,386</b>	<b>84,254</b>	<b>52,035</b>	<b>32,219</b>	<b>(5,545)</b>	<b>(712)</b>	<b>(4,833)</b>

Amounts due to third parties may be detailed as follows:

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	(€ thousands)	
	30.06.2021	31.12.2020
Tax payables	9,694	9,770
Company acquisition debt	1,209	3,185
Debts to partners and shareholders in the consolidated tax regime	5,079	6,999
Other amounts due to employees and holiday pay	6,795	7,863
Dividends payable	103	2
Social security payables	1,807	2,156
Payables for capital increases to be approved		
Other smaller payables	991	1,613
<b>Total</b>	<b>25,678</b>	<b>31,588</b>

The liability for the acquisition of companies refers to the amount due to the previous shareholders of Building Energy Holdings US, LLC, Falck Renewables Vind AS, and Windfor Srl, including accrued interest. This payable decreased mainly due to payments made during the interim period to the previous shareholders of Brattmyrliden Vind AB and Åliden Vind AB.

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 € 52,410 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)	
	30.06.2021	31.12.2020
ITC contributions (Investment Tax Credit)	42,849	42,118
Law 488 contributions	6,950	7,187
Advance payments	1,929	226
Other	682	676
<b>Total</b>	<b>52,410</b>	<b>50,207</b>

**Non-current assets and liabilities held for sale**

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

**Commitments and contingencies**

Guarantees issued as of 30 June 2021 amounted to 272,720 thousand Euros. 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 € 167,162 thousand and guarantees issued to the VAT authorities in relation to requests for repayment of VAT receivables for € 1,646 thousand. Also included are 68,867 thousand Euros in bank guarantees and other guarantees amounting to 35,045 thousand Euros. In addition, the Group has subscribed to 3,000 shares in the Fondo Italiano per l'Efficienza Energetica SGR SpA for a total commitment of Euro 3,000 thousand, at 30 June 2021, of which Euro 294 thousand still due to be paid on the basis of any additional investments made by the Fund.

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### 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 Falck Renewables Group's balance sheet headings are provided below.

	(€ thousands)					
	Trade receivables			Trade payables		
	30.06.2021	31.12.2020	Change	30.06.2021	31.12.2020	Change
<b>Parent company</b>						
Falck SpA	752	806	(54)	579	491	88
<b>Total parent company</b>	<b>752</b>	<b>806</b>	<b>(54)</b>	<b>579</b>	<b>491</b>	<b>88</b>
<b>Associates and joint ventures</b>						
Frullo Energia Ambiente Srl	65	83	(18)			
Novis Renewables LLC	70	70		561	575	(14)
Naturalis Energy Development Ltd	23	22	1			
<b>Total Associates and Joint Ventures</b>	<b>158</b>	<b>175</b>	<b>(17)</b>	<b>561</b>	<b>575</b>	<b>(14)</b>
<b>Other Group companies</b>						
Falck Energy SpA						
Sesto Siderservizi Srl	6	1	5			
<b>Total other Group companies</b>	<b>6</b>	<b>1</b>	<b>5</b>			
<b>Other related parties</b>						
CII HoldCo Ltd	35	22	13	52	103	(51)
Svelgen Kraft Holding and associates		209	(209)	85	324	(239)
<b>Total other related parties</b>	<b>35</b>	<b>231</b>	<b>(196)</b>	<b>137</b>	<b>427</b>	<b>(290)</b>
<b>Total</b>	<b>951</b>	<b>1,213</b>	<b>(262)</b>	<b>1,277</b>	<b>1,493</b>	<b>(216)</b>
<b>% incidence on income statement heading</b>	<b>1.1%</b>	<b>1.4%</b>		<b>2.1%</b>	<b>2.3%</b>	

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	(€ thousands)					
	Financial receivables			Financial payables		
	30.06.2021	31.12.2020	Change	30.06.2021	31.12.2020	Change
<b>Associates and joint ventures</b>						
Parque Eolico La Carracha SL						
Parque Eolico Plana de Jarreta SL						
Vector Cuatro Servicios SI						
Naturalis Energy Development Ltd	2,484	1,439	1,045			
<b>Total associates and joint ventures</b>	<b>2,484</b>	<b>1,439</b>	<b>1,045</b>			
<b>Other related parties</b>						
CII HoldCo Ltd	7,682	8,103	(421)			
REG Damery Developers Ltd	790	533	257			
Firstar Development, LLC					517	(517)
Energy Team SpA shareholders				16,258	16,953	(695)
Energia Eolica de Castilla SL						
Nationwide Group				778		778
<b>Total other related parties</b>	<b>8,472</b>	<b>8,636</b>	<b>(164)</b>	<b>17,036</b>	<b>17,470</b>	<b>(434)</b>
<b>Total</b>	<b>10,956</b>	<b>10,075</b>	<b>881</b>	<b>17,036</b>	<b>17,470</b>	<b>(434)</b>
<b>% incidence on income statement heading</b>	<b>45.5%</b>	<b>72.4%</b>		<b>1.7%</b>	<b>1.8%</b>	



*FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021*

5.6 Explanatory and supplementary notes to the financial report

	(€ thousands)					
	Other receivables			Other payables		
	30.06.2021	31.12.2020	Change	30.06.2021	31.12.2020	Change
<b>Parent company</b>						
Falck SpA	4,822	4,838	(16)	585	2,442	(1,857)
<b>Total parent company</b>	<b>4,822</b>	<b>4,838</b>	<b>(16)</b>	<b>585</b>	<b>2,442</b>	<b>(1,857)</b>
<b>Falck Group companies</b>						
Falck Energy SpA					4	(4)
<b>Total Falck Group companies</b>					<b>4</b>	<b>(4)</b>
<b>Associates and joint ventures</b>						
Frullo Energia Ambiente Srl	4,924	2,646	2,278			
Parque Eolico La Carracha SL						
Parque Eolico Plana de Jarreta SL						
<b>Total associates and joint ventures</b>	<b>4,924</b>	<b>2,646</b>	<b>2,278</b>			
<b>Other related parties</b>						
CII HoldCo Ltd				721	2,308	(1,587)
Svelgen Kraft Holding and associates				306	306	
Energy Team SpA shareholders						
Energia Eolica de Castilla SL						
Firstar Development, LLC				1,422	1,861	(439)
Nationwide Group				118	156	(38)
Capital One, N.A.				2,818	2,674	144
Canadian Solar Group						
<b>Total other related parties</b>				<b>5,385</b>	<b>7,305</b>	<b>(1,920)</b>
<b>Total</b>	<b>9,746</b>	<b>7,484</b>	<b>2,262</b>	<b>5,970</b>	<b>9,751</b>	<b>(3,781)</b>
<b>% incidence on income statement heading</b>	<b>18.8%</b>	<b>15.6%</b>		<b>7.6%</b>	<b>11.6%</b>	

## 5.6 Explanatory and supplementary notes to the financial report

### Net Financial Debt (ESMA)

The Net Financial Debt referred to in the ESMA guideline of 4 March 2021 is shown below, together with the relative reconciliation statement with respect to the Net Financial Position commented on in the Interim Management Report.

	(€ thousands)		
	30.06.2021	31.12.2020	Change
Cash and cash equivalents	196,144	239,230	(43,086)
Other current financial assets	10,515	4,966	5,549
<b>Liquidity</b>	<b>206,659</b>	<b>244,196</b>	<b>(37,537)</b>
Current financial payables to third parties	(71,944)	(14,245)	(57,699)
Current portion of non-current financial payables	(87,838)	(95,698)	7,860
Current financial payables for operating leases	(6,141)	(5,085)	(1,056)
<b>Current financial debt</b>	<b>(165,923)</b>	<b>(115,028)</b>	<b>(50,895)</b>
<b>Net current financial debt</b>	<b>40,736</b>	<b>129,168</b>	<b>(88,432)</b>
Non-current financial payables to third parties	(573,138)	(581,640)	8,502
Non-current financial payables for operating leases	(92,963)	(85,571)	(7,392)
Convertible bonds (Green Bond)	(178,762)	(176,429)	(2,333)
Other non-current payables	(3,885)	(4,216)	331
<b>Non-current financial debt</b>	<b>(848,748)</b>	<b>(847,856)</b>	<b>(892)</b>
<b>Total net financial debt (ESMA)</b>	<b>(808,012)</b>	<b>(718,688)</b>	<b>(89,324)</b>
Medium/long-term third party financial receivables	6,842	7,057	(215)
Non-current financial receivables from associates and joint ventures			
Active derivative financial instruments not included in the financial debt	6,704	1,886	4,818
Adjustment of other non-current payables	3,885	4,216	(331)
<b>Total net financial position</b>	<b>(790,581)</b>	<b>(705,529)</b>	<b>(85,052)</b>
- of which “non-recourse” project financing	(603,300)	(606,532)	3,232
- of which fair value of derivatives	(64,563)	(46,150)	(18,413)
- of which financial liabilities for operating leases	(99,104)	(90,656)	(8,448)
<b>Net financial debt excluding fair value of derivatives</b>	<b>(726,018)</b>	<b>(659,379)</b>	<b>(66,639)</b>
<b>Net financial debt excluding operating leases</b>	<b>(691,477)</b>	<b>(614,873)</b>	<b>(76,604)</b>
<b>Net financial debt excluding operating leases and derivatives</b>	<b>(626,914)</b>	<b>(568,723)</b>	<b>(58,191)</b>

