

2022

INTERIM FINANCIAL REPORT
AT 31 MARCH



Interim Financial Report at 31 March 2022

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

Summary

1. Company officers	5
2. Financial statements	7
2.1 Income statement	8
2.2 Net financial debt (ESMA) and Group	9
3. Notes	11
3.1 Consolidation perimeter and Accounting standards	12
3.2 Performance	13
3.3 Performance of the business sectors	21
3.4 Performance of the parent company Falck Renewables SpA	32
3.5 Personnel	33
3.6 Installed production capacity	34
3.7 Investments	34
3.8 Non-financial performance indicators	34
4. Directors' notes	35
4.1 2022 events	36
4.2 Risks relating to the British referendum on remaining in the European Union (" Brexit")	40
4.3 Risks associated with the "Coronavirus (Covid-19)" emergency	40
4.4 Risks related to the Russia-Ukraine Conflict	41
4.5 Management outlook	41
5. Statement by the Manager assigned to prepare the accounting documents in compliance with Article 154-bis paragraph 2 of Legislative Decree 58/1998	42

1. Company officers

1. Company officers

Board of Directors

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

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

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

(**) Nominated by the Shareholders' Meeting on 28 April, 2022

Board of Statutory Auditors

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

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

Independent Auditors

PricewaterhouseCoopers SpA

2. Financial statements

2. Financial statements

2.1 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 Cost	(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 cost	(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 tax expense	-	-	(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⁾ EBITDA is defined by the Group as: net income plus direct taxes, IRAP and any extraordinary losses and any impairment, plus consolidated net financial expenses, allocations to risk provisions, staff leaving indemnity provisions, provisions for doubtful accounts, other provisions, tangible and intangible fixed asset depreciation less any extraordinary income and any adjustments.

FALCK RENEWABLES Group – Interim Financial Report at 31 March 2022

2. Financial statements

2.2 Net financial debt (ESMA) and Group

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 Group's Net Financial Debt:

(€ thousands)

	31.03.2022	31.12.2021
Cash and cash equivalents	340,124	302,000
Other current financial assets	6,574	7,364
Liquidity	346,698	309,364
Current third party financial liabilities	(243,498)	(229,965)
Current portion of non-current financial liabilities	(87,889)	(89,585)
Current financial liabilities for operating leases	(5,760)	(5,757)
Convertible bonds (Green Bond)	(456)	-
Current financial debt	(337,603)	(325,307)
Net current financial debt	9,095	(15,943)
Non-current third party financial liabilities	(720,196)	(707,248)
Non-current financial liabilities for operating leases	(102,868)	(102,605)
Convertible bonds (Green Bond)	-	(181,167)
Other non-current liabilities	(3,135)	(3,252)
Non-current financial debt	(826,199)	(994,272)
Total net financial debt (ESMA)	(817,104)	(1,010,215)

(€ thousands)

	31.03.2022	31.12.2021
Total net financial debt (ESMA)	(817,104)	(1,010,215)
Non-current third party financial receivables	5,655	5,924
Derivative financial instrument assets not included in the financial debt	11,124	12,274
Adjustment of other non-current liabilities	3,135	3,252
Global net financial position	(797,190)	(988,765)
- of which "non recourse" project financing	(587,532)	(582,258)
- of which fair value of derivatives	(263,799)	(243,579)
- of which financial liabilities for operating leases	(108,628)	(108,362)
Net financial position excluding fair value of derivatives	(533,391)	(745,186)
Net financial position excluding operating leases	(688,562)	(880,403)
Net financial position excluding operating leases and derivatives	(424,763)	(636,824)

FALCK RENEWABLES Group – Interim Financial Report at 31 March 2022

2. Financial statements

The Net Financial Position is broken down below:

(€ thousands)

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

3. Notes

3. Notes

3.1 Consolidation perimeter and Accounting standards

As of 31 March 2022, the Group includes the financial statements of Falck Renewables SpA (Parent Company) and the companies over which it exercises, directly or indirectly, significant influence, from the date on which it was acquired and until the date on which such influence ceases.

The Group consists of 193 companies, of which 166 are consolidated on a line-by-line basis, and 27 are consolidated applying the equity method.

The changes in the consolidation perimeter as at 31 March 2022, compared to 31 December 2021, are described below:

Establishment of new companies

Company	Date	Shareholders	% holding	Consolidation method
Falck Energy Scotland Holdco 1 Ltd	22 March 2022	Falck Renewables Wind Ltd	100	Line-by-line
Falck Energy Scotland Holdco 2 Ltd	22 March 2022	Falck Renewables Wind Ltd	100	Line-by-line
Vector Renewables Filipinas Corp	24 March 2022	Vector Renewables España SL	97	Line-by-line
Energías Renovables de Campeche Uno, S. de R.L. de CV	31 March 2022	Falck Renewables Mexico S de R.L. de CV and Vector Renewables Mexico S.A. de CV	100	Line-by-line
Energías Renovables Saas, S. de R.L. de CV	31 March 2022	Falck Renewables Mexico S de R.L. de CV and Vector Renewables Mexico S.A. de CV	100	Line-by-line
Energías Renovables Kiin, S. de R.L. de CV	31 March 2022	Falck Renewables Mexico S de R.L. de CV and Vector Renewables Mexico S.A. de CV	100	Line-by-line
Energías Renovables Kinaj, S. de R.L. de CV	31 March 2022	Falck Renewables Mexico S de RL de CV and Energías Renovables de Campeche Uno, S. de R.L. de CV	100	Line-by-line
Scorpio Offshore Wind Farm Ltd	11 January 2022	Falck Renewables Wind Ltd	50	Equity
Gemini Offshore Wind Farm Ltd	11 January 2022	Falck Energy Scotland Holdco 1 Ltd	50	Equity
Orion Offshore Wind Farm Ltd	11 January 2022	Falck Energy Scotland Holdco 2 Ltd	50	Equity

Cancellation from the Trade Register

Name	Date	Shareholders	% holding	Consolidation method
PV Diagnosis Fotovoltaica SL	02 February 2022	Vector Renewables España SL	100	Line-by-line

Name changes that occurred during the period are provided below to ensure a better understanding of the consolidation perimeter:

Name changes

Prior name	New name	Date
Touch Estate Wind Energy 2021 Ltd	Earlsburn Wind Farm Extension 2021 Limited	17 February 2022

Additional transactions that occurred during the first quarter of 2022 are provided below:

- On 13 January, Elettroambiente SpA in liquidation acquired an additional 0.82% of Platani Energia Ambiente;
- on March 18, NRH Project Holdco LLC transferred 100% of the share capital of EF NY CDG 003 LLC and EF NY CDG 011 LLC to Nov NY53 Lessee, LLC;
- the share held by Falck Next Srl at 31 March 2022 is equal to 55.05%, 2022 as a result of the capital increase subscribed by third parties in the Energy Cloud Consortia in February.

3. Notes

This interim financial report as at 31 March 2022 was prepared in accordance with IAS/IFRS. It presents an income statement by allocation, showing the quantification of items as required by International Accounting Standards.

This quarterly report is also prepared in accordance with the provisions of Article 154-ter paragraph 5 of Legislative Decree 58/1998.

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 prepare and publish the interim financial reports in the forms adopted so far.

3.2 Performance

The Group uses the following alternative performance indicators:

- EBITDA, defined by the Group as: a) net income b) plus direct taxes, IRAP and any extraordinary losses and any impairment, d) plus consolidated net financial expenses, allocations to risk provisions, staff leaving indemnity provisions, provisions for doubtful accounts, other provisions, tangible and intangible fixed asset depreciation d) less any extraordinary income and any adjustments;
- Net financial position is defined by the Group as total cash and cash equivalents, current financial assets including shares available for sale, financial liabilities, fair value of financial hedging instruments and other non-current financial assets;
- Adjusted results: to make it easier to understand the operating performance of the business, the economic, financial and equity results are also shown highlighting several adjustments related to (i) events or transactions whose occurrence is non-recurring, i.e. those transactions or facts that do not recur frequently in the usual course of business (so-called “**Non-Recurring Events**” pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006); or (ii) events or transactions of a non-ordinary nature, i.e. not representative of the normal course of business (so-called “**Special items**”): these results are referred to as "Adjusted results". The adjusted results are not audited.

Revenue of the Falck Renewables Group in the first quarter 2022 amounted to € 264,022 thousand with an increase of € 135,303 thousand (+ 105%) over the first quarter 2021.

