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2022 approved

Testo del comunicato

Vedi allegato.

PRESS RELEASE

The Board of Directors approves
the interim financial statements as of 31 March 2022

**Growing results and improved production volumes (+24%)
Installed capacity increased
Net financial debt reduced**

ECONOMIC AND FINANCIAL RESULTS

- **Adjusted revenues** at €264.7 million, compared to €128.7 million of the first quarter 2021;
- **Adjusted Ebitda¹** at €103.0 million, compared to €62.8 million of the first quarter 2021;
- **Adjusted profit/loss before tax** at €68.1 million, compared to €32.6 million of the first quarter 2021;
- **Adjusted net financial debt**, including the negative fair value of derivatives, which also includes the effect of energy price hedges, of €808.7 million compared to €1,013.6 million at 31 December 2021;
- **Investments** for €14.3 million compared to €13.7 million in the first quarter of 2021.

MAIN INDUSTRIAL RESULTS

- Installed capacity increased by 16% compared to 31 March 2021 (+189.7 MW), reaching 1,385.2 MW in total;
- Two solar plants, with a total capacity of 15 MW, came into operation in New York State;
- Reached approximately 13.5 GW of *pipeline*² (+286% compared to March 2021), including projects jointly developed with partners;

¹ The Group defines Ebitda as: net profit, plus direct taxes, IRAP and any extraordinary losses and any write-downs, plus consolidated net financial expenses, provisions for risks, provisions for TFR (Staff leaving indemnity), provisions for bad debts, other provisions, depreciation and amortisation of property, plant and equipment and intangible assets, less any extraordinary income and any revaluation.

² The MW included in the Novis joint venture and in the offshore partnership with BlueFloat Energy are considered at 100% and not on a pro-rata basis.

Falck Renewables S.p.A.

Via Alberto Falck, 4-16 (ang. viale Italia), 20099 Sesto S. Giovanni (MI) - P +39 02 24331 - W www.falckrenewables.com
Share Capital € 326,054,921.00 fully paid in

Registered office: Corso Venezia, 16, 20121 Milan - Trade Register, Tax Code and VAT 03457730962 - Economic and Administrative Index MI - 1675378

- Floating offshore wind in Scotland: option agreements signed for the three successful proposals in the ScotWind leasing round;
- Total production of 1,022 GWh (+24% compared to Q1 2021) due to an increase in installed capacity in Sweden, Spain and the US. Good wind conditions in the United Kingdom and in Italy. Total production was partially reduced by lower wind production in France and Spain (internal production reference index: +3,0% in Q1 2022 compared to -5.3% in Q1 2021);
- *Energy management*: 601 GWh dispatched in Italy and the UK in the first quarter of 2022 (+17% compared to the same period of 2021); of these, 380 GWh dispatched by Falck Renewables and 221 GWh by third parties;
- Services business of Group's companies further growing compared to the first quarter of 2021. Energy Team: closing of two major commercial contracts and increase in services offered for digital connection to TSO; SAET S.p.A.: consolidation of the leading position in Italy in the design and construction of high voltage electrical and storage systems, with the connection of approximately 200 MW in Sicily and Lazio. Vector Renewables: reached 4.8 GW of assets under management.

Milan, 12 March 2022 - The Board of Directors of Falck Renewables S.p.A. met today and approved the interim financial report as of 31 March 2022.

Chief Executive Officer Toni Volpe said: *"The first three months of 2022 were significant for the growth of the pipeline which has tripled in size compared to the first quarter of 2021. We added about 190 MW of new installed capacity compared to the same quarter of last year, confirming our growth strategy in Europe and the US. In our role as enablers of the energy transition, we continue with conviction on our growth path, towards increasingly challenging objectives"*.

Adjusted consolidated results as of 31 March 2022 and 31 March 2021

(€ thousands)

	3 months 2022	3 months 2021
Revenues	264,671	128,719
Direct costs	(164,919)	(69,803)
Personnel costs	(16,342)	(12,887)
Other income	3,736	2,492
Administrative expenses	(11,460)	(7,402)
Net margin from trading activities	(1,113)	(180)
Operating profit/(loss)	74,573	40,939
Financial income/(expenses)	(8,864)	(8,262)
Investment income/(expenses)	80	0
Share of profit from investments accounted for using the equity method	2,329	(109)
Profit/(loss) before tax	68,118	32,568
Ebitda*	103,034	62,840

* The Group defines Ebitda as: net profit, plus direct taxes, IRAP and any extraordinary losses and any write-downs, plus consolidated net financial expenses, provisions for risks, provisions for TFR (severance pay), provisions for bad debts, other provisions, depreciation and amortisation of property, plant and equipment and intangible assets, less any extraordinary income and any revaluation.