## 5.6 Explanatory and supplementary notes to the financial report

### 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 30 June 2021

DISCLOSURES RELATING TO POWER PLANTS IN SERVICE						
Plant	Company Owner	Percentage ownership	Date of entry into operation	Installed capacity (MW)	Energy generated by the plant (GWh)	Net book value (€ thousands)
WTE plant Trezzo (MI) **	Prima Srl	85%	Sept 2003	20.0	53.3	10,935
Biomass plant Rende (CS) ***	Ecosesto SpA	100%	revamping Jan 2011	15.0	52.6	15,040
Photovoltaic Rende (CS)	Ecosesto SpA	100%	Jul 2007	1.0	0.7	2,269
Photovoltaic plants Sicily*	Actelios Solar SpA	100%	Apr 2011	13.1	10.1	23,598
Photovoltaic plant Mesagne (BR) *	Solar Mesagne Srl	100%	July 2009 May 2010	2.0	1.3	4,487
Bologna solar plant (BO)	Falck Next Srl (Donema)	100%	Jul 2011	0.9	0.6	2,558
Solar plant North Carolina (US)	Innovative Solar 42 LLC	51% class B	Sept 2017	92.0	71.3	113,121
Solar power plant in Middleton, Massachusetts (USA) *	HG Solar Development LLC	51% class B	June 2018	6.0	4.1	12,717
Solar power plant in Dartmouth, Massachusetts (USA) *	Fisher Road Solar I LLC	51%	May 2014 (A)	6.0	4.2	14,261
Palmer solar plant in Palmer, Massachusetts (USA) *	Syncarpha Palmer LLC	51% class B	Dec 2015 (A)	6.0	4.0	15,025
Solar power plant in Leominster, Massachusetts (USA) *	Syncarpha Massachusetts LLC	51% class B	May 2015 (A)	2.5	1.6	5,914
Solar plant New York (US)	Calypso Solar 1 LLC (Snyder Rd Solar)	48.45%	Dec 2014 (C)	2.1	0.8	599
Solar plant New York (US)	Calypso Solar 3 LLC (Harford & Musgrave)	48.45%	Dec 2016 (C)	8.6	4.5	8,562
Solar plant New York (US)	Odyssey Solar 2 LLC (Geneva)	48.45%	May 2016 (C)	2.8	1.5	1,892
Maryland solar plant (USA)	Annapolis Solar Park LLC	51%	Jul 2018 (C)	18.1	11.7	27,419
Solar power plant in Escatrón, Aragon (Spain)	Desafío Solar SL	100%	June 2020 (D)	50.0	22.2	51,246

## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

### 5.6 Explanatory and supplementary notes to the financial report

(continued)

DISCLOSURES RELATING TO POWER PLANTS IN SERVICE							
Plant	Company Owner	Percentage ownership	Date of entry into operation	Installed capacity (MW)	Energy generated by the plant (GWh)	Net book value (€ thousands)	
Iowa wind farm (USA)	Building Energy Wind Iowa LLC	51%	Mar 2017 (C)	30.0	56.6	45,216	
Wind farm in Cefn Croes (Wales)*	Cambrian Wind Energy Ltd	51%	Apr 2005	58.5	74.1	18,357	
Wind farm Boyndie (Scotland)*	Boyndie Wind Energy Ltd	51%	June 2006 June 2010	16.7	20.2	8,521	
Wind farm Earlsburn (Scotland)*	Earlsburn Wind Energy Ltd	51%	Dec. 2007	37.5	47.5	19,787	
Wind farm Ben Aketil (Scotland)*	Ben Aketil Wind Energy Ltd	51%	Jan 2008 Jan 2011	27.6	38.8	14,573	
Wind farm Millennium (Scotland)*	Millennium Wind Energy Ltd	51%	Mar 2009 Feb 2011	65.0	74.9	55,098	
Wind farm Kilbraur (Scotland)*	Kilbraur Wind Energy Ltd	51%	Feb 2009 Sept 2011	67.5	75.5	51,236	
Wind farm Nutberry (Scotland)*	Nutberry Wind Energy Ltd	100%	Oct. 2013	15.0	22.3	23,772	
Wind farm West Browncastle (Scotland)*	West Browncastle Wind Energy Ltd	100%	June 2014	30.0	33.4	45,287	
Wind farm Spaldington (England)*	Spaldington Airfield Wind Energy Ltd	100%	May 2016	11.8	11.2	20,773	
Wind farm Kingsburn (Scotland)*	Kingsburn Wind Energy Ltd	100%	May 2016	22.5	34.2	34,409	
Wind farm Assel Valley (Scotland)*	Assel Valley Wind Energy Ltd	100%	Oct. 2016	25.0	32.8	40,888	
Wind farm Auchrobert (Scotland)*	Auchrobert Wind Energy Ltd	100%	Apr 2017	36.0	42.7	53,957	
Wind farm San Sostene (CZ)*	Eolica Sud Srl	100%	Oct. 2009 Oct. 2010	79.5	80.0	72,126	
Wind farm Minervino Murge (BT) *	Eolo 3W Minervino Murge Srl	100%	Dec. 2008	52.0	41.4	53,868	
Wind farm Buddusò - Alà dei Sardi (OT) ****	Geopower Sardegna Srl	100%	Jul 2011 Dec. 2011	138.0	166.0	128,839	
Wind farm Petralia Sottana (PA) *	Eolica Petralia Srl	100%	Apr 2012	22.1	18.5	27,545	
Wind farm Finistère (France)*	SE Ty Ru SAS	100%	Jul 2012	10.0	10.4	10,387	
Wind farm Maine et Loire (France)*	Parc Eolien du Fouy SAS	100%	Apr 2009	10.0	9.9	7,181	
Wind farm Maine et Loire (France)*	Parc Eolien des Crêtes SAS	100%	Apr 2009	10.0	9.9	7,780	
Wind farm Oise (France)*	Esquennois Energie SAS	100%	Jul 2009	12.0	11.8	9,981	
Wind farm Marne (France)*	Eol Team SAS	100%	Aug 2006 (B)	12.0	11.7	9,598	
Wind farm Aisnes (France)*	Ferme Eolienne de Noyales SAS	100%	Aug 2009 (B)	10.0	11.5	8,507	
Wind farm Cher (France)*	Parc Eolien du Bois Ballay SAS	100%	Sept 2011 (B)	12.0	12.7	14,706	
Wind farm Charente-Maritime (France)*	Parc Eolien de Mazeray et de Bignay SAS	100%	Mar 2013 (B)	12.0	12.0	16,638	
Parc Eolien Cher wind farm (France) *	Parc Eolien des Coudrays SAS	100%	June 2011 (B)	10.0	9.4	12,040	
Aliden wind farm (Sweden)	Ålden Vind AB	100%	Dec. 2019	46.8	75.3	59,746	
Wind farm in Brattmyrliden (Sweden)	Brattmyrliden Vind AB	100%	June 2021	74.1	41.9	105,015	
Hennoy wind farm (Norway)	Falck Renewables Vind AS	89%	Dec. 2019	50.0	63.1	59,622	
Wind farm Zaragoza (Spain)*	Eolica Cabezo San Roque Sau	100%	Jan 2004	23.3	24.2	5,394	
Carreastro wind farm (Spain) *	Energia Eolica de Castilla SL	100%	Feb 2020	10.0	16.4	14,362	
<b>Total</b>				<b>1,282.9</b>	<b>1,435.0</b>	<b>1,364,852</b>	

\* 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 of 138 MW

(A) The company was included in the consolidation perimeter of Falck Renewables Group from June 2018 following an acquisition

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

(C) The company was included in the consolidation perimeter of Falck Renewables Group from December 2020 following an acquisition

(D) The company was included within the consolidation perimeter of Falck Renewables Group from April 2021 following an acquisition

## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

### 5.6 Explanatory and supplementary notes to the financial report

INFORMATION ON FINANCIAL DEBT						
Plant	Company Owner	Associated financial exposure				
		Financial liability book value (€ thousands)	Technical form	Maturity	Commitments, guarantees given to lenders (footnotes)	Significant contractual clauses (footnotes)
WTE plant Trezzo (MI)	Prima Srl		N.A.	N.A.	N.A.	N.A.
Biomass plant Rende (CS)	Ecosesto SpA		N.A.	N.A.	N.A.	N.A.
Photovoltaic Rende (CS)	Ecosesto SpA		N.A.	N.A.	N.A.	N.A.
Photovoltaic plants Sicily	Actelios Solar SpA	(26,658)	Project financing	31.12.2029	A	C
Photovoltaic plant Mesagne (BR)	Solar Mesagne Srl	D	Current account with the parent company	N.A.	N.A.	N.A.
Bologna solar plant (BO)	Falck Next Srl (Donema)	E	Current account with the parent company	N.A.	N.A.	N.A.
Photovoltaic plant North Carolina (USA)	Innovative Solar 42 LLC	(26,464)	Loan note*	31.03.2033	A	C
Middleton solar plant, Massachusetts (USA)	HG Solar Development LLC		N.A.	N.A.	N.A.	N.A.
Dartmouth solar plant, Massachusetts (USA)	Fisher Road Solar I LLC		N.A.	N.A.	N.A.	N.A.
Palmer solar plant, Massachusetts (USA)	Synearpha Palmer LLC		N.A.	N.A.	N.A.	N.A.
Leominster solar plant, Massachusetts (USA)	Synearpha Massachusetts LLC		N.A.	N.A.	N.A.	N.A.
Solar plant New York (US)	Calypso Solar 1 LLC (Snyder Rd Solar)	(681)	Project financing *	31.01.2032	A	C
Solar plant New York (US)	Calypso Solar 3 LLC (Harford & Musgrave)	(6,147)	Project financing *	31.01.2032	A	C
Solar plant New York (US)	Odyssey Solar 2 LLC (Geneva)	(1,334)	Project financing *	30.07.2023	A	C
Maryland solar plant (USA)	Annapolis Solar Park LLC	(15,599)	Project financing *	01.10.2033	A	C
Solar power plant in Escatrón, Aragon (Spain)	Desafio Solar SL	(20,759)	Project financing *	30.06.2036	A - C	A - C
Iowa wind farm (USA)	Building Energy Wind Iowa LLC	(6,560)	Project financing *	31.03.2027	A	C
Wind farm Cefn Croes (Wales)	FRUK Holdings (No.1) Ltd	(22,644)	Project financing	31.12.2025	A	C
Wind farm Boyndie (Scotland)	Cambrian Wind Energy Ltd		N.A.	N.A.	A	C
Wind farm Cefn Croes (Wales)	Boyndie Wind Energy Ltd		N.A.	N.A.	A	C
Wind farm Earlsburn (Scotland)	Earlsburn Mezzanine Ltd	(20,161)	Project financing ***	31.03.2026	A	C
Wind farm Earlsburn (Scotland)	Earlsburn Wind Energy Ltd	(3,119)	Project financing ***	15.04.2022	A	C
Wind farm Ben Aketil (Scotland)	Ben Aketil Wind Energy Ltd	(8,483)	Project financing	31.12.2024	A	C
Wind farm Millennium (Scotland)	Millennium Wind Energy Ltd	(20,921)	Project financing	15.04.2027	A	C
Wind farm Kilbraur (Scotland)	Kilbraur Wind Energy Ltd	(28,629)	Project financing	15.10.2027	A	C
Wind farm Nutberry (Scotland)	Nutberry Wind Energy Ltd	(16,511)	Project financing	31.03.2032	A	C
Wind farm West Browncastle (Scotland)	West Browncastle Wind Energy Ltd	(34,873)	Project financing	31.12.2033	A	C
Wind farm Spaldington (England)	Spaldington Airfield Wind Energy Ltd	(12,442)	Project financing	30.06.2034	A	C
Wind farm Kingsburn (Scotland)	Kingsburn Wind Energy Ltd	(28,611)	Project financing	30.06.2034	A	C
Wind farm Assel Valley (Scotland)	Assel Valley Wind Energy Ltd	(39,350)	Project financing	31.12.2034	A	C
Wind farm Auchrobert (Scotland)	Auchrobert Wind Energy Ltd	(50,313)	Project financing	31.12.2035	A	C
Wind farm San Sostene (CZ)	Eolica Sud Srl	(40,188)	Project financing	31.12.2024	A	C
Wind farm Minervino Murge (BT)	Eolo 3W Minervino Murge Srl	(18,583)	Project financing	31.12.2023	A	C
Wind farm Buddusò - Alà dei Sardi (OT)	Geopower Sardegna Srl	(113,520)	Project financing	30.06.2027	A	C
Wind farm Petralia Sottana (PA)	Eolica Petralia Srl	(10,868)	Project financing	30.06.2027	A	C
Wind farm Finistère (France)	SE Ty Ru SAS	(4,666)	Project financing	30.06.2028	A	C
Wind farm Maine et Loire (France)	Parc Eolien du Fouy SAS	(3,386)	Project financing	15.07.2026	A	C
Wind farm Maine et Loire (France)	Parc Eolien des Crêtes SAS	(3,406)	Project financing	15.07.2026	A	C
Wind farm Oise (France)	Esquennois Energie SAS	(4,563)	Project financing	15.07.2026	A	C
Wind farm Marne (France)	Eol Team SAS		N.A.	N.A.	N.A.	N.A.
Wind farm Aisnes (France)	Ferme Eolienne de Noyales SAS	(1,125)	Project financing	31.08.2022	A	C
2 wind farms Cher (France)	CEP Tramontane 1 S.A.S.**	(12,736)	Project financing	30.06.2027	A	C
Wind farm Charente-Maritime (France)	Parc Eolien du Bois Ballay SAS**		N.A.	N.A.	N.A.	N.A.
Wind farm Charente-Maritime (France)	Parc Eolien de Mazeray et de Bignay SAS**		N.A.	N.A.	N.A.	N.A.
Parc Eolien Cher wind farm (France)	Parc Eolien des Coudrays SAS**		N.A.	N.A.	N.A.	N.A.
Aliden wind farm (Sweden)	Ahden Vind AB		N.A.	N.A.	N.A.	N.A.
Brattmyrliden wind farm (Sweden)	Brattmyrliden Vind AB		N.A.	N.A.	N.A.	N.A.
Hennoy wind farm (Norway)	Falck Renewables Vind AS		N.A.	N.A.	N.A.	N.A.
Wind farm Saragozza (Spain)	Eolica Cabezo San Roque Sau		N.A.	N.A.	N.A.	N.A.
Carreastro wind farm (Spain) *	Energia Eolica de Castilla SL		N.A.	N.A.	N.A.	N.A.
<b>Total Project Financing</b>		<b>(603,300)</b>				