The increase in revenues reflects multiple opposing dynamics, which can be summarised as follows: (i) for about € 5.3 million for the change in the consolidation perimeter resulting from the acquisition of the Desafio Solar SL plant (April 2021) and for the entry into operation of the Brattmyrlden wind farm (June 2021), the Westmoreland solar plant (October 2021), the Okla wind farm (December 2021), the US 963 solar plant and the US 40 solar plant, (ii) for about € 79.7 million for the greater volume of energy sold by Falck Next Energy Srl and for about € 1.1 million for the higher revenues of the consortia managing the interruptibility service in the Italian energy market, (iii) for about € 33.7 million for the increase in electricity transfer prices, including energy price hedging activities, in Spain, the United Kingdom, the United States and France for wind farms and in Italy for solar and biomass plants, net of the decrease in prices in Sweden, Norway and Italy for wind farms; (iv) for about € 7.6 million for the higher wind production in the United Kingdom, Italy, United States and Norway partially offset by lower wind production in Spain, Sweden and France, (v) by € 6.7 million for higher revenues following the acquisition of the SAET group (July 2021), (vi) by € 0.5 million for higher revenues in the Services sector, (vii) by 0.6 million for higher energy production of solar plants, (viii) by about € 0.7 million for lower energy production of the Trezzo WtE partially offset by higher electricity production of the biomass plant, (ix) by € 0.9 million for lower waste processed by the Trezzo WtE plant and (x) by € 0.6 million for lower revenues for solar plants in Italy following the publication of Decree-Law 4/2022 of 27 January 2022 called "Sostegni

3. Notes

ter-Caro Bollette" (Bill price increase support) which introduced some temporary measures aimed at containing the effects of price increases in the electricity sector ("**Non-recurring event**").

The average revaluation of the pound sterling against the Euro and the Dollar against the Euro in the first quarter 2022, compared to the same period 2021, amounting to 4.5% and 7.4% respectively, are also of note. The increase in revenues caused by exchange rate fluctuation effects amounted to € 2.3 million.

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

	End of year exchange rates		Average exchange rates for the period	
	31.03.2022	31.12.2021	3 months 2022	3 months 2021
Pound sterling	0.846	0.840	0.836	0.874
US Dollar	1.110	1.133	1.122	1.205

The GWh generated in the wind sector in the first quarter of 2022 amounted to 896 compared to 724 recorded in the 2021 first quarter (+24% compared to the same 2021 period). The overall GWh generated globally by all of the Group's technologies totalled 1,022 compared to 821 in the first quarter of 2021 (+24 % compared to the same 2021 period).

During 2022, in continuity with what happened in 2021, there was a general increase in electricity sale prices mainly as a result of international market dynamics. In Italy, the growth trend of the energy component was offset by the significant reduction in the incentive component for wind and biomass, while an economic recovery intervention (Decree-Law 4/2022 of 27 January 2022 called "Sostegni ter-Caro Bollette" - Bill price increase support) reduced the margins deriving from the sale of energy in the photovoltaic sector.

More specifically, the sale prices of the energy component, including the incentive component and the price risk hedging activity, recorded an increase, compared to the same period of 2021:

- (i) 138.2%, for wind farms in Spain, 77.3% in the United Kingdom, 4.3% in France and 1.2% in the United States;
- (ii) 2.9% for solar plants in Italy (+34.9% without considering the so-called "Sostegni ter-Caro Bollette"- Bill price increase support) decree;
- (iii) 19.9% for biomass plants.

On the contrary, there was a reduction in prices, including the incentive component and the price risk hedging activity, compared to the same period of 2021 by 9.3% for wind farms in Italy, 81.7% in Sweden and 23.3% in Norway.

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

(€ thousands)

	3 months 2022	3 months 2021
Sale of electricity, thermal energy and other goods	239,699	112,980
Waste disposal and treatment	4,988	5,675
Renewable energy plant services and management	12,132	9,740
Revenues for contract work in progress	6,691	-
Other operating income	512	324
Total	264,022	128,719

3. Notes

Against an increase in revenues of approximately € 135.3 million, costs, including depreciation and provisions, increased by approximately € 105.5 million and other income increased by approximately € 7.6 million, the provision for extraordinary bonus costs amounted to € 11.7 million while the net margin from trading activities decreased by approximately € 0.9 million, resulting in an increase in operating income of approximately € 24.8 million. Details are shown below:

Other income increased by € 7,623 thousand over 31 March 2021 mainly owing to: (i) an indemnity of € 6.4 million related to the relationships arising under the tax consolidation with Falck SpA (Special item), (ii) the higher operating and capital grants of € 0.2 million compared to the previous period, deriving from the Iowa wind farm in the United States, (iii) the income from the Tax equity partner resulting from the Westmoreland County Solar Project, USA 963 and USA 40 solar plant lease-backs in the United States for € 0.5 million and (iv) the higher performance revenues for € 0.3 million.

Direct costs increased by € 95,116 thousand, mainly because of: (i) the purchase of energy from the market by Falck Next Energy Srl and for the higher costs of the consortia managing the interruptibility service in the Italian energy market for € 80.9 million, (ii) the higher costs and amortisation due to the higher installed capacity and the new companies acquired, (iii) the higher rental costs and (iv) the 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.

The following table shows the revenues and costs indicated above compared to the first quarter of 2021:

(€ thousands)

	3 months 2022	3 months 2021	Changes
Revenues	107,183	26,432	80,751
Direct costs	(106,975)	(26,084)	(80,891)
EBITDA	208	348	(140)

Personnel costs increased by € 3,857 thousand, mainly as a consequence to the increase in average headcount (+143).

The increase in average headcount compared to 31 March 2021 was mainly due to the Services sector by the acquisition of SAET Group (+75) and internal growth, as, in continuity with previous years, the main business lines and staff functions are being structured to cope with the development of the new initiatives envisaged in the business plan.

The higher costs of the Long Term Incentive Plan for € 0.4 million was a result of the acceleration of the plan following the Change of Control (Special Item) and the higher costs of multi-year bonuses to employees dedicated to development activities for € 0.4 million also affected personnel costs compared to the first quarter 2021.

Administrative expenses recorded an increase compared to the similar period of 2021 for € 6,592 thousand (i) for the services related to the extraordinary transaction linked to the search for a strategic partner for € 2.2 million ("**Non-recurring event**"), (ii) for greater performance resulting from the growth of the business, for entry of new acquired companies into the consolidation perimeter and for higher ancillary costs, (iii) for higher local taxes and (iv) for lower releases of allocations to risk provisions.

Compared to the first quarter of 2021, the costs of the Long Term Incentive Plan of the Falck Renewables SpA CEO also increased by € 0.3 million given the acceleration of the plan following the Change of Control¹ (Special Item).

¹ As part of the extraordinary operation linked to the search for a strategic partner, Change of Control means the sale of the majority share by Falck SpA to Green Bidco SpA, indirectly controlled by IIF.

3. Notes

The **Net Margin from trading activities** is dropping, compared to the similar period of 2021, by € 933 thousand mainly because of the effects of the partial ineffectiveness of some energy price hedging derivatives.

The **provision for extraordinary bonus** is equal to € 11,670 thousand ("**Non-recurring event**").

On 14 December 2021, the Shareholders' Meeting of Falck Renewables SpA approved the allocation, under certain conditions, of an extraordinary bonus to several managers and employees of Falck Renewables SpA and of the Group's companies. The Extraordinary bonus was approved within the context of the possible conclusion of an extraordinary transaction that shall entail the introduction of a new strategic investor and majority shareholder in the share capital of Falck Renewables SpA, and the consequent launching of a takeover bid on the entire share capital of Falck Renewables SpA by this new strategic investor and majority shareholder with consequent creation of value for all shareholders. The Extraordinary Bonus is aimed at rewarding the work activities that managers and employees, in force as of 30 June 2021, have carried out, with different roles and contributions (i) in the structuring of the operation and in the search and selection of the best strategic partner for the Company, (ii) in the assistance in the context of the negotiation of the terms and conditions of the agreement stipulated between Falck SpA and the Partner and (iii) over time, for the benefit of the Group and in particular of the company, which have allowed to attract the interest of a leading long-term international investor. In addition, the Extraordinary Bonus aims to encourage and retain managers and employees, thus helping to strengthen their commitment to the pursuit of the Group's growth and success. The amount of € 11,670 thousand includes social security charges and represents the portion pertaining to the first quarter of 2022.

The cost is allocated, on an accrual basis, on the basis of the activities that managers and employees have carried out until the launch of the public purchase bid approved by the Board of Directors on 8 April 2022. For further information, please see the Change of Control paragraph.

As a result of the above, in the first 3 months of 2022 **EBITDA** reached € 107,115 thousand (€ 62,840 thousand in the first quarter 2021) and **Operating income** amounted to € 65,697 thousand (€ 40,939 thousand in 2021).

EBITDA for the first quarter of 2022 increased compared to the first quarter of 2021 thanks mainly due to: (i) the Group's increased production of electricity as a result of the new installed capacity, (ii) the increase in the electricity sale prices, including energy price hedging activities, in Spain, the United Kingdom, the United States and France for wind farms and in Italy for solar and biomass plants, net of the decrease in prices in Sweden, Norway and Italy for wind farms, (iii) the greater Services sector margins also following the acquisition of the SAET group and (iv) for an indemnity of € 6.4 million connected to the relationships arising under the tax consolidation with Falck SpA (Special item).

Share of profit from investments accounted for using the equity method are up by € 2,438 thousand 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 of 2021, of the Novis Renewables group and the Naturalis Energy Developments Limited group.

Net financial expenses increased by € 491 thousand compared to the 2021 first quarter.

The increase mainly results from the greater change in Royalty Instruments, assessed at fair value, equal to € 0.3 million. The notional charges on the convertible bond loan, posted in the financial statements according to the amortised cost criterion, amounted to € 1 million (1.2 million at 31 March 2021) (Special item).

In the first quarter of 2022, the Falck Renewables Group recorded a **profit before tax and minority interests** of € 58,197 thousand (€ 31,412 thousand in 2021).