In order to provide a more comprehensible picture of the business performance, the operating and financial results are commented on by highlighting certain adjustments relating to (i) non-recurring events or transactions, i.e., those transactions or events that do not occur frequently in the ordinary course of business (the so-called Non-recurring Events pursuant to CONSOB Communication DEM/6064293 of 28 July 2006) or (ii) events or transactions of a non-ordinary nature or not representative of the ordinary course of business (the so-called Special items). These results are indicated in the text under the term "Adjusted results". The adjusted results are not audited.

The "Impact of Adjustments" section summarises the reconciliation used to calculate the "adjusted" figures using the "reported" figures for both Q1 2022 and Q1 2021.

The Falck Renewables Group's adjusted revenue for the Q1 2022 was €264.7 million, an increase of €136.0 million compared to the same period in 2021 (+105.6%).

This increase in revenue is actually a reflection of contrasting dynamics. The key ones are as follows:

- (i) The change in scope of consolidation accounted for a variation of about €5.3 million due both to the acquisition of the Desafio Solar SL plant (April 2021) and the start of operations at the Brattmyrliden wind farm (June 2021), the Westmoreland solar plant (October 2021), the Okla wind farm (December 2021), the USA 963 solar plant and the USA 40 solar plant;

- (ii) The increase in the volume of energy sold by Falck Next Energy Srl accounted for approximately €79.7 million, while the higher revenue from the consortia managing the interruptible load service in the Italian energy market, accounted for about €1.1 million;
- (iii) approximately €33.7 million for the increase in electricity prices, including energy hedging activities, in Spain, the UK, the US and France for wind plants and in Italy for solar and biomass plants net of the decrease in prices in Sweden, Norway and Italy for wind plants;
- (iv) The rise of about €7.6 million in wind power production in the United Kingdom, Italy United States, and Norway was partially offset by the decreased production in Spain, Sweden, and France.
- (v) €6.7 million for higher revenues following the acquisition of the SAET Group (July 2021);
- (vi) €0.5 million for higher revenues in the Service segment;
- (vii) €0.6 million for higher energy production of the solar plants;
- (viii) about €0.7 million for the lower energy production of the Trezzo WtE plant, partially compensated by the higher energy production of the biomass plant;
- (ix) €0.9 million for the lower amount of waste treated by the Trezzo WtE plant;
- (x) €2.3 million due to foreign exchange rate fluctuations.

With reference to revenues in the UK, the average revaluation of the pound sterling against the Euro in the first quarter of 2022 was 4.5% compared to the same period of the previous year. Regarding revenues in the United States of America, the average revaluation of the dollar against the Euro in the first quarter of 2022 was 7.4% compared to the same period of the previous year.

The GWh produced globally by all Group technologies amounted to 1,022 compared to 821 in the first quarter of 2021 (+24%).

The main changes in Consolidated Adjusted Revenues by segment are shown below:

Wind power: the segment reports quarterly revenues of €157.9 million, up 92.4% from €82.1 million in the first quarter of 2021. The increase of €75.8 million is mainly related, for approximately €2.4 million, to the increase in installed capacity as a result of the coming into operation of the Brattmyrliden plant (June 2021) and the Okla wind farm (December 2021), as well as, for approximately €63.0 million, to the increase in electricity prices due mainly to market dynamics especially in the UK, Italy and Spain before the energy price hedging activity. Higher production, especially in the UK and Italy, also contributed to the revenue growth of approximately €7.6 million. The exchange rate effect had a positive impact of about €2.1 million due to the average revaluation of the British pound and the dollar.

GWh produced by the wind segment in the first quarter of 2022 amounted to 896 compared to 724 in the first quarter of 2021 (+24%).

Photovoltaic, Biomass and WtE: the segment reported revenues of €25.6 million, up by approximately 45% compared to €17.7 million in the first quarter of 2021, mainly due to the increase in the Group's perimeter following the entry of the Spanish company Desafio Solar SL and the coming into operation of the Westmoreland County Solar Project, USA 963 and USA 40 solar plants in the United States. The sector also benefited from an upward trend in energy prices, which was partially compensated by the effect of lower quantities of waste treated by the WtE plant in Trezzo.