\* A form of financing similar to project financing

\*\* Parc Eolien du Bois Ballay SAS, Parc Eolien de Coudrays SAS, Parc Eolien de Mazeray et de Bignay SAS and CEP Tramontane 1 SAS are part of the same financing with credit lines granted to CEP Tramonate 1 SAS and joint guarantees.

\*\*\* The loans granted to Earlsburn Mezzanine Ltd and Earlsburn Wind Energy Ltd are part of the same credit line and have common guarantees

The standard security package envisaged by Falck Renewables Group's project financing contracts comprises: mortgage, special privileges, the disposal of receivables under guarantee, pledges on shares, pledges on current accounts and in certain cases the sale of shareholder loans.

All amounts secured under project financing transactions have been received and the equity portion (share capital and shareholders' loans) has been paid in full.

## 5.6 Explanatory and supplementary notes to the financial report

### 2. Disclosures relating to power plants not yet in service at 30 June 2021

(€ thousands)

INFORMATION ON ENERGY PRODUCTION PLANTS NOT YET IN OPERATION					
Plant	Owner	Progress	Installed capacity (MW)	Presumed date of entry into operation	NBV as of 30.06.2021
Wind farm Illois (France)	Parc Eolien d'Illois Sarl	Authorised	Up to 12	End of fourth quarter of 2022	3,587
Okla wind farm (Norway) *	Falck Renewables Vind AS	Under construction	21	End of fourth quarter of 2021	23,393
Westmoreland solar plant (USA)	Westmoreland County Solar Project LLC	Under construction	30	End of fourth quarter of 2021	28,650

(\*) The net carrying amount includes, in addition to the value of the plant, the value of concessions and rights to use the land on which the plant will be built (in accordance with IFRS 16)

### 5.6.6 Income statement content and movements

#### 17 Revenues

Revenues consisted of the following:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Sale of goods	202,258	169,240	33,018
Sale of services	31,928	26,049	5,879
<b>Total</b>	<b>234,186</b>	<b>195,289</b>	<b>38,897</b>

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

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Sale of electricity and incentives	200,811	168,257	32,554
Sale of other goods	1,447	983	464
<b>Total</b>	<b>202,258</b>	<b>169,240</b>	<b>33,018</b>

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

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Waste treatment and disposal	9,896	10,290	(394)
Services and management of renewables energy plants	7,674	6,531	1,143
Plant maintenance	13,688	8,374	5,314
Other operating income	670	854	(184)
<b>Total</b>	<b>31,928</b>	<b>26,049</b>	<b>5,879</b>

The increase in revenues reflects multiple opposing dynamics, which can be summarised as follows: (i) approximately € 8.3 million for the change in the consolidation perimeter due to the acquisition of the Building Energy Holding US plants (November 2020), the Desafio Solar SL plant (April 2021), and the Donema plant (July 2020), and for the entry into operation of the Brattmyrliiden plant (June 2021); (ii) approximately € 27.5



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### 5.6 Explanatory and supplementary notes to the financial report

million for the greater volume of energy sold by Falck Next Energy Srl, and approximately € 4.3 million for the increased revenues of the consortia tasked with managing the interruptibility service on the Italian energy market; (iii) approximately € 11 million for the increase in electricity sales prices in Italy, Norway and the United Kingdom, including the differential attributable to the ROC Recycle component; (iv) approximately € 17.1 million due to the lower wind production in the United Kingdom, Italy, France and the Nordic countries (Sweden and Norway), which was partially offset by the greater production in Spain; (v) approximately € 2.4 million for the increased energy production of the biomass plant, which was stopped however in the first half of 2020 due to scheduled maintenance; and (vi) € 2.6 million due to increased revenues from the Services sector.

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

30.06.2021									(€ thousands)
Revenues by Geographic Area	Sales revenues from electricity	Revenues from incentives/ green certificates	Sales revenues from sale of products	Total sale of electricity and other assets	Revenues from plant management	Revenues from waste treatment and disposal	Other revenues	TOTAL	
Italy	69,992	42,942	1,371	<b>114,305</b>	15,001	9,896	110	<b>139,312</b>	
United Kingdom	20,033	22,013	8	<b>42,054</b>	167		543	<b>42,764</b>	
Germany	9,125	7,893	2	<b>17,020</b>	23			<b>17,043</b>	
France	9,574			<b>9,574</b>	20		2	<b>9,596</b>	
United States	7,640	2,267	5	<b>9,912</b>	342		1	<b>10,255</b>	
Sweden	3,410	6		<b>3,416</b>				<b>3,416</b>	
Norway	1,929	11		<b>1,940</b>				<b>1,940</b>	
Spain	3,898	13		<b>3,911</b>	2,396		3	<b>6,310</b>	
Japan			1	<b>1</b>	2,588			<b>2,589</b>	
Mexico					728			<b>728</b>	
Other	21	44	60	<b>125</b>	97		11	<b>233</b>	
<b>TOTAL REVENUES</b>	<b>125,622</b>	<b>75,189</b>	<b>1,447</b>	<b>202,258</b>	<b>21,362</b>	<b>9,896</b>	<b>670</b>	<b>234,186</b>	

The following table shows a breakdown of revenues by sector at 30 June 2021 and 30 June 2020:

30.06.2021							(€ thousands)
Revenues by type of service	Wte, Biomass and Solar	Wind	Services	Other businesses	Elimination	Consolidated	
Sales revenues from electricity	17,620	69,849	197	70,399	(32,443)	125,622	
Revenues from incentives/green certificates	11,076	64,464		8,619	(8,970)	75,189	
Sales revenues from sale of products			1,603		(156)	1,447	
<b>Total sale of electricity and other assets</b>	<b>28,696</b>	<b>134,313</b>	<b>1,800</b>	<b>79,018</b>	<b>(41,569)</b>	<b>202,258</b>	
<b>Revenues from plant management</b>	<b>226</b>	<b>34</b>	<b>24,162</b>	<b>481</b>	<b>(3,541)</b>	<b>21,362</b>	
<b>Revenues from waste treatment and disposal</b>	<b>9,896</b>					<b>9,896</b>	
<b>Other revenues</b>	<b>20</b>	<b>545</b>	<b>13</b>	<b>172</b>	<b>(80)</b>	<b>670</b>	
<b>TOTAL</b>	<b>38,838</b>	<b>134,892</b>	<b>25,975</b>	<b>79,671</b>	<b>(45,190)</b>	<b>234,186</b>	

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	30.06.2020					(€ thousands)
Revenues by type of service	Wte, Biomass and Solar	Wind	Services	Other businesses	Elimination	Consolidated
Sales revenues from electricity	13,349	63,714		34,033	(16,322)	94,774
Revenues from incentives/green certificates	7,988	65,495				73,483
Sales revenues from sale of products			1,005		(22)	983
<b>Total sale of electricity and other assets</b>	<b>21,337</b>	<b>129,209</b>	<b>1,005</b>	<b>34,033</b>	<b>(16,344)</b>	<b>169,240</b>
<b>Revenues from plant management</b>	<b>199</b>	<b>4</b>	<b>19,219</b>	<b>269</b>	<b>(4,786)</b>	<b>14,905</b>
<b>Revenues from waste treatment and disposal</b>	<b>10,290</b>					<b>10,290</b>
<b>Other revenues</b>	<b>18</b>	<b>796</b>		<b>41</b>	<b>(1)</b>	<b>854</b>
<b>TOTAL</b>	<b>31,844</b>	<b>130,009</b>	<b>20,224</b>	<b>34,343</b>	<b>(21,131)</b>	<b>195,289</b>