The **net financial position including the fair value of derivatives** totalled € 797,190 thousand compared to € 988,765 thousand at 31 December 2021, and comprised:

- non-recourse loans of € 587,532 thousand, up € 5,274 thousand over 31 December 2021;

3. Notes

- € 108,628 million due under operating leases, which in accordance with IFRS 16 is classified as financial debt;
- the fair value of the derivatives to hedge the Group's financial and price risks for € 263,799 thousand, of which € 259,881 thousand relating to electricity price hedging;
- this item includes net financial payables of € 56,450 thousand related to projects under construction and development that, at 31 March 2022, had not yet generated full-year revenues.

The components affecting the change in the net financial position, equal to € 191.6 million, are as follows: cash generation from operating activities amounts to approximately € 40.3 million, offset by net investments made during the quarter of approximately € 14.3 million. The Green Convertible Bond conversion, which took place as part of the extraordinary Change of Control transaction, had a positive impact of € 181.8 million.

The change in the exchange rates of the dollar and the pound sterling against the Euro had a positive effect of around € 1.4 million and the change in the fair value of derivatives had a negative effect on the net financial position of € 16.3 million. Finally, additional minority movements were negative by about € 1.3 million.

As of 31 March 2022, the net financial position, without the fair value of the derivatives and without the operating leases, amounts to € 424,763 thousand compared to € 636,824 thousand at 31 December 2021; net of the debt for projects under construction and development would amount to € 368,313 thousand.

Moreover, 65% of Gross debt, amounting to € 776,739 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 € 507,227 thousand.

The net financial position (excluding the fair value of derivatives and the debt under operating leases, amounting to € 424,763 thousand) is also hedged against interest rate fluctuations by fixed-rate loans and interest rate swaps for an amount equal to 119% of financial debt.

Change of Control

As extensively described in the Director's Report of the Financial Report at 31 December 2021, in 2021, the Falck Renewables SpA Board of Directors resolved to start the process of finding a strategic partner capable of supporting the Company's medium-long term growth projects; Falck Renewables SpA was assisted by its own external consultants in the research process. In the context described above, the Remuneration Committee first studied the opportunity to adopt an extraordinary incentive model, aimed at better aligning the interests of management with the objective of creating value for all Company shareholders in the event of the completion of an extraordinary transaction with the aforementioned strategic partner, which at the same time allows (i) shareholders to obtain the possibility of divesting their shareholding on favourable terms, and (ii) Falck Renewables SpA to benefit from the support of a new reference shareholder who shares its value creation objectives in a sustainable manner in the long term and contributes to their achievement.

On 19 October 2021, Falck SpA and Infrastructure Investments Fund Int'l Acquisitions Ltd. (the "Partner"), an institutional investor of which J.P. Morgan Investment Management is an advisor, have signed a share purchase agreement for the purchase, by the Partner, of 60% of the capital of Falck Renewables SpA owned by Falck SpA, therefore, the Remuneration Committee, appointed for this purpose by the Board of Directors, has determined the amount of the potential bonus deriving from the Extraordinary Incentive Plan, which in light of the enterprise value attributed by the Partner (which led the Partner to offer a price per share equal to € 8.81), corresponds to a maximum extraordinary premium that would accrue to the

3. Notes

beneficiaries equal to 38,058,456² at the time when there is evidence of the launch of the public purchase offer, that is, at the time of publication by the new majority shareholder of the offer document approved by Consob pursuant to Article 102, paragraph 4, of the Consolidated Finance Act.

In fact, on 14 December 2021, the Falck Renewables SpA Shareholders' Meeting, in the context of the possible completion of the extraordinary transaction already extensively described in the Director's Report, approved the attribution, under certain conditions, of the extraordinary bonus to managers and employees of Falck Renewables SpA and the Group companies.

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

The transaction described above led to the acceleration of the 2020 – 2022 Long Term Incentive Plan, which implied the achievement of all the objectives set.

On 8 April 2022, the Falck Renewables SpA Board of Directors approved the press release (the "Issuer's Press Release") containing the Board of Directors' reasoned assessment on the mandatory public offering promoted by Green BidCo SpA on the Company's shares and on the adequacy of the related price.

The Board of Directors, also on the basis of the content of the Fairness Opinion of the Financial Advisers and the Opinion of the Independent Directors, unanimously considered appropriate, from a financial point of view, the price of € 8.81 per each share of the Company that will be brought in response to the Offer. On that date, the conditions for the payment of the Extraordinary Incentive Plan were met.

The effects of the change of control of Falck Renewables SpA, of an exceptional or special nature, recorded by accrual in 2021 and March 2022, are summarised below in order to ensure clarity and comparability of the data in the reading of the financial statement information:

(€ thousands)

Description	Income Statement Item	Amount 2021	Amount 3 months 2022	Total
Costs for services related to the extraordinary transaction to search for a strategic partner	Administrative Expenses	8,760	1,287	10,047
Other consultancies associated with the transaction	Administrative Expenses	1,225	955	2,180
Extraordinary bonus	Provision for extraordinary bonus	29,313	11,670	40,983
Long Term Incentive Plan Acceleration - Employee Share	Personnel Cost	1,367	328	1,695
Long Term Incentive Plan Acceleration - Employee Cash	Personnel Cost	455	74	529
Long Term Incentive Plan Acceleration - CEO Share	Administrative Expenses	1,780	269	2,049
Long Term Incentive Plan Acceleration - CEO Cash	Administrative Expenses	184	23	207
Total costs associated with the change of control of exceptional or special nature		43,084	14,606	57,690

² This amount does not include welfare and social security contributions, if applicable, due by the Company or its subsidiaries on the Extraordinary Incentive Plan and is gross of welfare and social security contributions charged to the respective beneficiaries retained by the Company or its subsidiaries.

3. Notes

Green Convertible Bond

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. The Bond was issued at a price of 101.25% with an annual coupon of zero.

On 17 November 2020 the extraordinary Shareholders' Meeting of Falck Renewables SpA authorised the convertibility of the senior unsecured equity-linked green bond issue (hereinafter "Green Convertible Bond") into shares, the price of € 7.22 per share, 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 Convertible 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.

As a result of the Change of Control, the conversion price was adjusted from € 7.22 to € 5.7735. Furthermore, on 25 February 2022, Green Bidco SpA (a company indirectly controlled by IIF and purchaser of 60% of the shares of Falck Renewables SpA from Falck SpA) announced that it intends to promote a voluntary cash purchase offer on the Green Convertible Bond, under economic conditions equivalent to those of the Offer, addressed exclusively to qualified investors pursuant to Article 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999. At 31 March 2022, the shares issued following the conversion of € 199,500,000 of par value of the Green Convertible Bond were 34,554,428 of which 28,613,492 shares from the conversion of the Green Convertible Bonds purchased by Green Bidco SpA as a result of the aforementioned voluntary purchase offer. The shareholders' equity of Falck Renewables SpA increased by € 181.8 million as at 31 March 2022.

The remaining bonds with a par value of € 500,000 were converted into 86,602 shares on 12 April 2022.

At the end of this process, the Green Convertible Bond was fully converted into 34,641,030 shares of Falck Renewables SpA, increasing the group's equity worth and reducing net financial debt by € 182.2 million.

Corporate Loan

The revolving pool loan agreement for Falck Renewables SpA ("Corporate Loan"), amended on 30 July 2018, of € 325 million was partially utilised at 31 March 2022 for an amount of € 135 million. The contract, which expires on 31 December 2023, is subject to, inter alia, financial covenants based on the ratio of Net Financial Position/EBITDA and Net Financial Position/Total Equity calculated using the amounts disclosed in the consolidated financial report: these covenants were met as at 31 December 2021. In addition, the contract was subject to the mandatory early repayment clause in case of change of control and delisting.

It should be noted that, on 8 February 2022, the lending banks of the Corporate Loan gave their consent to the Change of Control by Falck SpA to the new majority shareholder and to delisting that will no longer constitute mandatory early repayment of the loan. On the same date, the banks also authorised the amendment of the definition of Net Financial Position and Shareholders' Equity, which will no longer include, effective as of 31 December 2021, the negative and positive mark to market (and the related equity reserve) of hedging derivatives transactions on electricity. The financial ratios at 31 December 2021 are thus calculated according to this amended definition.

Adjustments

To provide a better understanding of the income statement figures for the first quarter of 2022 and their comparison to the first quarter of 2021 and the net financial position at 31 March 2022 and its comparison to 31 December 2021, the effects of "Non-recurring events" and "Special items" on the adjusted results are set out below.

The following "Non-recurring Events" took place in 2022:

- costs for the services related to the extraordinary search operation of a strategic partner for € 2.2 million classified for € 1 million under the item "Expenses net of other income", for the remaining part under the item "Amortisation and depreciation, charges to provisions, impairment

3. Notes

(revaluations)” and for the provision of the cost of the extraordinary bonus for € 11.7 million for the part pertaining to 2022 related to the Change of Control operation;

- lower Revenues for 0.6 million for Solar plants in Italy following the publication of Decree-Law 4/2022 of 27 January 2022 called "Sostegni ter-Caro Bollette" (Bill price increase support) which introduced some temporary measures aimed at containing the effects of price increases in the electricity sector (for more details, see paragraph "4.1.2 Period Events").