Services: the segment showed an increase in revenues of €7.9 million. The increase is mainly driven by the consolidation of the SAET group for €6.7 million and the increase in revenues from consortia managing the interruptibility load service in the Italian energy market (€1.1 million).

Energy Management: quarterly revenues of €180.8 million are up significantly from €46.3 million in the first quarter of 2021 (+€134.6 million) due to higher volumes managed in relation to third-party and Group plants.

The breakdown of adjusted revenues by category of activity for the first quarter of 2022 is as follows:

	(€ thousands)			
	3 months 2022	%	3 months 2021	%
Sale of energy from electricity and heat	240,348	90.8	112,980	87.7
Waste disposal and treatment	4,988	1.9	5,675	4.4
Renewable energy plant maintenance	12,132	4.6	9,740	7.6
Income from contract work in progress	6,691	2.5		
Other operating income	512	0.2	324	0.3
Total	264,671	100	128,719	100

Adjusted other income of €3.7 million increased compared to the first quarter of 2021, when it amounted to €2.5 million. The main effects are attributable to: (i) higher operating and capital contributions of €0.2 million compared to the previous period from the wind farm in Iowa in the United States, (ii) income from the tax equity partner due to the leasebacks of the Westmoreland County Solar Project, USA 963 and USA 40 solar plants in the United States of €0.5 million and (iii) higher income from services of €0.3 million.

Adjusted direct costs and expenses increased by €95.1 million, mainly: (i) the purchase of energy from the market by Falck Next Energy Srl and higher costs of consortia managing the interruptibility service in the Italian energy market of €80.9 million, (ii) higher costs and depreciation due to increased installed capacity and newly acquired companies, (iii) higher rental costs, and (iv) higher development costs.

The purchase of energy from the market and interruptibility service activities in the Italian energy market have reduced margins and, consequently, an increase in revenues entails a similar increase in costs is physiological.

Adjusted personnel costs of €16.3 million increased by €3.5 million, mainly due to the average increase in the workforce (+143 employees). The increase in the number of personnel compared to 31 March 2021 is mainly due to the Services segment for the acquisition, during July 2021, of the SAET Spa group (75 employees) and to internal growth, as the main departments, in continuity with what happened in previous years, are being structured to meet the development of new initiatives. Also contributing to personnel costs, compared to the first quarter of 2021, were the higher costs of multi-year bonuses to employees dedicated to development activities for €0.4 million.

Adjusted general and administrative expenses, totalling €11.5 million, increased, compared to the same period in 2021, by €4.1 million mainly due to (i) higher services due to business growth, the incorporation of newly acquired companies into the scope of consolidation and higher ancillary costs, (ii) higher local taxes and (iii) lower provisions for risks.

Adjusted Ebitda for the first quarter of 2022, amounting to €103.0 million, increased compared to €62.8 million in the same period of the previous year, mainly due to: (i) the Group's increased electricity production due to new installed capacity, (ii) the increase in electricity prices, including energy price hedging activities, in Spain, the UK, the US and France for wind plants and in Italy for solar and biomass plants net of the decrease in prices in Sweden, Norway and Italy, (iii) higher margins in the Services segment also following the acquisition of the SAET group.

The **adjusted operating profit/(loss)** for the first quarter of 2022 amounted to €74.6 million (€40.9 million in the same period of 2021) and compared to revenues is 28.2% (31.8% in the same period of 2021).

The adjusted net financial expenses were higher compared to the first quarter of 2021 by €0.6 million mainly due to the higher change in Royalty Instruments, measured at fair value, equal to €0.3 million. **Income and expenses from equity investments** increased by €2.4 million following the positive results of Frullo Energia Ambiente Srl, Parque Eolico La Carracha SI and Parque Eolico Plana de Jarreta SI and the better results, compared to the same period in 2021, of the Novis Renewables Group and Naturalis Energy Developments Limited Group.

As a result of the above, the Falck Renewables Group recorded an **adjusted profit before income taxes and minority interest** of €68.1 million, an increase of €35.6 million compared to the same period of 2021.

Net Financial Position

Adjusted net financial position, including the fair value of derivatives amounting to €808.7 million as of 31 December 2022 compared to €1,013.6 million as of 31 December 2021. As of 31 March 2022, the adjusted net financial position is €11.5 million higher compared to the reported net financial position. Such difference mainly consisting of the balance from the previous year of €24.8 million, minus cumulative changes of €13.3 million as follows:

as reduction (improvement) of the adjusted net financial position:

- €17.9 million (special item) relating to the conversion of the convertible bond;
- €1.1 million (non-recurring) relating to the extraordinary transaction;

as well as:

- €0.7 million relating to the acceleration of the Long-Term Incentive Plan of the Falck Renewables S.p.A. CEO and senior managers (special item);

as increase in the adjusted net financial position:

- €6.4 million relating to the income recorded in relation to the indemnity arising on the tax consolidation agreement with Falck S.p.A.