The following table shows revenues divided by their recognition date:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Goods/services transferred on a specific date	213,877	181,023	32,854
Services provided over time	20,309	14,266	6,043
<b>Total</b>	<b>234,186</b>	<b>195,289</b>	<b>38,897</b>

**18 Personnel costs**

A breakdown of personnel costs is provided below:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Salaries and wages	18,783	16,764	2,019
Social security costs	4,942	4,447	495
Staff leaving indemnity (TFR)	720	597	123
Other costs	871	807	64
<b>Total</b>	<b>25,316</b>	<b>22,615</b>	<b>2,701</b>

The average number of employees was as follows:

	(number)	
	30.06.2021	30.06.2020
Managers	59	57
White-collar staff	473	434
Blue-collar staff	30	32
<b>Total average number of employees</b>	<b>562</b>	<b>523</b>

**Personnel costs** increased by € 2,701 thousand, mainly due to the average increase in the workforce with respect to the first half of 2020 (+39 employees) and salary increases compared to the first half of 2020. The increase in the number of employees compared to 30 June 2020 is mainly due to the Services segment, the acquisition in November 2020 of Building Energy Holding US LLC (5 employees) and internal growth as the main functions,

## 5.6 Explanatory and supplementary notes to the financial report

in continuity with what occurred in 2020, are being structured to cope with the development of the new initiatives envisaged in the Business Plan.

### 19 Direct costs

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

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Consumables	53,263	23,449	29,814
Services	35,998	28,145	7,853
Other costs	14,319	13,048	1,271
Change in inventories	2,042	(666)	2,708
Typical allocation to/(use) of operating provisions	476	(45)	521
Amortisation of intangible assets	1,813	1,861	(48)
Net impairment and recovery of intangible assets			
Depreciation of property, plant and equipment	37,843	35,185	2,658
Amortisation of rights to use	2,726	2,343	383
Badwill from business acquisition	(97)		(97)
Net impairment and recovery of property, plant and equipment	6		6
Costs capitalised on investment contracts	(2,634)		(2,634)
<b>Total</b>	<b>145,755</b>	<b>103,320</b>	<b>42,435</b>

**Direct costs and expenses** increased by € 42,435 thousand mainly due to: (i) the costs of materials, which increased due to the purchase of energy from the market by Falck Next Energy Srl for the amount of € 28.5 million, and the purchase of biomass for the amount of € 0.8 million; (ii) the costs of services, which increased mainly due to the higher costs of the consortia for the management of the interruptibility service on the Italian energy market, for the amount of € 4.3 million, and for the reclassification of certain costs from General and administrative expenses for better exposure, for the amount of € 1.8 million; (iii) depreciation of tangible fixed assets and rights of use, which increased due to the greater installed capacity; (iv) the change in inventories, due to the use of the biomass warehouse, for the amount of € 0.8 million, and the allocation of a portion of the solar panel warehouse to the Westmoreland Country Solar Project plant currently under construction, for the amount of € 2 million, which has been suspended through the Costs capitalised on investment contracts item.

### 20 Other income

Other income may be analysed as follows:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Current operating income	4,103	3,270	833
Non-current operating income	1,851	6,236	(4,385)
<b>Total</b>	<b>5,954</b>	<b>9,506</b>	<b>(3,552)</b>

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The details of the other income from current operations item are as follows:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Service revenues	2,015	2,085	(70)
Rental income			
Capital and operating grants	2,048	1,101	947
Other income	40	84	(44)
<b>Total</b>	<b>4,103</b>	<b>3,270</b>	<b>833</b>

The details of the other income from current operations item are as follows:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Extraordinary income	741	1,132	(391)
Gains on disposal of property, plant and equipment		4,213	(4,213)
Insurance compensation payments	1,097	527	570
Contractual penalties	13	313	(300)
Other		51	(51)
<b>Total</b>	<b>1,851</b>	<b>6,236</b>	<b>(4,385)</b>

**Other income** decreased by € 3,552 thousand. In the first half of 2020 this item included a gain of € 3,989 thousand realised on the sale by the Group of its 50% interest in Novis Renewables LLC. The extraordinary income and contractual penalties were also lower, respectively by € 391 thousand and € 300 thousand compared to the same previous period. This effect was partially offset by higher operating and capital grants of approximately € 947 thousand compared to the previous period, mainly due to the acquisition of the wind farm in Iowa, in the United States.

In addition, with regard to capital and operating grants, these are mainly grants pursuant to Law no. 488 and ITC (Investment Tax Credit) grants recognised using the indirect method. In detail:

	(€ thousands)	
	30.06.2021	30.06.2020
Investment Tax Credit (ITC) contributions	565	761
Law 488 contributions	237	239
Federal Production Tax Credit (FPTC) contributions	1,199	
Operating contributions	47	101
<b>Total</b>	<b>2,048</b>	<b>1,101</b>

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### 21 Administrative expenses

Administrative expenses may be detailed as follows:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Consumables	247	631	(384)
Services	9,863	10,941	(1,078)
Other costs	3,474	4,346	(872)
Non-current operating expenses	936	2,340	(1,404)
Amortisation of intangible assets	514	92	422
Impairment and revaluations of intangible and tangible fixed assets	27	101	(74)
Depreciation of rights to use intangible assets	86	86	
Depreciation of property, plant and equipment	273	145	128
Depreciation of rights to use property, plant and equipment	939	866	73
Allocations to/(use of) risk provisions	(1,221)	(1,593)	372
Capitalised indirect costs	(1,130)	(1,289)	159
<b>Total</b>	<b>14,008</b>	<b>16,666</b>	<b>(2,658)</b>

**General and administrative expenses** decreased by € 2,658 thousand with respect to the same period in 2020, mainly due to: (i) costs amounting to € 1.8 million, reclassified to direct costs and expenses for better exposure, and (ii) decreased non-recurring operating expenses, amounting to € 1.4 million. It should be noted that, during the first half of 2020, the item non-recurring operating expenses included € 2 million in costs for the settlement of disputes relating to the Sicilian project companies in liquidation, the provision for which had already been set aside in previous years and released in the item provisions and utilisation of provisions for risks. During the first half of 2021, on the other hand, the cost of a € 0,5 million penalty paid to an offtaker by the company Brattmyrliiden due to the delay of the plant's entry into operation, which might be repaid by the plant's manufacturer, was recorded under the non-recurring operating expenses item.

### 22 Financial income and expenses

Financial income and expenses comprised:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Financial expenses	(19,232)	(19,307)	75
Financial expenses for leasing debts under IFRS 16	(1,821)	(1,613)	(208)
Foreign exchange losses	(9,119)	(16,685)	3,949
Financial income	3,162	470	2,692
Foreign exchange gains	9,885	16,322	(2,820)
Financial expenses capitalised on assets under construction	81	7	74
<b>Total</b>	<b>(17,044)</b>	<b>(20,806)</b>	<b>3,762</b>

**Net financial expenses** increased by € 3,762 thousand compared to the first half of 2020. The decrease was due to lower exchange rate losses, the measures taken by the management to streamline financial costs through debt renegotiations, releases and lower accruals to the provision for doubtful accounts for a total of € 1,346 thousand and the positive change in the Fair Value of Energy Team's put option for

## 5.6 Explanatory and supplementary notes to the financial report

approximately € 695 thousand (Special item), partially offset by the effect of notional charges on the convertible bond, measured at amortised cost and equal to € 2,333 thousand (Special item).

The breakdown of financial expenses can be summarised as follows:

	(€ thousands)			
	From bonds	From banks	From others	Total
Payable to others	2,333	24,336	3,503	30,172
<b>Total</b>	<b>2,333</b>	<b>24,336</b>	<b>3,503</b>	<b>30,172</b>

The financial income as of 30 June 2021, compared with the previous period, is shown in the table below:

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Interest income and commission from banks	1,166	186	980
Foreign exchange gains	9,885	16,322	(6,437)
Interest income and commission from others	1,996	284	1,712
<b>Total</b>	<b>13,047</b>	<b>16,792</b>	<b>(3,745)</b>

### 23 Investment income/(expenses)

As of 30 June 2021 the item in question amounted to zero.

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

This item includes equity investments in associates and Joint Ventures

	(€ thousands)		
	30.06.2021	30.06.2020	Change
Frullo Energia Ambiente Srl	1,924	1,137	787
Palermo Energia Ambiente SpA in liquidation			
Parque Eolico La Carracha Sl			
Parque Eolico Plana de Jarreta Sl			
Naturalis Energy Developments Ltd	(567)		(567)
Novis Renewables LLC	(2,164)	(1,917)	(247)
<b>Total</b>	<b>(807)</b>	<b>(780)</b>	<b>(27)</b>

Income and expenses from investments accounted for at equity decreased by € 27 thousand compared to the first half of 2020 as the higher result of Frullo Energia Ambiente Srl was more than offset by the negative result of the Novis Renewables group and Naturalis Energy Developments Limited.

### 25 Income tax expense

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As of 30 June 2021, the **income taxes** amounted to € 17,624 thousand (€ 12,272 thousand in first half of 2020).

This figure was significantly affected by the one-off adjustment of deferred taxes in the UK, with a total negative impact of approximately € 8.3 million, due to the approval of the increase in the corporate income tax rate from 19% to 25% from 1 April 2023 (Special item). Taxes for the first half of 2020 were negatively impacted by the effects of the one-off adjustment of deferred taxes in the UK for a total of € 2.7 million, following the failure to reduce the income tax rate from 19% to 17%, which was previously approved and subsequently repealed.

### **26 Additional disclosures in accordance with IFRS 16**

The Group has land lease contracts in place for some of its production facilities, as well as lease contracts for its headquarters and subsidiaries' offices, software and other minor leases classified as tangible and intangible assets. The analysis carried out on the terms and conditions of the contract led to the conclusion that, with the exception of one property lease contract, for all other contracts outstanding at 30 June 2021, all significant risks and rewards of ownership of the assets were not transferred to the Group but remained with the lessor. These contracts were accounted for as operating leases in accordance with IFRS 16.