Non-recurring events led to an adjustment on the profit before taxes 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 loan for € 1 million that increase the reported financial expenses;
- costs of the Long Term Incentive Plan of the Chief Executive Officer of Falck Renewables SpA and the Group's managers for € 0.7 million for the portion pertaining to 2022, classified under the item "Expenses net of other income", resulting from the acceleration of the plan following the Change of Control;
- compensation for € 6.4 million connected to the relationships arising in the context of the tax consolidation with Falck SpA classified under the item "Costs net of other income".

Special items led to an adjustment on the profit before taxes for the first quarter of 2022 equal to -€ 4.6 million.

31 March 2021

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

Special items led to an adjustment on the profit/(loss) before taxes for the first quarter of 2021 equal to +€ 1.2 million.

(€ thousands)

	3 months 2022 Reported	Non- recurring events 2022	Special items 2022	3 months 2022 Adjusted
Revenues	264,022	649		264,671
Expenses net of other income	(156,907)	955	(5,685)	(161,637)
EBITDA	107,115	1,604	(5,685)	103,034
Amortisation and depreciation, charges to provisions, impairment (revaluations)	(41,418)	12,957		(28,461)
Operating profit/(loss)	65,697	14,561	(5,685)	74,573
Financial income/(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

FALCK RENEWABLES Group – Interim Financial Report at 31 March 2022

3. Notes

(€ 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 and depreciation, charges to provisions, impairment (revaluations)	(21,901)			(21,901)
Operating profit/(loss)	40,939			40,939
Financial income/(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	Changes
Revenues	264,671	128,719	135,952
Expenses net of other income	(161,637)	(65,879)	(95,758)
EBITDA	103,034	62,840	40,194
Amortisation and depreciation, charges to provisions, impairment (revaluations)	(28,461)	(21,901)	(6,560)
Operating profit/(loss)	74,573	40,939	33,634
Financial income/(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	Prior year adjustments	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	Prior year adjustments	Special items 2021	31.12.2021 Adjusted
Net financial position - liabilities/(assets)	988,765	5,797	23,190	(4,201)	1,013,551

For more information on the adjusted net financial position as at 31 December 2021, please refer to the Financial Report at 31 December 2021.

3.3 Performance of the business sectors

This section presents, with a brief commentary, the main economic and financial data of the five sectors ("WtE, biomass and solar power", "Wind power", "Services", "Energy Management" and "Other businesses"), which make up the Group.

In 2021, the "Energy Management" sector was introduced, consisting of Falck Next Energy Srl. Until 30 September 2021, Falck Next Energy Srl was part of the "Other Businesses" sector. This change was made because the company, which operates within Energy Management (a business that includes, among other things, dispatching, managing imbalances, selling and hedging commodity risk on the basis of policies defined at Group level, potentially for all Group sectors) significantly increased revenues in 2021 exceeding

FALCK RENEWABLES Group – Interim Financial Report at 31 March 2022

3. Notes

the quantitative threshold (equal to 10% of total revenues, internal and external, of all operating sectors) that requires separate presentation pursuant to IFRS 8.

Data as of 31 March 2021 have been restated to reflect the composition of the new sectors.

The following table shows revenues by sector compared to the first quarter of 2021:

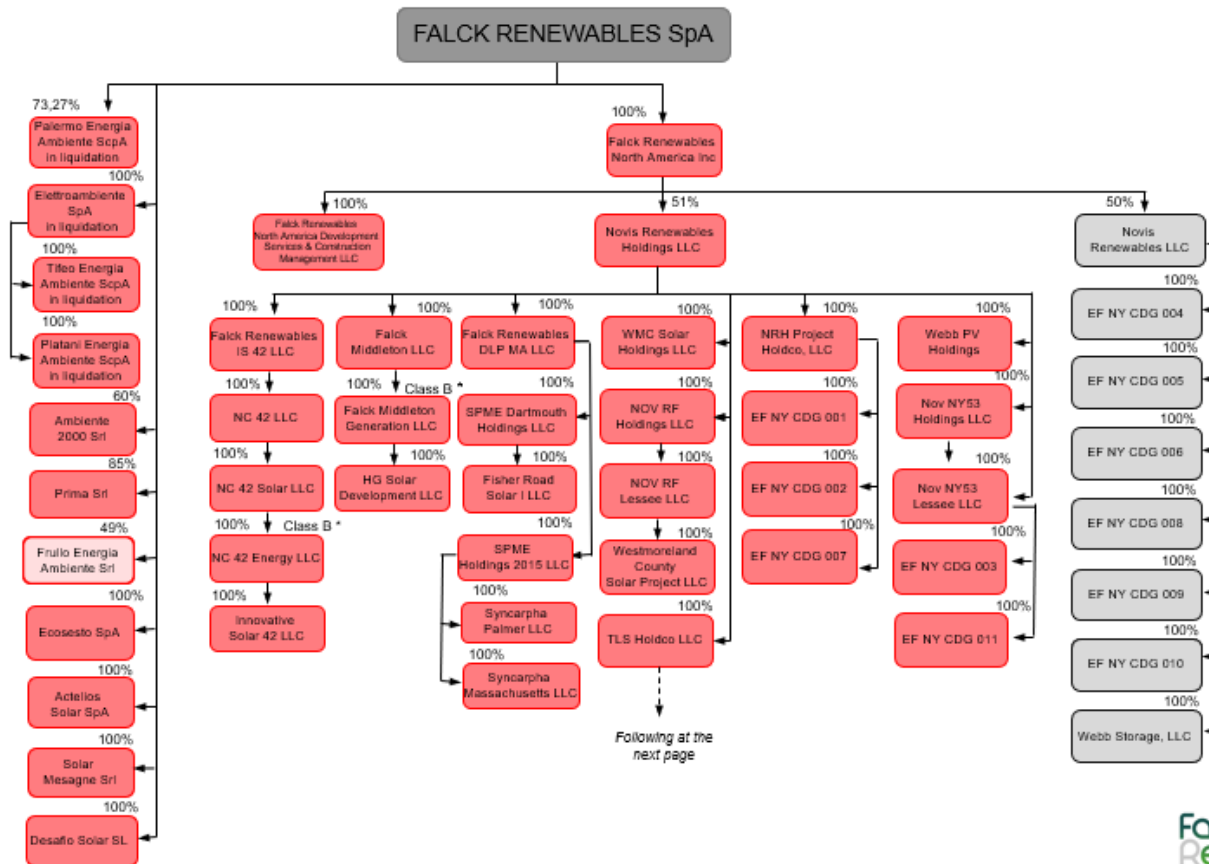
(€ thousands)

	3 months 2022	3 months 2021	Change
WtE, biomass and solar	25,031	17,748	7,283
Wind	157,891	82,071	75,820
Services	21,090	13,226	7,864
Energy Management	180,839	46,258	134,581
Other Businesses	528	1,253	(725)
Intrasectoral adjustments	(121,357)	(31,837)	(89,520)
Total	264,022	128,719	135,303