Reported net financial position, including the fair value of derivatives amounts to €797.2 million compared to €988.8 million as of 31 December 2021.

The following section shows the items that determined the change in the reported net financial position from 31 December 2021.

Cash generation from operations amounted to approximately €40.3 million and was offset by net investments made during the quarter of approximately €14.3 million.

The Green Convertible Bond conversion that took place as part of the extraordinary Change of Control transaction, had a positive impact of €181.8 million.

The change in the US dollar exchange rates and the Pound Sterling against the Euro had a positive effect of approximately €1.4 million and the change in the fair value of derivatives had a negative effect of €16.3 million on the net financial position. Lastly, further minority transactions amounted to approximately €1.3 million.

The reported net financial position of €797.2 million differs from the net financial debt as defined by ESMA (European Security and Markets Authority) in its guidelines published on 4 March 2021, which is €817.1 million, due to the exclusion of certain items such as "other non-current payables" and the inclusion of the fair value of non-current financial instruments (derivative assets) and "hedging" instruments, as well as "non-current financial receivables".

"Adjustments" impact

In order to provide a better understanding of the income statement figures for the first quarter of 2022 and their comparison with the first quarter of 2021, the Net financial position as of 31

March 2022 compared to 31 December 2021, the impact of "Non-recurring events" and "Special items" on adjusted results are presented below.

The 2022 "**Non-recurring events**" are as follows:

- costs for services related to the extraordinary transaction to search for a strategic partner for €2.2 million classified for €1 million under "Costs net of other income", for the remaining part under Amortisation, accruals, write-downs (revaluations) and for the allocation of the cost of the extraordinary bonus for €11.7 million for the part pertaining to 2022 related to the Change of Control transaction;
- lower revenues of €0.6 million for the solar plants in Italy following the publication of Decree-Law 4/2022 on 27 January 2022 called "*Sostegni ter-Caro Bollette*", which introduced a number of temporary measures aimed at curbing the effects of price increases in the electricity sector (for more details see paragraph "Significant events of the quarter").

Non-recurring events lead to an adjustment on the Result before tax for the first quarter of 2022 equal to +€14.6 million.

The **Special items** are as follows:

31 March 2022

- notional charges of the amortised cost of the convertible bond for €1 million, which increase the reported financial expenses;
- Long Term Incentive Plan costs of the Falck Renewables S.p.A. CEO and senior managers of €0.7 million for the part relating to 2022, classified in "Costs net of other income", due to the acceleration of the plan following the Change of Control;
- indemnity of €6.4 million connected to the consolidated tax regime with Falck S.p.A., classified in "Costs net of other income".

The Special items lead to an adjustment on the Result before tax for the first quarter of 2022 equal to -€4.6 million.

31 March 2021

- notional charges of the amortised cost of the convertible bond loan of €1.2 million, which increased reported financial expenses and resulted in an increase of €1.2 million in reported net financial position as of 31 March 2021.

The Special items lead to an adjustment on the Result before tax for the first quarter of 2021 equal to +€1.2 million.

The sum of the Non-recurring events and Special items in the first quarter of 2022 leads to an overall adjustment of the Result before tax for the year 2022 of +€9.9 million (from €58.2 million to €68.1 million).

(€ thousands)

	3 months 2022 Reported	Non- recurring events 2022	Special items 2022	3 months 2022 Adjusted
Revenues	264,022	649		264,671
Costs net of other income	(156,907)	955	(5,685)	(161,637)
Ebitda	107,115	1,604	(5,685)	103,034
Amortisation, accruals, write-downs/(revaluations)	(41,418)	12,957		(28,461)
Operating profit/(loss)	65,697	14,561	(5,685)	74,573
Financial income and other expenses	(9,909)		1,045	(8,864)
Investment income/(expenses)	2,409			2,409
Profit/(loss) before tax	58,197	14,561	(4,640)	68,118

(€ thousands)