The following table shows the net book value of the rights of use at 30 June 2021, broken down by type of asset leased and changes during the year:



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(€ thousands)										
	Balance at 31.12.2020	Increase	Change in consolid. perimeter	Reclassification	Exchange effect	Disposals	Other movements	(Impairment) Revaluat.	Amortisation/ depreciation	Balance at 30.06.2021
<b>Gross values</b>										
Rights of use - Land	83,497	99	5,534		2,430		3,683	(10)		95,233
Rights of use - Buildings	11,192	86			111	(35)	(48)			11,306
Rights of use - Other assets	2,221	281			8	(166)	11	(65)		2,290
<i>Total gross values of property, plant and equipment</i>	96,910	466	5,534		2,549	(201)	3,646	(75)		108,829
Right of use - Software	516									516
<i>Total gross values of intangible fixed assets</i>	516									516
<b>Total gross value</b>	<b>97,426</b>	<b>466</b>	<b>5,534</b>		<b>2,549</b>		<b>3,646</b>	<b>(75)</b>		<b>109,546</b>
<b>Accumulated depreciation</b>										
Rights of use - Land	(8,106)				(278)		(14)		(2,453)	(10,851)
Rights of use - Buildings	(2,154)				(11)	35	5		(874)	(2,999)
Rights of use - Other assets	(1,018)				(2)	147	36	39	(338)	(1,136)
<i>Total provision for depreciation of property, plant and equipment</i>	(11,278)				(291)	182	27	39	(3,665)	(14,986)
Right of use - Software	(244)								(86)	(330)
<i>Total provision for amortisation of intangible fixed assets</i>	(244)								(86)	(330)
<b>Total depreciation</b>	<b>(11,522)</b>				<b>(291)</b>	<b>182</b>	<b>27</b>	<b>39</b>	<b>(3,751)</b>	<b>(15,316)</b>
<b>Net book amounts</b>										
Rights of use - Land	75,391	99	5,534		2,152		3,669	(10)	(2,453)	84,382
Rights of use - Buildings*	9,038	86			100		(43)		(874)	8,307
Rights of use - Other assets	1,203	281			6	(19)	47	(26)	(338)	1,154
<i>Total net values of property, plant and equipment</i>	85,632	466	5,534		2,258	(19)	3,673	(36)	(3,665)	93,843
Right of use - Software	272								(86)	186
<i>Total net values of intangible fixed assets</i>	272								(86)	186
<b>Total net rights of use</b>	<b>85,904</b>	<b>466</b>	<b>5,534</b>		<b>2,258</b>	<b>(19)</b>	<b>3,673</b>	<b>(36)</b>	<b>(3,751)</b>	<b>94,029</b>

\* The balance at 30 June 2021 includes € 349 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 30 June 2021:

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	(€ thousands)
31 December 2020	90,701
Increases	461
Area variation	5,553
Increase for interest	1,821
Payments	(5,381)
Foreign exchange differences	2,369
Other movements	3,601
<b>at 30 June 2021*</b>	<b>99,125</b>
Current	6,162
Non-current	92,963

\* The balance at 30 June 2021 includes € 21 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 30 June 2021 are shown below:

	(€ thousands)
Amortisation of rights of use for land	2,453
Amortisation of rights of use for buildings*	874
Amortisation of rights of use for other assets	338
Amortisation of rights of use for software	86
<b>Total amortisation</b>	<b>3,751</b>
<b>Total financial expenses for financial liabilities</b>	<b>1,821</b>
<b>Short term, low value leasing costs</b>	<b>634</b>
<b>Variable leasing costs</b>	<b>1,117</b>
<b>Total costs recorded on the Income statement</b>	<b>7,323</b>

\* The balance at 30 June 2021 includes € 10 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	4,092		4,092
Variable lease payment with minimum payment	1,289	1,966	3,255
Variable lease payment		78	78
<b>Total</b>	<b>5,381</b>	<b>2,044</b>	<b>7,425</b>

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.

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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 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, using the Black Scholes through Monte-Carlo method.

### *CEO*

The incentive plan for the CEO of Falck Renewables SpA was put into effect with 600,000 shares in May 2020. 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.

As the shares were assigned free of charge, the exercise price was zero. The fair value of the stock grants at 30 June 2021, worth € 431 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. 33,000 equity rights assigned to managers were cancelled during the first half of 2021.

In June 2021, a further 81,000 equity rights were assigned to several Group managers.

The fair value per share assigned, calculated as the weighted average share price on the date of assignment net of forecast dividends during the vesting period, was of € 4.2897.

As the shares were assigned free of charge, the exercise price was zero. The fair value of the stock grants at 30 June 2021, worth € 244 thousand, was posted under personnel costs, balancing the Other reserves heading under net equity.

At 30 June 2021, the following rights were held:

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	Number of shares	Average exercise price
<b>Rights existing at 01.01.2021</b>	<b>1,017,000</b>	<b>N/A</b>
New rights assigned during the period	81,000	
(Rights cancelled during the period)	(33,000)	
(Rights converted into cash during the period)		
(Rights expired during the period)		
<b>Rights existing at 30.06.2021</b>	<b>1,065,000</b>	<b>N/A</b>
available for exercise at the end of the year		

### 28 Significant non-recurring events and transactions

Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, there were no significant non-recurring transactions by Falck Renewables SpA Group in the first half of 2021.

### 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 Falck Renewables Group's income statement headings are provided below.

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### 5.7 Additional information on financial instruments

	(€ thousands)							
	Revenues from sales of goods	Revenues from sales of services	Other revenues	Direct costs and expenses	General and administrative expenses	Financial expenses	Financial income	Income from investments
<b>Parent company</b>								
Falck SpA		11	14		(500)			
<b>Total parent company</b>		<b>11</b>	<b>14</b>		<b>(500)</b>			
<b>Associates and joint ventures</b>								
Frullo Energia Ambiente Srl			64					1,924
Naturalis Energy Development Ltd		1					65	(567)
Novis Renewables LLC			1,601		(122)			(2,164)
Vector Cuatro Servicios SI								
<b>Total associates and joint ventures</b>		<b>1</b>	<b>1,665</b>		<b>(122)</b>		<b>65</b>	<b>(807)</b>
<b>Group companies</b>								
Sesto Siderservizi Srl			5			(24)		
Falck Energy SpA		1	7					
<b>Total Group companies</b>		<b>1</b>	<b>12</b>			<b>(24)</b>		
<b>Other related parties</b>								
Firstar Development, LLC						(49)	219	
Nationwide Group						(2)		
Capital One, N.A.						(56)		
ENI New Energy US Inc				(14)				
Energy Team SpA shareholders							695	
Svelgen Kraft Holding and associates				(294)				
REG Damery Developers Ltd							65	
CII HoldCo Ltd						(39)	119	
<b>Total other related parties</b>				<b>(308)</b>		<b>(146)</b>	<b>1,098</b>	
<b>Total</b>		<b>13</b>	<b>1,691</b>	<b>(308)</b>	<b>(622)</b>	<b>(170)</b>	<b>1,163</b>	<b>(807)</b>
<b>% incidence on income statement heading</b>		<b>0.0%</b>	<b>28.4%</b>	<b>0.2%</b>	<b>4.4%</b>	<b>0.6%</b>	<b>8.9%</b>	<b>100.0%</b>

### 5.7 Additional information on financial instruments

IAS 34.16A(j), as amended following the publication of IFRS 13, requires the Group to disclose information on the fair value of financial instruments specified in IFRS 7 and IFRS 13. The information relates to 30 June 2021 and 31 December 2020.

In particular, it sets out detailed information regarding financial assets and liabilities regarding their classification in compliance with IFRS 9, the impact on the income statement for the year and their fair value.

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

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 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.

## 5.7 Additional information on financial instruments

In September 2020 Falck Renewables SpA issued an equity-linked Green Bond for a nominal amount of Euro 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.

### 1. Balance sheet

The tables below illustrate the carrying values at 30 June 2021 and 31 December 2020 of the financial assets and liabilities reclassified in accordance with IFRS 9. In order to reconcile with the balance sheet totals the penultimate column sets out the values of the assets and liabilities that are not included in the scope of IFRS 7.

As of 30 June 2021, the total financial assets of Falck Renewables Group amounted to 314,077 thousand Euros and the financial liabilities totalled 1,078,724 thousand Euros, compared to a total balance sheet value of 2,041,300 thousand Euros. 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.

(€ thousands)						
<b>30.06.2021</b>						
	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
<b>Assets</b>						
Property, plant and equipment and intangibles					1,589,113	1,589,113
Investments and securities		3,458		3,458	33,371	36,829
Financial receivables	11,081	6,276	6,704	24,061		24,061
Inventories					26,963	26,963
Trade receivables	84,265			84,265		84,265
Deferred tax assets					32,019	32,019
Other receivables	6,149			6,149	45,757	51,906
Cash and cash equivalents	196,144			196,144		196,144
Assets held for sale						
<b>Total</b>	<b>297,639</b>	<b>9,734</b>	<b>6,704</b>	<b>314,077</b>	<b>1,727,223</b>	<b>2,041,300</b>
<b>Liabilities</b>						
Net equity					711,452	711,452
Financial payables	902,729	39,760	68,297	1,010,786		1,010,786
Trade payables	62,270			62,270		62,270
Other liabilities	5,668			5,668	73,041	78,709
Deferred tax liabilities					57,145	57,145
Provisions for risks and charges					114,982	114,982
TFR (Staff leaving indemnity)					5,956	5,956
Liabilities held for sale						
<b>Total</b>	<b>970,667</b>	<b>39,760</b>	<b>68,297</b>	<b>1,078,724</b>	<b>962,576</b>	<b>2,041,300</b>

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5.7 Additional information on financial instruments

(€ thousands)

<b>31.12.2020</b>						
	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
<b>Assets</b>						
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						
<b>Total</b>	<b>337,143</b>	<b>5,367</b>	<b>1,886</b>	<b>344,396</b>	<b>1,625,963</b>	<b>1,970,359</b>
<b>Liabilities</b>						
Net equity					708,194	708,194
Financial payables	877,727	34,684	46,257	958,668		958,668
Trade payables	63,542			63,542		63,542
Other liabilities	8,858			8,858	75,396	84,254
Deferred tax liabilities					43,685	43,685
Provisions for risks and charges					106,304	106,304
TFR (Staff leaving indemnity)					5,712	5,712
Liabilities held for sale						
<b>Total</b>	<b>950,127</b>	<b>34,684</b>	<b>46,257</b>	<b>1,031,068</b>	<b>939,291</b>	<b>1,970,359</b>



## 5.7 Additional information on financial instruments

### 2. Income statement and total equity

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

The following tables show the net gains/losses generated during the first half of 2021 and 2020 by the reclassified financial assets/liabilities, for both periods under analysis, according to the categories provided by IFRS 9. The main heading relates to the gains and losses arising on the change in the value of derivative financial instruments.