FALCK RENEWABLES Group – Interim Financial Report at 31 March 2022

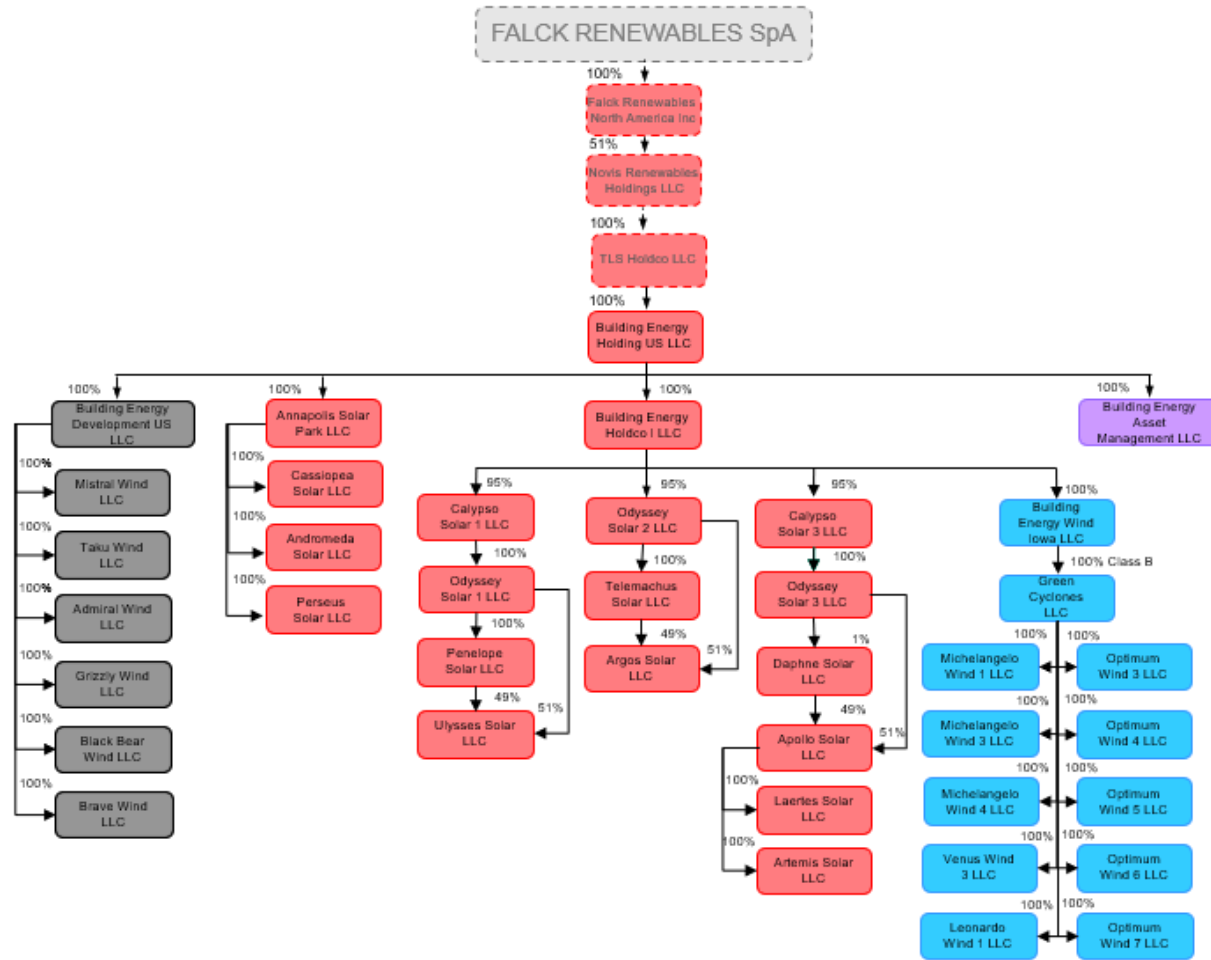
3. Notes

❖ Group structure by sector



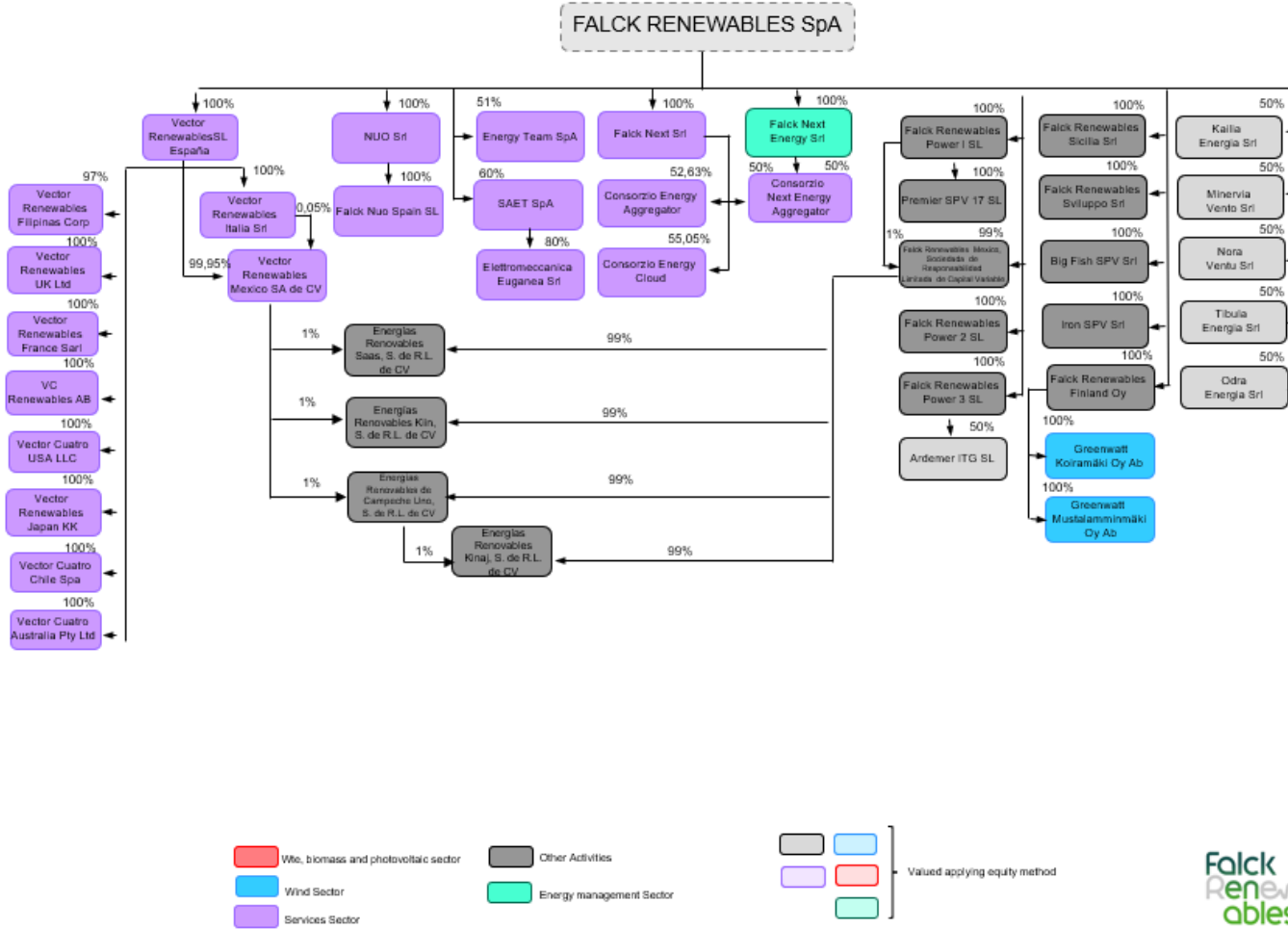
FALCK RENEWABLES Group – Interim Financial Report at 31 March 2022

3. Notes



FALCK RENEWABLES Group – Interim Financial Report at 31 March 2022

3. Notes



* Class B interests guarantee the controlling rights on the company, while class A interests owned by Firstar Development LLC assign protective rights



3. Notes

❖ WtE, biomass and photovoltaic sector

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

(€ thousands)

	3 months 2022	3 months 2021
Sales revenues	25,031	17,748
EBITDA	15,689	8,589
Operating profit/(loss)	10,998	4,518

(€ thousands)

	31.03.2022	31.03.2021
Intangible assets	867	264
Property, plant and equipment	390,333	284,858
Net financial position - liabilities/(assets)	178,442	140,498
of which non-recourse project financing	119,275	79,860
Investments	3,497	6,272
Number of employees at the period-end	74	70

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.

During the month of April 2021, following the acquisition of Desafio Solar SL in Spain, it increased its installed capacity by 50 MW.

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

On 1 March 2022, the operating segment added 15 MW of new solar capacity with the entry into operation of USA 963 and USA 40 plants in the United States.

The sector showed an increase in revenues of € 7,283 thousand compared to the first quarter of 2021 with an increase of 41% mainly due to: (i) the effect of the increase in the reference perimeter following the entry of the company Desafio Solar SL and the entry into operation of the Westmoreland County Solar Project, USA 963 and USA 40 solar plants, (ii) an increasing trend in energy prices partially offset by the negative effect of Decree-Law 4/2022 of 27 January 2022 called "Sostegni ter-Caro Bollette" (Bill price increase support) (for more details see the "Period events" section) and (iii) the lower waste processed by the Trezzo WtE plant.

EBITDA amounted to € 15,689 thousand and increased by € 7,100 thousand compared to the same period in 2021: compared to revenues, it stood at 62.7% (48.4% in 2021).

The increase in EBITDA mainly comes from the effect of the increase in the perimeter and higher prices.

Owing to the above dynamics, the operating profit increased by € 6,480 thousand and amounted to € 10,998 thousand.

During the first quarter of 2022, investments in tangible and intangible assets amounted to € 3,497 thousand and mainly concerned the 5 solar plants in the state of New York - USA (€ 2,058 thousand) and the capitalisation on the rights to use of rented land in the state of New York - USA (€ 1,328 thousand).

3. Notes

The net financial position amounted to € 178,442 thousand, including non-recourse project financing of € 119,275 thousand and the positive fair value of derivatives hedging interest rate for € 1,452 thousand and an increase of € 37,944 thousand over 31 March 2021, from investments made since 31 March 2021 net of cash generated by operating plants.

❖ Wind sector

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

(€ thousands)

	3 months 2022	3 months 2021
Sales revenues	157,891	82,071
EBITDA	135,521	64,434
Operating profit/(loss)	117,279	48,528

(€ thousands)

	31.03.2022	31.03.2021
Intangible assets	110,725	102,230
Property, plant and equipment	1,049,494	1,066,047
Net financial position - liabilities/(assets)	428,392	392,507
of which non-recourse project financing	468,257	542,780
Investments	5,715	3,631
Number of employees at the period-end	34	20

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.

Revenues increased by € 75,820 thousand mainly due to (i) the growth trend in energy transfer prices thanks mainly to market dynamics especially in the United Kingdom, Italy and Spain before the energy price hedging activity (€ 62,983 thousand), (ii) an increase in production volumes especially in the United Kingdom and Italy (€ 7,593 thousand), (iii) the effect of the Brattmyrliden plants in Sweden and Okla in Norway which entered into operation respectively in June and December 2021 (€ 2,434 thousand) and (iv) the effect of the average revaluation of the British pound and the dollar on the Euro, compared to the previous period (€ 2,064 thousand).