	3 months 2021 Reported	Non- recurring events 2021	Special items 2021	3 months 2021 Adjusted
Revenues	128,719			128,719
Expenses net of other income	(65,879)			(65,879)
Ebitda	62,840			62,840
Amortisation, accruals, write-downs/(revaluations)	(21,901)			(21,901)
Operating profit/(loss)	40,939			40,939
Financial income and other expenses	(9,418)		1,156	(8,262)
Investment income/expenses	(109)			(109)
Profit/(loss) before tax	31,412		1,156	32,568

(€ thousands)

	3 months 2022 Adjusted	3 months 2021 Adjusted	Variations
Revenues	264,671	128,719	135,952
Costs net of other income	(161,637)	(65,879)	(95,758)
Ebitda	103,034	62,840	40,194
Amortisation, accruals, write-downs/(revaluations)	(28,461)	(21,901)	(6,560)

Operating profit/(loss)	74,573	40,939	33,634
Financial income and other expenses	(8,864)	(8,262)	(602)
Investment income/expenses	2,409	(109)	2,518
Profit/(loss) before tax	68,118	32,568	35,550

(€ thousands)

	31.03.2022 Reported	Non-recurring events 2022	Adjustments in previous years	Special items 2022	31.03.2022 Adjusted
Net financial position - liabilities/(assets)	797,190	(1,056)	24,786	(12,241)	808,679

(€ thousands)

	31.12.2021 Reported	Non-recurring events 2021	Adjustments in previous years	Special items 2021	31.12.2021 Adjusted
Net financial position - liabilities/(assets)	988,765	5,797	23,190	(4,201)	1,013,551

For further information on the adjusted net financial position as of 31 December 2021, refer to the Report and Financial Statements as of 31 December 2021.

Investments

In 2022, investments in property, plant and equipment and intangible assets amounted to €14.3 million.

Investments in property, plant and equipment amounted to €10.4 million and mainly related to the construction of the Parc Eolien d'Illois wind farm (€4.2 million), the 5 solar plants in New York State - USA (€2.1 million), the Landolina project (€0.9 million), the construction of the Vado Ligure storage facility (€0.6 million) and the capitalisation of rights of use relating to lease contracts for new offices in Spain and land in New York State - USA (€2.0 million).

Investments in intangible assets amounted to €4.0 million and mainly related to development costs of €1.8 million, concessions for two ready-to-build plants in Finland of €1.0 million and for operating software and licences for €1.2 million.

Installed Capacity

The following table shows the installed capacity (MW) broken down by type of technology:

Type of Technology	(MW)	
	31.03.2022	31.03.2021
Wind power	1,057.7	962.7
WtE	20.0	20.0
Biomass	15.0	15.0
Photovoltaic	255.8	161.1
Total	1,348.5	1,158.8
WtE equity consolidated	11.0	11.0
Wind equity consolidated	25.7	25.7
Total	1,385.2	1,195.5

Installed capacity increased by 189.7 MW compared to 31 March 2021 due to the following activities:

- in April 2021, the acquisition of 100% of the capital Desafio Solar SL, owner of a solar plant operating in Spain with an installed capacity of 50 MW, was completed;
- in June 2021, the Swedish plant in Brattmyrliden came into operation, increasing the Group's installed capacity by a further 74.1 MW;
- on 22 October 2021, the Westmoreland County Solar Project, in Virginia (USA), came into operation, adding 29.6 MW of new solar capacity;
- on 29 December 2021, the OKla plant in Norway came into operation adding a further 21 MW of new wind power capacity;
- on 1 March 2022, the Group added 15 MW of new solar capacity with the coming into operation of the USA 963 and USA 40 solar plants in the United States of America.

Significant events of the quarter

On 17 January 2022, the Falck Renewables and BlueFloat Energy partnership announced the success of three of its bids in the ScotWind offshore wind leasing round held by Crown Estate Scotland to secure seabed leases for sites on which to develop large-scale offshore wind projects along the Scottish coastline. Crown Estate Scotland offered option agreements for two of the projects proposed by the partnership, i.e., one site east of Aberdeen ("Plan Option E1") and another north of Fraserburgh ("Plan Option NE6"), while a third site east of Caithness ("Plan Option NE3") will be developed by a the Falck Renewables, BlueFloat Energy and Ørsted partnership. Together the three areas could accommodate a total of up to 3.0 GW of floating offshore wind capacity.

On 20 January 2022, Falck Renewables received Top Employers certification, official recognition for corporate excellence in the development and implementation of HR policies and strategies to improve people's well-being, the work environment and the job market.

On 26 January 2022, Falck Renewables joined the Bloomberg Gender-Equality Index (GEI) 2022, a modified market capitalization-weighted index of 418 companies in 45 countries.