(€ thousands)

30.06.2021				
	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	4,174		4,621	8,795
Financial assets at amortised cost				
Financial liabilities at fair value	(8,204)		(17,574)	(25,778)
Financial liabilities at amortised cost				
<b>Total</b>	<b>(4,030)</b>		<b>(12,953)</b>	<b>(16,983)</b>

(€ thousands)

31.12.2020				
	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	15		(2,199)	(2,184)
Financial assets at amortised cost				
Financial liabilities at fair value	8,388		(13,695)	(5,307)
Financial liabilities at amortised cost				
<b>Total</b>	<b>8,403</b>		<b>(15,894)</b>	<b>(7,491)</b>

(€ thousands)

30.06.2020				
	Gains/(losses) through profit or loss	Gains/(losses) reclassified from equity to income statement	Gains/(losses) recorded in equity	Total
Financial assets at fair value	1,025		927	1,952
Financial assets at amortised cost				
Financial liabilities at fair value	(2,225)		(6,985)	(9,210)
Financial liabilities at amortised cost				
<b>Total</b>	<b>(1,200)</b>		<b>(6,058)</b>	<b>(7,258)</b>

The losses recognised on the income statement mainly consist of negative changes on commodity derivative contracts, for € 4,165 thousand, and on exchange rates, for € 597 thousand, as well as to negative changes in the fair value of royalty instruments, for € 784 thousand. These losses are partially offset by positive changes on interest rate hedging contracts, for € 602 thousand, and on options for the purchase of minority shares, for € 914 thousand.

The income (losses) shown directly under net equity refer to the change in fair value of derivative financial instruments measured applying hedge accounting. The net negative variation of € 12,953 thousand included a negative variation of € 25,573 thousand relative to commodity and exchange rate derivative contracts for € 141 thousand, which was partially offset by a positive variation relative to interest rate hedging contracts for € 12,761 thousand.

## 5.7 Additional information on financial instruments

### 2.2 Provision for doubtful accounts

In the first half of 2021, € 4 thousand of the provision for doubtful trade receivables was utilised, as follows:

- provision for € 76 thousand relating to trade receivables held by Vector Renewables Group;
- provision for € 18 thousand related to trade receivables held by Energy Team SpA;
- utilisation of € 28 thousand by Vector Renewables group and € 70 thousand by Energy Team SpA.

During the course of the period, € 757 thousand of the provision for doubtful financial receivables was also released in relation to the partial collection of a receivable from the company Falck Renewables Wind Ltd, which had already been entirely written down.

The net amount was recorded in the profit and loss account under general and administrative expenses for trade receivables, while the release of the provision for doubtful financial receivables provision was recorded under financial income and expenses

### 3 Further additional disclosures

#### 3.1 Accounting policies

With regard to the accounting principles used for the recognition and measurement of financial assets and liabilities, please refer to the Report and Financial Statements at 31 December 2020.

#### 3.2 Risk management activities

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

#### 3.3 Book value and fair value

The tables below disclose the fair value of the financial assets/liabilities and the related carrying amount at 30 June 2021 and 31 December 2020. The carrying amount of assets/liabilities measured at cost and amortised cost (see point 1.1) is a reasonable approximation of fair value, as these are short-term or variable rate financial assets and liabilities, with the exception of project finance contracts and the convertible bond for which an estimate of fair value at the balance sheet date is provided.

The fair value of project finance payables was estimated by discounting future cash flows for principal and interest, using a risk-free discount rate, while the fair value of the convertible bond was determined with reference to market data updated at the balance sheet date.

A brief description of the techniques used to measure assets and liabilities measured at fair value in the balance sheet follows.

The fair value of the derivative financial instruments on interest rates, calculated at the end of the period, corresponds to the discounting of future cash flows determined as a function of the forward rate curve at 30 June 2021.

The fair value of forward exchange contracts is measured using the year-end spot rates (30 June 2021), 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 consist of the daily Settlement Prices

## 5.7 Additional information on financial instruments

recorded at market close on the last useful market day, and published by EEX in the “End-Of-Day” data or by other “data providers”.

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.

(€ thousands)		
<b>30.06.2021</b>		
	Carrying amount	Fair value
<b>Financial assets</b>		
Investments and securities	3,458	3,458
Financial receivables	24,061	24,061
Trade receivables	84,265	84,265
Other receivables	6,149	6,149
Cash and cash equivalents	196,144	196,144
<b>Total</b>	<b>314,077</b>	<b>314,077</b>
<b>Financial liabilities</b>		
Financial payables	1,010,786	1,078,854
Trade payables	62,270	62,270
Other liabilities	5,668	5,668
<b>Total</b>	<b>1,078,724</b>	<b>1,146,792</b>

(€ thousands)		
<b>31.12.2020</b>		
	Carrying amount	Fair value
<b>Financial assets</b>		
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
<b>Total</b>	<b>344,396</b>	<b>344,396</b>
<b>Financial liabilities</b>		
Financial payables	958,668	1,045,233
Trade payables	63,542	63,542
Other liabilities	8,858	8,858
<b>Total</b>	<b>1,031,068</b>	<b>1,117,633</b>

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### 5.7 Additional information on financial instruments

As of 30 June 2021, the financial payables item consisted of € 603,300 thousand for project financing payables, € 77,543 thousand for derivative contracts with negative fair value, € 178,762 thousand for the convertible bond loan (Green Bond), € 52,056 thousand for other payables due to third parties, and € 99,125 thousand for leasing payables accounted for according to IFRS 16.

Financial payables to third parties are made up of:

	(€ thousands)	
	30.06.2021	31.12.2020
Royalty instruments payables	13,478	12,746
Shareholder loans for wind farms	251	250
Payables for interest accrued but not yet due on loans	456	582
Other bank loans	20,835	3,233
Minority purchase options	17,036	18,223
<b>Total</b>	<b>52,056</b>	<b>35,034</b>

The breakdown of project financing as at 30 June 2021 is shown below:

	(€ thousands)				
	30.06.2021				
	Interest rate %	Fair Value	Carrying amount	Current amount	Non-current amount
Project financing Actelios Solar SpA	6-month Euribor + spread	29,819	26,658	2,920	23,738
Project financing Desafio Solar SL	6-month Euribor + spread	24,368	20,759	1,503	19,256
Loan notes Innovative Solar 42 (*)	Fixed	30,828	26,464	2,305	24,159
Calypso Solar 1 LLC (Snyder Rd Solar)	Fixed	728	681	79	602
Odyssey Solar 2 LLC (Geneva)	Fixed	1,229	1,334	188	1,146
Calypso Solar 3 LLC (Harford & Musgrave)	Fixed	6,818	6,147	596	5,551
Annapolis Solar Park LLC	Fixed	11,811	15,599	2,012	13,587
Building Energy Wind Iowa LLC	Fixed	5,865	6,560	1,308	5,252
Cambrian Project financing	6-month Libor + spread	0	0	0	0
FRUK Project financing	6-month Libor + spread	24,239	22,644	5,917	16,727
Earlsburn Mezzanine project financing	6-month Libor + spread	22,215	20,161	956	19,205
Earlsburn Project financing	6-month Libor + spread	3,219	3,119	3,104	15
Ben Aketil Project financing	6-month Libor + spread	8,872	8,483	2,491	5,992
Millennium Project financing	6-month Libor + spread	22,395	20,921	5,653	15,268
Kilbraur Project financing	6-month Libor + spread	31,103	28,629	4,940	23,689
Nutberry Project financing	6-month Libor + spread	17,123	16,511	2,965	13,546
West Browncastle Project financing	6-month Libor + spread	40,767	34,873	1,448	33,425
Kingsburn Project financing	6-month Libor + spread	33,882	28,611	1,375	27,236
Spaldington Project financing	6-month Libor + spread	14,693	12,442	637	11,805
Assel Valley Project financing	6-month Libor + spread	47,323	39,350	1,484	37,866
Auchrobert project financing	6-month Libor + spread	59,481	50,313	1,929	48,384
Eolica Sud Project financing	6-month Euribor + spread	43,095	40,188	10,373	29,815
Eolo 3W Project financing	6-month Euribor + spread	19,267	18,583	6,718	11,865
Geopower Project financing	6-month Euribor + spread	125,107	113,520	18,320	95,200
Eolica Petralia Project financing	6-month Euribor + spread	13,085	10,868	1,497	9,371
Ty Ru Project financing	Fixed / Euribor 3/6 m + spread	5,335	4,666	695	3,971
Fouy Project financing	6-month Euribor + spread	3,613	3,386	784	2,602
Crêtes Project financing	6-month Euribor + spread	3,634	3,406	789	2,617
Esquennois Project financing	6-month Euribor + spread	4,884	4,563	1,016	3,547
CEP Tramontane project financing	6-month Euribor + spread	13,610	12,736	2,497	10,239
Noyales project financing	3-month Euribor + spread	1,142	1,125	939	186
<b>Total borrowings under project financing</b>		<b>669,550</b>	<b>603,300</b>	<b>87,438</b>	<b>515,862</b>

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

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### 5.7 Additional information on financial instruments

The following table shows the reconciliation of financing liabilities for the first half of 2021:

<b>Value at 31.12.2020</b>	<b>958,668</b>
New borrowings	17,602
Repayments	(49,168)
Foreign exchange difference	19,921
Fair value variation	26,867
Change in the consolidation perimeter	27,555
Other	9,341
<b>Value at 30.06.2021</b>	<b>1,010,786</b>

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

- Instruments with a negative fair value at 30 June 2021:

(€ thousands)					
Company	Type of derivative	Maturity	Original currency	Notional value	Fair value
FRUK Holdings No. 1 Ltd	Interest rate swap	31.12.2025	GBP	19,697	(428)
Earlsburn Mezzanine Ltd	Interest rate swap	31.03.2026	GBP	17,663	(432)
Earlsburn Wind Energy Ltd	Interest rate swap	15.04.2022	GBP	2,701	(21)
Ben Aketil Wind Energy Ltd	Interest rate swap	31.12.2024	GBP	7,765	(720)
Millennium Wind Energy Ltd	Interest rate swap	15.04.2027	GBP	3,024	(127)
Millennium Wind Energy Ltd	Interest rate swap	15.10.2024	GBP	14,402	(176)
Kilbraur Wind Energy Ltd	Interest rate swap	15.04.2024	GBP	22,653	(124)
Nutberry Wind Energy Ltd	Interest rate swap	29.03.2029	GBP	16,503	(1,836)
West Browncastle Wind Energy Ltd	Interest rate swap	31.12.2033	GBP	28,725	(1,088)
Kingsburn Wind Energy Ltd	Interest rate swap	30.06.2034	GBP	22,177	(131)
Spaldington Airfield Wind Energy Ltd	Interest rate swap	30.06.2034	GBP	10,348	(61)
Assel Valley Wind Energy Ltd	Interest rate swap	31.12.2034	GBP	31,148	(1,993)
Auchrobert Wind Energy Ltd	Interest rate swap	31.12.2035	GBP	38,582	(1,927)
Eolica Sud Srl	Interest rate swap	31.12.2024	EUR	37,284	(3,067)
Eolo 3W Minervino Murge Srl	Interest rate swap	31.12.2023	EUR	16,023	(1,071)
Geopower Sardegna Srl	Interest rate swap	30.06.2027	EUR	65,709	(9,602)
Geopower Sardegna Srl	Interest rate swap	30.06.2024	EUR	24,371	(153)
Eolica Petralia Srl	Interest rate swap	30.06.2027	EUR	9,079	(712)
Se Ty Ru SAS	Interest rate swap	30.09.2022	EUR	133	(1)
Se Ty Ru SAS	Interest rate swap	30.06.2028	EUR	3,582	(504)
Parc Eolien du Fouy SAS	Interest rate swap	15.07.2024	EUR	3,174	(333)
Parque Eolien des Cretes SAS	Interest rate swap	15.07.2024	EUR	3,297	(346)
Esquennois Energie SAS	Interest rate swap	15.07.2024	EUR	4,094	(425)
Ferme éolienne de Noyales SAS	Interest rate swap	28.02.2022	EUR	615	(16)
CEP Tramontane 1 SAS	Interest rate swap	30.06.2025	EUR	7,010	(493)
CEP Tramontane 1 SAS	Interest rate swap	31.12.2026	EUR	5,527	(517)
Actelios Solar SpA	Interest rate swap	30.06.2026	EUR	19,492	(187)
<b>Total derivative financial instruments</b>					<b>(26,491)</b>

- Instruments with a positive fair value at 30 June 2021:

(€ thousands)					
Company	Type of derivative	Maturity	Original currency	Notional value	Fair value
Kilbraur Wind Energy Ltd	Interest rate swap	15.10.2027	GBP	22,653	148
Desafio Solar SL	Interest rate cap	30.06.2032	EUR	15,792	274
<b>Total derivative financial instruments</b>					<b>422</b>

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**5.7 Additional information on financial instruments**

- Derivatives incorporated as of 30 June 2021:

(€ thousands)					
Company	Type of derivative	Maturity	Original currency	Notional value	Fair value
Desafio Solar SL	Embedded derivative	30.06.2036	EUR	15,792	(5)
<b>Total derivative financial instruments</b>					<b>(5)</b>

Changes in the fair value of interest rate, exchange rate and commodity hedging contracts that Falck Renewables Group held at 30 June 2021 are shown in the tables below:

*Derivative assets:*

(€ thousands)							
	31.12.2020	Change in consolidation perimeter	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	30.06.2021
Kilbraur Wind Energy Ltd			148				148
Desafio Solar SL		303	(29)				274
<b>Total IRS</b>		<b>303</b>	<b>119</b>				<b>422</b>
Derivatives on Falck Renewables SpA exchange rates	1,296			(596)			700
Derivatives on Åliden Vind AB exchange rates	328		(75)	57			310
Derivatives on Brattmyrliden Vind AB exchange rates	426		(97)	47			376
Derivatives on Falck Renewables Vind AS exchange rates	31		31	56			118
Derivatives on Falck Renewables Wind exchange rates	361			(142)			219
<b>Total derivatives on exchange rates</b>	<b>2,442</b>		<b>(141)</b>	<b>(578)</b>			<b>1,723</b>
Derivatives on Falck Next Energy commodities	279		50	5,017	60		5,406
Derivatives on Falck Renewables Sicilia commodities			69				69
Derivatives on Åliden Vind AB commodities	291		150	(291)			150
Derivatives on Brattmyrliden Vind AB commodities	415		4,276	216			4,907
Derivatives on commodities Eolica Energia de Castilla	228		98	(23)			303
Derivatives on Falck Renewables Vind commodities	167			(167)			
<b>Total derivatives on commodities</b>	<b>1,380</b>		<b>4,643</b>	<b>4,752</b>	<b>60</b>		<b>10,835</b>
<b>Total</b>	<b>3,822</b>	<b>303</b>	<b>4,621</b>	<b>4,174</b>	<b>60</b>		<b>12,980</b>

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**5.7 Additional information on financial instruments**

*Derivative liabilities:*

	(€ thousands)						
	31.12.2020	Change in the consolidation perimeter	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	30.06.2021
FRUK Holdings No. 1 Ltd	(699)		304			(33)	(428)
Earlsburn Mezzanine Ltd	(720)		320	3		(35)	(432)
Earlsburn Wind Energy Ltd	(44)		21	4		(2)	(21)
Ben Aketil Wind Energy Ltd	(953)		278			(45)	(720)
Millennium Wind Energy Ltd	(534)		247	9		(25)	(303)
Kilbraur Wind Energy Ltd	(283)		166	6		(13)	(124)
Nutberry Wind Energy Ltd	(2,242)		505	8		(107)	(1,836)
West Browncastle Wind Energy Ltd	(2,250)		1,269			(107)	(1,088)
Kingsburn Wind Energy Ltd	(1,032)		950			(49)	(131)
Spaldington Airfield Wind Energy Ltd	(473)		435			(23)	(61)
Assel Valley Wind Energy Ltd	(3,461)		1,633	1		(166)	(1,993)
Auchrobert Wind Energy Ltd	(3,754)		2,006	1		(180)	(1,927)
Eolica Sud Srl	(4,010)		944	(1)			(3,067)
Eolo 3W Minervino Murge Srl	(1,522)		451				(1,071)
Geopower Sardegna Srl	(11,884)		2,104	25			(9,755)
Eolica Petralia Srl	(882)		171	(1)			(712)
Se Ty Ru SAS	(531)		26				(505)
Parc Eolien du Fouy SAS	(414)		79	2			(333)
Parque Eolien des Cretes SAS	(430)		82	2			(346)
Esquennois Energie SAS	(528)		100	3			(425)
Ferme éolienne de Noyales SAS	(40)		23	1			(16)
CEP Tramontane 1 SAS	(1,276)		266				(1,010)
Actelios Solar SpA	(449)		262				(187)
<b>Total IRS</b>	<b>(38,411)</b>		<b>12,642</b>	<b>63</b>		<b>(785)</b>	<b>(26,491)</b>
Derivatives on Falck Renewables Vind AS exchange rates	(5)			(19)			(24)
<b>Total derivatives on exchange rates</b>	<b>(5)</b>			<b>(19)</b>			<b>(24)</b>
Derivatives on Falck Next Energy commodities	(10,072)		(28,988)	(8,782)	(334)		(48,176)
Derivatives on Falck Renewables Sicilia commodities			(44)				(44)
Derivatives on Åliden Vind commodities	(9)		(368)	(61)			(438)
Derivatives on Brattmyrliden Vind commodities	(1,426)		695				(731)
Derivatives on commodities Eolica Energia de Castilla	(49)		(1,511)	(74)			(1,634)
<b>Total derivatives on commodities</b>	<b>(11,556)</b>		<b>(30,216)</b>	<b>(8,917)</b>	<b>(334)</b>		<b>(51,023)</b>
<b>Total</b>	<b>(49,972)</b>		<b>(17,574)</b>	<b>(8,873)</b>	<b>(334)</b>	<b>(785)</b>	<b>(77,538)</b>

*Embedded derivatives:*

	(€ thousands)						
	31.12.2020	Change in the consolidation perimeter	Change through equity	Change through profit or loss	Other movements	Foreign exchange difference	30.06.2021
Desafio Solar SL		(544)		539			(5)
<b>Total embedded derivatives</b>		<b>(544)</b>		<b>539</b>			<b>(5)</b>



## 5.7 Additional information on financial instruments

### 3.4 Fair value – hierarchy

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

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: valuation techniques where the lowest level of significant input for the purpose of measuring fair value is observable either directly or indirectly;
- level 3: valuation techniques where the lowest level of significant input for the purpose of measuring fair value is unobservable.

The following tables show the financial instruments held by the Group at 30 June 2021 and 31 December 2020 at fair value:

(€ thousands)				
<b>30.06.2021</b>				
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at FV</b>				
Forward transactions on foreign currency		1,723		1,723
Derivative contracts on interest rates		422		422
Derivative contracts on commodities		5,556	5,279	10,835
Financial assets at fair value on the income statement		3,358	100	3,458
<b>Total assets</b>		<b>11,059</b>	<b>5,379</b>	<b>16,438</b>
<b>Financial liabilities measured at FV</b>				
Forward transactions on foreign currency		24		24
Derivative contracts on interest rates		26,496		26,496
Derivative contracts on commodities	1	48,613	2,409	51,023
Financial liabilities at fair value on the income statement			30,514	30,514
<b>Total liabilities</b>	<b>1</b>	<b>75,133</b>	<b>32,923</b>	<b>108,057</b>

(€ thousands)				
<b>31.12.2020</b>				
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at FV</b>				
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
<b>Total assets</b>		<b>6,925</b>	<b>328</b>	<b>7,253</b>
<b>Financial liabilities measured at FV</b>				
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
<b>Total liabilities</b>	<b>119</b>	<b>48,378</b>	<b>32,444</b>	<b>80,941</b>

At the end of each period, the Group determines whether there have been any transfers between the "levels" of the hierarchy by reassessing their classification (based on the lowest level of input significant for the determination of fair value as a whole). In this regard, there were no transfers between "levels" in the first half of 2021.