The GWh generated in the wind sector in the first quarter of 2022 amounted to 896 compared to 724 recorded in the 2021 first quarter (+24% compared to the same 2021 period).

The average revaluation of the pound sterling against the Euro and the Dollar against the Euro in the first quarter 2022, compared to the same period 2021, amounting to 4.5% and 7.4% respectively, are also of note.

EBITDA amounted to € 135,521 thousand, an increase of € 71,087 thousand over the same period last year and equal to 85.8% of revenues (78.5% in 2021). The increase in EBITDA is mainly a consequence of the effects explained in the commentary on revenue trends.

As a result of the above trends, operating income increased by € 68,751 thousand compared to the first quarter of 2021 and is equal to 74.3% of revenues (59.1% in 2021).

3. Notes

Investments on tangible and intangible assets in the first quarter of 2022 amounted to € 5,715 thousand and related mainly to the construction of the Parc Eolien d'Illouis wind farms (€ 4,253 thousand) and the concessions of two Ready to build plants in Finland for € 957 thousand.

The net financial position amounted to € 428,392 thousand, including non-recourse project financing for an amount of € 468,257 thousand and the negative fair value of interest rate, exchange rate and commodity risk hedging derivatives for € 15,804 thousand, and shows an increase, compared to 31 March 2021, of € 35,885 thousand as a result of the investments made in the period from 31 March 2021 net of the cash generated by the plants in operation.

❖ Services sector

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

(€ thousands)

	3 months 2022	3 months 2021
Sales revenues	21,090	13,226
EBITDA	1,465	1,145
Operating profit/(loss)	(149)	(65)

(€ thousands)

	31.03.2022	31.03.2021
Intangible assets	51,741	44,467
Property, plant and equipment	8,886	6,364
Net financial position - liabilities/(assets)	3,846	1,050
of which non-recourse project financing	-	-
Investments	1,734	445
Number of employees at the period-end	447	337

The sector consists mainly of the Spanish group Vector Renewables, Energy Team SpA, Falck Next Srl, the SAET group 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 power.

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

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

The sector showed an increase in revenues of € 7,864 thousand compared to the first quarter of 2021 with an increase mainly caused by: (i) the effect of the increase in the reference perimeter following the acquisition of SAET SpA (€ 6,708 thousand) and (ii) the increase in revenues of the consortia managing the interruptibility service in the Italian energy market (€ 1,089 thousand).

EBITDA improved by approximately € 320 thousand, reaching 6.9% of revenues (8.7% in 2021). The increase is mainly due to the variation in the reference perimeter following the acquisition of SAET SpA.

3. Notes

During the first quarter of 2022, investments in tangible and intangible fixed assets amounted to € 1,734 thousand and mainly concerned the construction of Vado Ligure storage (€ 581 thousand) and rights of use relating to leases for offices in Spain (€ 614 thousand) and for operating software and licenses for € 374 thousand.

Net financial position was negative and equal to € 3,846 thousand, up € 2,796 thousand compared to 31 March 2021, mainly as a consequence of investments made in the period since 31 March 2021 net of the cash generated by the company.

❖ Energy Management

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

(€ thousands)

	3 months 2022	3 months 2021
Sales revenues	180,839	46,258
EBITDA	5,116	(174)
Operating profit/(loss)	3,219	(175)

(€ thousands)

	31.03.2022	31.03.2021
Intangible assets	-	-
Property, plant and equipment	-	-
Net financial position - liabilities/(assets)	17,470	(958)
of which non-recourse project financing	-	-
Investments	-	-
Number of employees at the period-end	4	1

In 2021, the "Energy Management" sector was introduced, consisting of Falck Next Energy Srl. Until 30 September 2021, Falck Next Energy Srl was part of the "Other Businesses" sector. This change was made because the company, which operates within Energy Management (a business that includes, among other things, dispatching, managing imbalances, selling and hedging commodity risk on the basis of policies defined at Group level, potentially for all Group sectors) significantly increased revenues in 2021 exceeding the quantitative threshold (equal to 10% of total revenues, internal and external, of all operating sectors) that requires separate presentation pursuant to IFRS 8.

Data as of 31 March 2021 have been restated to reflect the composition of the new sectors.

Revenues from this sector derive almost exclusively from the management and sale of energy by Falck Next Energy Srl.

The overall increase compared to the previous year, amounting to € 134,581 thousand, derives from the greater volumes managed in relation to third-party and Group plants.

EBITDA amounted to € 5,116 thousand, an increase of € 5,290 thousand over the same period last year. The increase in EBITDA is mainly thanks to the dynamics shown in the comments relating to revenue trends and the fact that the back-to-back transactions with the banks for the hedges made to the plants were made on favourable terms.

As a result of the above trends, operating income increased by € 3,394 thousand compared to the first quarter of in 2021.

3. Notes

The financial position showed a debit balance of € 17,470 thousand, compared with a credit balance of € 958 thousand as of 31 March 2021. The net financial position includes the negative fair value of foreign exchange and electricity sales price hedging derivatives for € 246,765 thousand.

❖ Other businesses

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

(€ thousands)

	3 months 2022	3 months 2021
Sales revenues	528	1,253
EBITDA	(5,435)	(7,340)
Operating profit/(loss)	(20,584)	(8,175)

(€ thousands)

	31.03.2022	31.03.2021
Intangible assets	36,268	24,538
Property, plant and equipment	9,364	5,585
Net financial position - liabilities/(assets)	250,406	247,400
of which non-recourse project financing	-	-
Investments	3,409	3,513
Number of employees at the period-end	142	123

The Other Businesses sector comprises Falck Renewables SpA and the development companies. As previously explained, the "Energy Management" sector was introduced in 2021, consisting of Falck Next Energy Srl. Until 30 September 2021 Falck Next Energy Srl was part of the "Other Businesses" sector. Data as of 31 March 2021 have been restated to reflect the composition of the new sectors.

Operating income decreased by € 12,409 thousand primarily due to: (i) the increase in personnel costs mainly as a result of the increase in staff (+19 units) and salary increases compared to the same period of 2021, (ii) the higher costs of the Long Term Incentive Plan of employees and the CEO of Falck Renewables SpA costs resulting from the acceleration of the plan caused by the Change of Control and the higher costs of multi-year bonuses to employees dedicated to development activities, (iii) the higher benefits related to the Change of Control operation, and (iv) the extraordinary bonus cost for managers and employees of Falck Renewables SpA and its subsidiaries.

Investments for the period amounted to € 3,409 thousand and mainly refer to development costs (€ 1,700 thousand), for the construction of the Landolina solar plant (€ 865 thousand) and for operating software and licenses (€ 824 thousand).

The net financial position (mainly attributable to Falck Renewables SpA) showed a net debt of € 250,406 thousand and includes the use of the Corporate Loan for € 135 million and the Green Convertible Bond for € 0.4 million.

The change in the financial position compared to 31 March 2021 is due to capital increases in companies in Italy, Norway, Sweden, Finland and Spain to support the development and construction of new plants and the distribution of dividends to shareholders mainly offset by the Green Convertible Bond conversion (€ 177.6 million) and dividends received between April 2021 and 31 March 2022.

The net financial position includes the negative fair value of foreign exchange and commodity hedging derivatives for € 2,684 thousand.

3. Notes

3.4 Performance of the parent company Falck Renewables SpA

The performance of the Parent Company, which is part of the "Other businesses" sector commented on in the previous paragraph, is presented below.

Falck Renewables SpA's income statement for the three months ended 31 March 2022 recorded a loss before tax of € 63,596 thousand (a loss of € 8,065 thousand in the first quarter of 2021) and increased losses before taxes for € 55,531 thousand mainly resulting from the following factors:

- (i) higher expenses from investments for € 44,941 thousand mainly due to the write-down of the investment held in Falck Next Energy Srl;
- (ii) the provision for extraordinary bonus for € 11,670 thousand as part of the extraordinary operation described in the paragraph Change of Control section, to which reference is made for more details;
- (iii) higher costs for € 4,499 thousand for administrative expenses mainly related to an increase in costs for consultancy, non-deductible VAT, amortisation;
- (iv) higher personnel costs of € 642 thousand due to the increase in the number of employees (+ 10 units compared to the same period of 2020) and higher costs for the Long Term Incentive Plan;
- (v) lower revenues for € 597 thousand for lower performance.

These negative effects were partially offset by:

- (i) higher other income for € 5,789 thousand due for € 4,744 thousand to the indemnity related to the relationships arising in the context of the tax consolidation with Falck SpA and for € 1,045 thousand relating mainly to higher benefits;
- (ii) lower financial expenses for € 834 thousand;
- (iii) a € 195 thousand reduction in direct costs

The write-down of the investment held in Falck Next Energy Srl is mainly responsible for the loss recorded by the investee company (although not at the level of consolidated results) due to the change in the negative fair value of the Group's commodity risk hedging derivatives following the exceptional increase in electricity prices during 2022.

As previously mentioned, Falck Next Energy also carries out hedging activities on the production of the Group's plants that is not directly dispatched, with the change in the fair value of the commodity derivatives being recorded on the income statement. If the energy prices for future deliveries were to be in-line with the levels forecast as of 31 March 2022, and the production values were to be in-line with the hedges, the write-down of Falck Next Energy would be offset by the future greater dividends received by Falck Renewables from the companies that generate electricity production, which would therefore benefit from the increase in prices.