On 27 January 2022, Falck Renewables won the UnipolSai “L’Italia che verrà” award in the “Land” category for its crowdfunding initiative launched in October 2021 to finance the agrivoltaic project in Scicli, in the province of Ragusa, Sicily. The award highlights virtuous Italian companies working to design and develop a sustainable future for the country.

On 22 February 2022, Nora Ventu, the company set up by the Falck Renewables and BlueFloat Energy partnership to develop floating offshore wind farms along the Sardinian coast, launched a series of meetings with local communities to discuss the project proposals for two plants that it plans to develop off the Gulf of Cagliari for roughly 1.4 GW of installed capacity.

On 24 February 2022, Falck Renewables S.p.A. was informed that Infrastructure Investments Fund had completed the acquisition of Falck S.p.A.’s entire stake in the Company. As a result of the closing of the Transaction, Green BidCo S.p.A. – designated as buyer of the majority investment held by Falck S.p.A., according to the terms and conditions of the Agreement – will launch a mandatory cash tender offer pursuant to Articles 102 and 106, paragraph 1 of Legislative Decree no. 58 of 24 February 1998 on the Company’s remaining share capital. On 25 February 2022, Green BidCo S.p.A. launched a voluntary cash tender offer for the convertible bond at the same terms and conditions as the mandatory cash tender offer.

In addition, Enrico Falck, Executive Chairman of the Company’s Board of Directors and member of the Sustainable Strategy Committee, and Federico Falck, Filippo Marchi and Guido Corbetta, non-executive and non-independent directors, in accordance with the arrangements reached pursuant to the Agreement, resigned with immediate effect from their positions as members of the Company’s Board of Directors. After the directors had resigned, the Board of Directors co-opted the following new directors: Olov Mikael Kramer, John Hoskins Foster, Mark Alan Walters and Sneha Sinha. The Board of Directors also appointed (i) the director Olov Mikael Kramer as Executive Chairman of the Company’s Board of Directors and new member and Chairman of the Sustainable Strategy Committee, and (ii) the director John Hoskins Foster as Deputy Chairman.

On 1 March 2022, Novis Renewables Holding, LLC, controlled by Falck Renewables North America and 49% owned by Eni New Energy US, a subsidiary of Eni gas e luce - Plenitude, added 15 MW of new solar capacity with the commissioning of the USA 963 and USA 40 plants. Each plant (7.5 MW) is expected to produce around 9.25 GWh of clean energy per year, enough to meet the needs of about 865 American households. Both projects were designed with an approach focused heavily on local community engagement.

Legislative framework

Measures to curb the price increases in electricity generated by renewable source plants

Italian Decree law no. 4/2022 of 27 January 2022, converted with amendments into Law no. 25 on 28 March 2022, introduced certain temporary measures to contain the effects of price increases in the electricity sector, with a direct impact on revenue from renewable source plants with capacity of over 20 kW. Specifically, between 1 February 2022 and 31 December 2022, a two-way offsetting mechanism will apply to the price of electricity injected into the grid by solar power plants that receive the fixed premiums under the Energy Account, which are not dependent on market prices, and by plants without incentives fueled by renewable sources, like solar and wind power, and that began operating before 2010. These plants must refund any negative difference between the official price set by the same decree for each market zone and the zonal hourly electricity market price or, for supply agreements that were entered into before 27 January 2022 with a fixed price that is 10% higher than the official price set by the government, the average price specified in the agreement. This refund is not due for energy subject to supply agreements entered into before 27 January 2022 in which the price is not indexed to prices on the energy spot market and which were not in any case entered into at a price 10% higher than the aforesaid official price. The impact on the Group's Q1 2022 revenue was €0.6 million.

Price cut decree law: Extraordinary contribution of 10% under article 37

Decree law no. 21/2022 of 21 March 2022 introduced temporary measures to counteract the economic and humanitarian impacts of the Ukraine crisis.

In particular, a contribution in the form of an extraordinary tax on entities that produce electrical energy for the subsequent sale of goods, entities that produce methane gas or extract natural gas, entities that resell electrical energy, methane gas and natural gas and entities that produce, distribute and trade oil products. This contribution is also due from entities that import or introduce into Italy from other EU countries electrical energy, natural gas or methane gas and oil products for their subsequent resale.