**6. Supplementary information to the consolidated financial statements**

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6 Supplementary information to the consolidated financial report

6.1 List of equity investments in subsidiaries, associates and Joint Ventures

Companies consolidated applying the line-by-line method

Company Name	Headquarters	Currency	Capital	Indirect ownership	
				% holding direct	% Parent company
<b>Australia</b>					
Vector Cuatro Australia Pty Ltd	Sydney	AUD	1	100.000	Vector Renewables España SL
<b>Bulgaria</b>					
Vector Cuatro EOOD - in liquidation	Sofia	BGN	2,000	100.000	Vector Renewables España SL
<b>Chile</b>					
Vector Cuatro Chile SpA	Santiago	CLP	20,000,000	100.000	Vector Renewables España SL
<b>Finland</b>					
Falck Renewables Finland Oy	Helsinki	EUR		100.000	
<b>France</b>					
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 Eolienne de Noyales SAS	Rennes	EUR	37,000	100.000	Falck Energies Renouvelables SAS
Parc Eolien de Mazeray et de Bignay SAS	Rennes	EUR	1,321,750	100.000	CEP Tramontane 1 SAS
Parc Eolien des Coudrays SAS	Rennes	EUR	868,000	100.000	CEP Tramontane 1 SAS
Parc Eolien des Crêtes SAS	Rennes	EUR	37,000	100.000	Falck Renewables Wind Ltd
Parc Eolien d'Illois Sarl	Rennes	EUR	1,000	100.000	Falck Energies Renouvelables SAS
Parc Eolien du Bois Ballay SAS	Rennes	EUR	1,235,000	100.000	CEP Tramontane 1 SAS
Parc Eolien du Fouy SAS	Rennes	EUR	37,000	100.000	Falck Renewables Wind Ltd
SE Ty Ru SAS	Rennes	EUR	1,009,003	100.000	Falck Energies Renouvelables SAS
Vector Renewables France Sarl	Lyons	EUR	50,000	100.000	Vector Renewables España SL
<b>Japan</b>					
Vector Cuatro Japan KK	Tokyo	JPY	1,000,000	100.000	Vector Renewables España SL

## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

### 6 Supplementary information to the consolidated financial report

Company Name	Headquarters	Currency	Capital	% Indirect ownership		Parent company
				holding direct	%	
<b>Italy</b>						
Actelios Solar SpA	Santa Caterina di Villarmosa	EUR	120,000	100.000		
Ambiente 2000 Srl	Milan	EUR	103,000	60.000		
Big Fish Spv Srl	Milan	EUR	1,760,000	100.000		
Energy Aggregator Consortium	Milan	EUR	7,600		52.630	Falck Next Srl
Energy Cloud Consortium	Milan	EUR	8,100		74.070	Falck Next Srl
Ecosesto SpA	Rende	EUR	5,120,000	100.000		
Elettroambiente SpA (in liquidation)	Sesto S. Giovanni	EUR	245,350	100.000		
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 Renewables Sviluppo Offshore srl	Milan	EUR	10000.000	100.000		
Falck Renewables Minervia Srl	Milan	EUR	10000.000	100.000		
Falck Renewables Tibula Srl	Milan	EUR	10000.000	100.000		
Falck Renewables Nora Srl	Milan	EUR	10000.000	100.000		
Falck Renewables Odra Srl	Milan	EUR	10000.000	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 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		99.18	Elettroambiente SpA
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
Vector Renewables Italia Srl	Sesto S. Giovanni	EUR	25,000		100.000	Vector Renewables España SL
Windfor Srl	Milan	EUR	10,400		100.000	Vector Renewables Italia Srl
<b>Mexico</b>						
Vector Cuatro Energias Renovables México SA de CV	Miguel Hidalgo	MXN	2,066,000		99.952	Vector Renewables España SL
					0.048	PV Diagnosis Fotovoltaica, SL
<b>Norway</b>						
Falck Renewables Vind AS	Sandane	EUR	5,187,047	88.636		

## FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

### 6 Supplementary information to the consolidated financial report

Company Name	Headquarters	Currency	Capital	% Indirect ownership		Parent company
				holding direct	%	
<b>Netherlands</b>						
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
<b>Poland</b>						
Elektrownie Wiatrowe Bonwind Lyszkowice Sp.Z.o.o.	Łódź	PLN	132,000		50.000	Falck Renewables Wind Ltd
<b>United Kingdom</b>						
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 Renewables España SL
West Browncastle Wind Energy Ltd	Inverness	GBP	100		100.000	Falck Renewables Wind Ltd
<b>Spain</b>						
Desafio Solar SL	Madrid	EUR	3,000	100.000		
Energia Eolica de Castilla SL	Madrid	EUR	3,200	100.000		
Eolica Cabezo San Roque Sau	Madrid	EUR	1,500,000		100.000	Falck Renewables Wind Ltd
Falck Nuo Spain SL	Madrid	EUR	3,600		100.000	NUO Srl
Falck Renewables Power 1 SL	Madrid	EUR	300,000	100.000		
Falck Renewables Power 2 SL	Madrid	EUR	300,000	100.000		
Falck Renewables Power 3 SL	Madrid	EUR	300,000	100.000		
PV Diagnosis Fotovoltaica SL	Madrid	EUR	3,100		100.000	Vector Renewables España SL
PREMIER SPV 17, SL	Zaragoza	EUR	3,500		90.000	Falck Renewables Power I SL
Vector Renewables España SL	Madrid	EUR	55,001	100.000		

# FALCK RENEWABLES SpA – Interim financial report as of 30 June 2021

## 6 Supplementary information to the consolidated financial report

Company Name	Headquarters	Currency	Capital	% Indirect ownership		Parent company
				holding direct	%	
<b>United States</b>						
Annapolis Solar Park LLC	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Asset Management LLC	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Development US, LLC	Delaware	USD			100.000	Building Energy Holding US, LLC
Building Energy Holding US, LLC	Delaware	USD			100.000	TLS Holdco LLC
Building Energy Wind Iowa LLC	Delaware	USD			100.000	Building Energy Holdco I, LLC
Calypso Solar 1, LLC	Delaware	USD			95.000	Building Energy Holdco I LLC
Calypso Solar 3, LLC	Delaware	USD			95.000	Building Energy Holdco I LLC
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		100.000		
Falck Renewables DLP MA LLC	Delaware	USD			100.000	Novis Renewables Holdings LLC
Falck Renewables IS 42 LLC	Delaware	USD			100.000	Novis Renewables Holdings LLC
Falck Renewables North America Development Services & Construction Management LLC	Delaware	USD			100.000	Falck Renewables North America Inc
Fisher Road Solar I LLC	Delaware	USD			100.000	SPME Dartmouth Holdings LLC
HG Solar Development LLC	New York	USD			100.000	Falck Middleton Generation LLC
Innovative Solar 42 LLC	North Carolina	USD			100.000	NC 42 Energy LLC
NC 42 Energy LLC	Delaware	USD			100,000 class B*	NC 42 Solar LLC
NC 42 LLC	Delaware	USD			100.000	Falck Renewables IS 42 LLC
NC 42 Solar LLC	Delaware	USD			100.000	NC 42 LLC
Novis Renewables Holdings LLC	Delaware	USD			51.000	Falck Renewables North America LLC
NOV RF Holdings LLC	Delaware	USD			100.000	Novis Renewables Holdings LLC
NOV RF Lessee LLC	Delaware	USD			100.000	NOV RF Holdings LLC
NRH Project Holdco, LLC	Delaware	USD			100.000	Novis Renewables Holdings LLC
Odyssey Solar 2, LLC	Delaware	USD			95.000	Building Energy Holdco I LLC
SPME Dartmouth Holdings LLC	Delaware	USD			100.000	Falck Renewables DLP MA LLC
SPME Holdings 2015 LLC	New Jersey	USD			100,000 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 Renewables España SL
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
<b>Sweden</b>						
Åliden Vind AB	Malmö	EUR	10,159	100.000		
Brattmyrliden Vind AB	Malmö	EUR	10,159	100.000		
VC Renewables AB	Malmö	SEK	50,000		100.000	Vector Renewables España SL

6 Supplementary information to the consolidated financial report

**Companies consolidated using the equity method**

Company Name	Headquarters	Currency	Capital	% Indirect ownership	
				holding direct	Parent company
<b>Great Britain</b>					
Naturalis Energy Developments Ltd	London	GBP	100	70.000	Falck Renewables Wind Ltd
<b>Italy</b>					
Frunto Energia Ambiente Srl	Bologna	EUR	17,139,100	49.000	
<b>Spain</b>					
Nuevos Parque Eolicos La Muela AIE	Zaragoza	EUR	10,000	50.000	Parque Eolico La Carracha SL
Parque Eolico La Carracha SI	Zaragoza	EUR	100,000	26.000	Falck Renewables Wind Ltd
Parque Eolico Plana de Jarreta SI	Zaragoza	EUR	100,000	26.000	Falck Renewables Wind Ltd
<b>United States</b>					
Novis Renewables Group	Delaware	USD		50.000	Falck Renewables North America Inc



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

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

1. The undersigned Toni Volpe as Chief Executive Officer and Paolo Rundeddu as Financial Reporting Officer of Falck Renewables SpA hereby certify, taking into account the requirements of article 154-bis, paragraphs 3 and 4 of the Italian Legislative Decree no. 58 of 24 February 1998:

- their adequacy in relation to the characteristics of the company and
- effective application

administrative and accounting procedures for the preparation of the condensed interim financial statements during the first half of 2021.

2. We also certify that:

2.1 the condensed interim 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 consolidation perimeter.

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

The Chief Executive Officer

Financial Reporting Officer

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Milan, 9 August 2021

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## **8. Independent Auditors' Report**

**REVIEW REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

To the shareholders of  
Falck Renewables SpA

**Foreword**

We have reviewed the accompanying condensed interim consolidated financial statements of Falck Renewables SpA and its subsidiaries (the Falck Renewables Group) as of 30 June 2021, comprising the consolidated financial statement, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the explanatory and supplementary notes to the financial report. The directors of Falck Renewables group are responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Falck Renewables Group as of 30 June 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 9 August 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.*

**PricewaterhouseCoopers SpA**

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