The Parent Company's income statement does not yet include dividends from subsidiaries, which will contribute to the result in the second half of the year.

As at 31 March 2022, the Company employed 127 people, including 30 managers and 97 clerical staff, an increase of 10 compared to the first quarter of 2021.

Investments for the period amounted to € 833 thousand, of which € 824 thousand related to software and licences.

The net financial position showed a debit balance of € 240,987 thousand, compared with a debit balance of € 241,648 million as of 31 March 2021, and includes the use of the Corporate Loan for € 135 million and the Green Convertible Bond for € 0.4 million.

The change in the financial position compared to 31 March 202, equal to € 661 thousand, results from the Green Convertible Bond conversion (€ 177.6 million) and the dividends collected in the period from April

3. Notes

2021 to 31 March 2022, mainly offset by: i) capital increases in companies in Italy, Norway, Sweden, Finland and Spain to support the development and construction of new plants and ii) the distribution of dividends to shareholders.

3.5 Personnel

As at 31 March 2022, the Group personnel is composed as follows:

<i>(Number)</i>	31.03.2022	31.12.2021	31.3.2021
Managers	65	67	58
White-collar staff	583	571	463
Blue-collar staff	53	55	30
Total	701	693	551

Staff is divided by sector below:

<i>(Number)</i>	31.03.2022	31.12.2021	31.3.2021
WtE, biomass and solar sectors	74	74	70
Wind sector	34	32	20
Services sector	447	448	337
Energy Management sector	4	3	1
Other Businesses sector	142	136	123
Total	701	693	551

The increase compared to 31 March 2021 was mainly due to the Services sector by the acquisition of SAET Group (+75) and internal growth, as, in continuity with previous years, the main business lines and staff functions are being structured to cope with the development of the new initiatives envisaged in the business plan.

3. Notes

3.6 Installed production capacity

(MW- megawatt)

Technology	31.03.2022	31.12.2021	31.03.2021
Wind	1,057.7	1,057.7	962.7
Wte	20.0	20.0	20.0
Biomass	15.0	15.0	15.0
Photovoltaic	255.8	240.8	161.1
Total	1,348.5	1,333.5	1,158.8

The installed capacity increased by 189.7 MW with respect to 31 March 2021.

In April 2021, Falck Renewables SpA completed the acquisition of 100% of the share capital of Desafio Solar SL, 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.

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

Moreover, on 29 December 2021, the entry into operation of the Okla plant in Norway added 21 MW of new wind capacity.

On 1 March 2022, the Group added 15 MW of new solar capacity with the entry into operation of US 963 and US 40 plants in the United States.

After the end of the quarter, in April 2022 the Group added 22.5 MW of new solar capacity with the entry into operation of the North Eagle Village (Manlius, NY), Green Lakes (Manlius, NY) and Judd Rd (Whitestown, NY) plants in the United States of America which will bring the installed capacity to 1,371 MW.

3.7 Investments

During the first quarter of 2022 total investments amounted to € 14,348 thousand.

Investments in tangible assets totalled € 10,360 thousand and mainly concerned the construction of the Parc Eolien d'Illinois wind farm (€ 4,246 thousand), of the 5 solar plants in the State of New York-United States of America (€ 2,058 thousand), for the Landolina project (€ 865 thousand), the construction of the Vado Ligure storage (€ 581 thousand) and the capitalisation of the right of use relating to leases for new offices in Spain and land in the State of New York-United States (€ 2,006 thousand).

Investments relating to intangible assets amounted to € 3,988 thousand and mainly refer to development costs of € 1,783 thousand, to the concessions of two Ready to build plants in Finland for € 957 thousand and to operating software and licenses for € 1,248 thousand.

3.8 Non-financial performance indicators

The key non-financial indicators are as follows:

	Unit of measurement	3 months 2022	3 months 2021	Var	Var %
Gross electricity generated	GWh	1,022	821	201	24%
Total waste handled	Ton	34,066	40,145	(6,079)	-15%

The decrease in total waste managed, compared to the previous year, results from the lower operating hours because of the downtime for maintenance of the Trezzo WtE plant compared to the previous year.

4. Directors' notes

4. Directors' notes

4.1 2022 events

4.1.2 Period events

Change of Control operations

Transfer of control by Falck SpA

On 24 February 2022, Falck Renewables SpA was informed that Infrastructure Investments Fund (“IIF”), an investment vehicle for which J.P. Morgan Investment Management is an advisor, completed the acquisition of the entire shareholding held by Falck SpA (“Falck”) in the Company, equal to 60% of the Company's share capital in accordance with the terms and conditions of the sale and purchase contract signed between Falck and IIF on 19 October 2021. Upon completion of the transaction, Green Bidco SpA, designated by IIF as buyer of the majority stake held by Falck, according to the terms and conditions of the purchase contract, promoted a mandatory takeover bid for cash, in accordance with Articles 102 and 106, paragraph 1 of Legislative Decree 58 of 24 February 1998 on the remaining Company share capital (the “Bid”).

In addition, Enrico Falck, executive Chairman of the Company's Board of Directors and member of the Sustainable Strategy Committee, as well as Federico Falck, Filippo Marchi and Guido Corbetta, non-executive and non-independent directors resigned, effective immediately, from the office of Company Directors, resulting from agreements reached pursuant to the Contract.

Following the resignations of the above directors, the Board of Directors in its 24 February 2022 meeting, appointed the following new directors: Olov Mikael Kramer, John Hoskins Foster, Mark Alan Walters, and Sneha Sinha. The Board of Directors also appointed (i) Olov Mikael Kramer as executive Chairman of the Board of Directors of the Company as well as new member and Chairman of the Sustainable Strategy Committee, and (ii) director John Hoskins Foster as Vice Chairman. Toni Volpe will continue to act as the Company's Chief Executive Officer.

The new directors remained in office until the shareholders' meeting held on 28 April 2022. On 28 April 2022, Falck Renewables SpA shareholders confirmed the four Directors appointed by co-optation by the Board of Directors on 24 February 2022: Olov Mikael Kramer, John Hoskins Foster, Mark Alan Walters, and Sneha Sinha.

Moreover, the finalisation of the transaction led to an amendment of Article 1 of the Company's Articles of Association. The amendment was approved by the shareholders' meeting held on 14 December 2021, making the amendment effective and, therefore, the Company must change its name within the year.

Lastly, on 25 February 2022, Green Bidco SpA promoted a voluntary cash purchase offer on the Green Convertible Bond, under economic conditions equivalent to those of the Offer, addressed exclusively to qualified investors pursuant to Article 35-bis, paragraph 3, of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999. For further information, please see the Green Convertible Bond section.

New projects and business initiatives

Falck Renewables and BlueFloat Energy-Scot Wind partnership

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

4. Directors' notes

Falck Renewables and BlueFloat Energy-Nora Ventu partnership

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

Newly installed solar capacity

On 1 March 2022, Novis Renewables Holding, LLC, controlled by Falck Renewables North America and 49% held by Eni New Energy US, added 15 MW of new solar capacity when the USA 963 and USA 40 plants came into operation. It is estimated that each plant (7.5 MW) will produce approximately 9.25 GWh annually of clean energy, equivalent to the requirements of around 865 American families. Both projects were created with an approach to local community involvement. For the first 25 years of operation, the revenues of USA 963 and USA 40 will be generated and contracted through the VDER (Value of Distributed Energy Resources) community solar program, which allows commercial and residential members to use the credits in bills generated by the project, lowering monthly electricity costs estimated around 10%.

Regulatory framework

Interventions against expensive energy on electricity produced by renewable plants

Decree-Law 4/2022 of 27 January 2022, converted with amendments by Law 25 of 28 March 2022, introduced some temporary measures to contain the effects of price increases in the electricity sector, with a direct impact on revenues obtained from renewable energy plants with a power greater than 20 kW. In particular, from 1 February 2022 to 31 December 2022, a two-way compensation mechanism is expected to be applied on the price of electricity fed into the grid by photovoltaic plants benefiting from fixed premiums under the Energy Account, not dependent on market prices, as well as by non-incentive plants powered by renewable sources such as solar and wind power that entered into operation before 2010. These plants will have to return the difference, if negative, between a reference price set by the same decree for each market area and the hourly market price of electricity, or, in the case of supply contracts stipulated before 27 January 2022 with a fixed price greater than 10% of the value of the reference price defined by the Government, the average price indicated in the contracts. This refund is not due for energy covered by supply contracts concluded before 27 January 2022, in which the price is not linked to the trend of the energy spot markets, and which in any case have not been stipulated at a price 10% higher than the value of the aforementioned reference price. The effects on revenues for the Group in the first quarter of 2022 amounted to € 0.6 million.

4. Directors' notes

Price cut Decree-Law: “DL Taglia Prezzi”: 10% Extraordinary Contribution Article 37

Some temporary measures were introduced with Decree-Law 21/2022 of 21 March 2022 to counter the economic and humanitarian effects of the Ukrainian crisis.