The taxable base for the extraordinary contribution is calculated on the positive difference between the balance of purchases and sales for VAT calculation purposes in the period from 1 October 2021 to 31 March 2022 compared to the period from 1 October 2020 to 31 March 2021, provided that this increase is at least 10% and, in any case, over € 5 million.

The levy is due at a rate of 10% calculated on the balance.

The levy is calculated considering the total of sales, net of VAT, and the total of purchases, net of VAT, as per the "Reporting of data of the periodic VAT settlements".

The levy must be calculated and paid by 30 June 2022.

The Director of the Tax Agency, having consulted ARERA, will establish the requirements in a provision, including the reporting requirements, along with the methods for payment of the contribution.

However, on 2 May 2022, with the approval of two new decree laws by the Council of Ministers in response to the crisis, it was announced that the levy will be raised to 25% to cover the cost for the newly introduced measures. Certain aspects of the ruling requires clarification.

Events after the end of the quarter

As a result of the voluntary cash tender offer on the Green Convertible Bond launched by Green BidCo S.p.A., on 31 March 2022, the conversion of €199,500,000 of nominal value of the Green Convertible Bond led to the issue of 34,554,428 shares. Green BidCo S.p.A. acquired 28,613,492 of the shares resulting from the conversion of the Green Convertible Bond. The remainder of the bond, with a nominal value of €500,000, was converted into 86,602 shares on 12 April 2022.

Upon completion of this process, the entire Green Convertible Bond was converted into 34,641,030 Falck Renewables S.p.A. shares.

On 8 April 2022, the Board of Directors of Falck Renewables S.p.A. approved the statement (the "Issuer's Statement") containing the assessment of the Board of Directors on the mandatory tender offer launched by Green BidCo S.p.A. for the Company's shares and on the fairness of the related consideration.

On 11 April 2022, the Falck Renewables and BlueFloat Energy partnership signed option agreements on its two successful bids in the ScotWind offshore leasing round. The site east of Aberdeen in Plan Option E1 will be known as Bellrock, with the site north of Fraserburgh in Plan Option NE6 called Broadshore. The Falck Renewables, BlueFloat Energy and Ørsted partnership then jointly signed an option agreement on a site east of Caithness ("Plan Option N3") which will be known as Stromar. Together the three areas could accommodate a total of approximately 3.0 GW of offshore wind capacity.

On 19 April 2022, Novis Renewables Holding, LLC, controlled by Falck Renewables North America and 49% owned by Eni New Energy US, a subsidiary of Eni gas e luce - Plenitude, added 22.5 MW of new solar capacity with the commissioning of the North Eagle Village (Manlius, NY), Green Lakes (Manlius, NY) and Judd Rd (Whitestown, NY) plants.

On 10 May 2022, the acceptance period of the mandatory cash tender offer launched by Green BidCo S.p.A. (the "Offeror") on all the shares of the Company (the "Offer") ended. On 11 May 2022, the Offeror announced the final results of the Offer indicating that, following the purchase by the Offeror of the shares tendered in the Offer, the Offeror will own more than 95% of the Company's share capital. Consequently, the Offeror will carry out the so-called squeeze out procedure to purchase the remaining shares of the Company, following which Borsa Italiana S.p.A. will order the delisting of the Company's shares starting from 18 May 2022.

The Group is constantly monitoring developments in the conflict that broke out on 24 February 2022 between Russia and Ukraine when Russia invaded Ukrainian territory. It has started risk assessments at all its facilities.

Its aim is to analyze any potential direct and indirect impacts that the Russia-Ukraine conflict is creating and could create in 2022 and afterward on the markets and businesses in which the Group operates, including the impacts in terms of complying with the restrictions on transactions with companies and people included in the sanctions lists issued by many countries and international institutions. With respect to this last point, at present the Group has not observed any direct exposure to companies operating in the countries affected by the conflict.

Outlook and future prospects as a going concern

The Group's industrial performance will benefit, for all of 2022, from the production of the Brattmyrliiden wind farm (74.1 MW in Sweden), the Desafio Solar SL solar power plant (50 MW in Spain), the Westmoreland County Solar Project (29.6 MW in the US), the Okla wind farm (21 MW in Norway) and the results of the SAET group.

Furthermore, the Group's industrial performance will benefit, for the remaining nine months of 2022, from the production of the USA 963, USA 40, North Eagle Village, Green Lakes and Judd Rd plants (37.5 MW in the US).

In 2021, the Company began ramping up the growth of its pipeline of projects in development by launching new projects in onshore wind power, onshore solar power and batteries and by increasing the number of staff in business development, engineering, construction, procurement, energy management and finance. The Company also expanded the number of floating offshore wind initiatives which, at 31 March 2022, include active development projects in both Italy and Scotland. The activities to develop the pipeline and increase installed capacity will continue with the same intensity in 2022.

These pipeline growth objectives, as well as the commitment to ensure that the projects obtain all that is needed for construction to begin, are the cornerstone of the company's development strategy which will benefit from the presence of a majority shareholder like IIF, an investment vehicle advised by J.P. Morgan Investment Management.

The company does not provide guidance for the current year due to the intention of the new majority shareholder to delist the company.

The Manager assigned to prepare the accounting documents, Mr. Paolo Rundeddu, certifies that - in accordance with subsection 2, Article 154-bis of the Consolidated Law on Finance (TUF) -

the accounting information contained in this press release corresponds to the documentary evidence, company books and accounting records.

The interim financial statements as of 31 March 2022 is available, as per the legally required deadlines, at the company's registered office in Milan at Corso Venezia 16, and in the Investor Relations section of the website www.falckrenewables.com.

Falck Renewables S.p.A., listed on Euronext STAR Milan and included in the FTSE Italia Mid Cap Index and in the MIB ESG Index, develops, designs, builds and manages power production plants from renewable sources, with an installed capacity of 1,408 MW (1,371 MW according to the IFRS 11 reclassification) in the United Kingdom, Italy, United States, Spain, France, Norway and Sweden, using wind power, solar power, WtE and biomass technologies. The Group is a global player in the renewable energy technical advisory and asset management services business, through its wholly owned subsidiary Vector Renewables, providing asset management services to clients accounting for approximately 4,800 MW of installed capacity and with experience in more than 40 countries. Falck Renewables also provides highly specialized energy management and downstream services to both energy producers and consumers.

Visit www.falckrenewables.com and connect with us on LinkedIn and Twitter (@falckrenewables).

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Interim financial statements as of 31 March 2022 - Income statement

(€ thousands)

	3 months 2022	3 months 2021	2021
Revenues	264,022	128,719	568,417
Direct costs	(164,919)	(69,803)	(378,000)
Personnel costs	(16,744)	(12,887)	(59,532)
Other income	10,115	2,492	22,010
Administrative expenses	(13,994)	(7,402)	(56,210)
Net margin from trading activities	(1,113)	(180)	(6,367)
Provision for extraordinary bonus costs	(11,670)		(29,313)
Operating profit/(loss)	65,697	40,939	61,005
Financial income/(expenses)	(9,909)	(9,418)	(41,151)
Investment income/(expenses)	80		51
Share of profit from investments accounted for using the equity method	2,329	(109)	992
Profit/(loss) before tax	58,197	31,412	20,897
Income taxes			(16,507)
Profit/(loss) for the period			4,390
Profit/(loss) attributable to non-controlling interests			22,757
Profit/(loss) attributable to owners of the parent			(18,367)
Ebitda ⁽¹⁾	107,115	62,840	210,259

⁽¹⁾ The Group defines Ebitda as: net profit, plus direct taxes, IRAP and any extraordinary losses and any write-downs, plus consolidated net financial expenses, provisions for risks, provisions for TFR (severance pay), provisions for bad debts, other provisions, depreciation and amortisation of property, plant and equipment and intangible assets, less any extraordinary income and any revaluation.

Interim Financial Report as of 31 March 2022 – Net Financial Position (*)

(€ thousands)

	31.03.2022	31.12.2021
Current financial payables	(331,387)	(319,550)
Current financial payables for operating leasing	(5,760)	(5,757)
Convertible bonds (Green Bond)	(456)	
Current financial receivables from third parties	6,743	7,519
Cash and cash equivalents	340,124	302,000
Short-term net financial position	9,264	(15,788)
Non-current financial payables	(720,196)	(707,248)
Non-current financial payables for operating leasing	(102,868)	(102,605)
Convertible bonds (Green Bond)		(181,167)
Non-current financial receivables	16,610	18,043
Medium/long-term financial position	(806,454)	(972,977)
Net Financial Position	(797,190)	(988,765)

(*) Net Financial Debt, as defined by the European Security and Markets Authority (ESMA) in its guidelines published on 4 March 2021, amounted to €817,104 thousand and differs from the global Net Financial Position (€797,190 thousand) for the inclusion of certain items like "other non-current payables" and the exclusion of the fair value of non-current financial instruments (derivative assets) and "hedging" instruments as well as "non-current financial receivables".

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