In particular, a contribution has been established by way of extraordinary levy to be borne by those who, for the subsequent sale of goods, generate electricity, produce methane gas or extract natural gas, sell electricity, methane gas and natural gas and those who produce, distribute and trade petroleum products. The contribution is also due to the parties that import or introduce, electricity, natural gas or methane gas and petroleum products into Italy and other EU countries for 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, as long as this difference is equal to 10% at least and anyway over €5 million.

The contribution is levied at a rate of 10% calculated on the balance.

The total of the sales transactions, net of VAT, and the total of the purchase transactions, net of VAT, as shown in the "Notifications of periodic VAT settlements data" are taken from the purposes of the calculation.

The contribution must be paid and settled by 30 June 2022.

A provision of the Director of the Revenue Agency, after consulting ARERA, will define the obligations, including declarations, and the methods of payment of the contribution.

It should be noted, however, that the contribution will be increased to 25% to cover the new measures introduced on 2 May 2022, with the approval of two new anti-crisis decree-laws by the Council of Ministers. There are aspects of the regulations that require further study.

Other events

Top Employer certification

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

Bloomberg Gender-Equality Index (GEI) 2022

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

4. Directors' notes

development, equal pay and gender pay gap, inclusive culture, sexual harassment policies and pro-woman brand.

UnipolSai “L’Italia che verrà” award

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

4.1.3 Events after 31 March 2022

Operations concerning the Change of Control

Green Convertible Bond conversion

As a result of the voluntary purchase offer in cash on the Green Convertible Bond, promoted by Green BidCo SpA at 31 March 2022, 34,554,428 shares were issued following the conversion of € 199,500,000 of par value of the Green Convertible Bond, of which 28,613,492 shares from the conversion of the Green Convertible Bonds purchased by Green Bidco SpA.

The remaining bonds, with a par value of € 500,000 were converted into 86,602 shares on 12 April 2022. At the end of this process, the Green Convertible Bond was fully converted into 34,641,030 shares of Falck Renewables SpA.

Public offering

On 8 April 2022, the Falck Renewables SpA Board of Directors approved the press release (the "Issuer's Press Release") containing the Board of Directors' reasoned assessment on the mandatory public offering promoted by Green BidCo SpA on the Company's shares and on the adequacy of the related price.

The Board of Directors, also on the basis of the content of the Fairness Opinion of the Financial Advisers and the Opinion of the Independent Directors, unanimously considered appropriate, from a financial point of view, the price of € 8.81 per each share of the Company that will be brought in response to the Offer.

Final results of Public offering

On 10 May 2022, the acceptance period of the mandatory cash tender offer launched by Green BidCo SpA (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 percent 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 SpA will order the delisting of the Company's shares starting from 18 May 2022.

4. Directors' notes

New projects and business initiatives

Falck Renewables and BlueFloat Energy-Scot Wind partnership

Falck Renewables and BlueFloat Energy signed a partnership on 11 April 2022 as part of the ScotWind auction, the option agreements for its two winning proposals.

The site east of Aberdeen ("Plan Option E1") will be called Bellrock, while the site north of Fraserburgh ("Plan Option NE6") will be called Broadshore.

The partnership between Falck Renewables, BlueFloat Energy and Ørsted then jointly signed an option agreement on a site east of Caithness ("Plan Option N3") which will be called Stromar.

Together, the three areas could accommodate approximately 3.0 GW of offshore wind capacity. Projects could be operational by the end of the decade, subject to obtaining authorisations and connections to the grid.

The winning proposals combined the will to create skilled jobs and invest in Scotland's industrial context, making Scotland a global hub for floating offshore wind technology, along with the creation of a new model to deliver benefits to local communities.

As part of the project development plan, research will be carried out in collaboration with the Scottish Association for Marine Science (SAMS) to investigate the potential effects of floating wind power on the marine environment. Studies will also be conducted to assess how fishing interests can best coexist with offshore wind and to analyse the interaction of fish, sea mammals and birds with floating wind farms.

A project has already started with Energy4All, an expert in community ownership, on a new scheme that will allow residents in Scotland and local communities to participate in the financial benefits of the offshore wind energy projects that will be developed by the partnership. A partnership with the Energy Skills Partnership Scotland (ESP) is also under way to help train a skilled workforce in time for construction to begin.

Novis Renewables: the North Eagle Village, Green Lakes and Judd Rd State of New York solar plants come into operation

On 19 April 2022, Novis Renewables Holding, LLC, controlled by Falck Renewables North America and 49% held by Eni New Energy US, added 22.5 MW of new solar capacity when the North Eagle Village (Manlius, NY), Green Lakes (Manlius, NY) and Judd Rd (Whitestown, NY) plants came into operation.

It is estimated that each project (7.5 MW) will produce about 9 GWh of clean energy annually, equivalent to the needs of about 860 US households. All projects have been designed with a strong approach to involving the local community. For the first 25 years of operation, the revenues of the three plants will be generated and contracted through the VDER solar community program, which allows commercial and residential subscribers to use the credits generated by the project in their bills, with a reduction in monthly electricity costs estimated at around 10%.

In addition to the revenue generated by the VDER program, North Eagle Village, Green Lakes and Judd Rd will also receive incentives from two NYSERDA programs (NY-Sun and Community Credit). At the end of the 25th year of the VDER program, revenues will come from the sale of energy and Renewable Energy Certificates (RECs).

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

The Group constantly monitors the risk related to "Brexit" and any impacts on the business. For further information, please refer to the information contained in the Financial Report at 31 December 2021, as there have been no significant changes in the risk

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

The Group constantly monitors the risk related to the Corona virus emergency and any impacts on the business. For further information, please refer to the information contained in the Financial Report at 31

4. Directors' notes

December 2021. Compared to what was indicated therein, there was a progressive reduction in emergency measures in the first quarter of 2022 due to the lower severity of cases of contagion, also thanks to the intense vaccination campaigns. The state of national emergency related to the COVID-19 epidemic ended in Italy on 31 March 2022.

4.4 Risks related to the Russia-Ukraine Conflict

The Group is constantly monitoring the developments of the conflict between Russia and Ukraine that broke out on 24 February 2022, the day of the Russian invasion in the Ukrainian territories, and has started risk assessment activities within all its structures.

The objective is to analyse any direct and indirect impacts that the Russia-Ukraine conflict is having or could have during 2022 and subsequent years on the markets and businesses in which the Group operates, also with reference to the management of the constraints imposed in relations with companies and persons belonging to the sanctions lists issued by many countries and international institutions, in order to avoid possible violations. With regard to this last point, the Group has not currently found any direct exposure to companies operating in the countries in conflict.

However, the Group could potentially be subject to various types of risks, mainly associated with counterparties particularly exposed to the Russian market, who could suffer on a financial, logistical, and production level.

Among other things, the main risk trends currently identified include the following: (i) risks associated with potential shortages in the supply chains of raw materials for which Russia and Ukraine are among the world's main producers (e.g. Natural gas, oil, grains, steel, etc.); (ii) significantly increased volatility on the commodities market (energy and non-energy), with repercussions on inflationary trends; (iii) increased cyber attacks, or a general decrease in personal safety. The Group is also considering the potential short-term opportunities, such as the increase in the price of energy, as well as the medium-long term opportunities associated with a possible boost in the renewable energy sector in order to achieve the 2030 decarbonisation goals and to address the need for all European Union countries to reduce their dependence on Russian gas.

4.5 Management outlook

Throughout 2022, the Group's business results will benefit from the production of the Brattmyrliden wind farm (74.1 MW, Sweden), the Desafio Solar SL solar plant (50 MW, Spain), the Westmoreland County Solar Project solar plant (29.6 MW, USA), the Okla wind farm (21 MW, Norway), and the SAET group results.

Moreover, the Group's business results will benefit for the remaining 9 months of 2022 from plant production from US 963, USA 40, North Eagle Village (Manlius, NY), Green Lakes (Manlius, NY) and Judd Rd (Whitestown, NY) (37.5 MW, in the USA).

During the course of 2021, the Company began accelerating the growth of its pipeline of projects under development by launching new project initiatives in onshore wind, onshore solar, and storage, and by increasing its human resources in the areas of development, engineering, construction, procurement, energy management, and finance. The number of initiatives in the offshore segment was also expanded, and at 31 March 2022 will include active development projects in both Italy and Scotland. Pipeline development and installed capacity growth activities will continue with the same intensity throughout 2022.

These development and growth objectives, as well as the commitment to ensure that projects obtain everything necessary to be able to start construction, represent the key element of the corporate development strategy that will benefit from the presence of a reference shareholder such as Infrastructure Investment Fund (IIF), an investment vehicle of which JP Morgan Investment Management is an advisor.

5. Statement by the Manager assigned to prepare the accounting documents in compliance with Article 154-bis paragraph 2 of Legislative Decree 58/1998

5. Statement by the manager assigned to prepare the accounting documents in compliance with Article 154-bis paragraph 2 of Legislative Decree 58/1998

The Manager assigned to prepare the accounting documents, Paolo Rundeddu, states, in compliance with Article 154-bis, paragraph 2 of the Unified Finance Law (Legislative Decree 58/1998), that the accounting information contained in this Interim Financial Report at 31 March 2022 corresponds to the accounting documents, books and records.

Milan, 12 May 2022

Paolo Rundeddu

(Manager assigned to prepare
the accounting documents)