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Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

*To the quotaholders of
Fri-El Ichnusa S.r.l.*

Report on the audit of the abridged financial statements

Opinion

We have audited the abridged financial statements of Fri-El Ichnusa S.r.l. (the “company”), prepared pursuant to article 2435-ter of the Italian Civil Code, which comprise the abridged balance sheet as at 31 December 2018, the abridged income statement and the related additional information.

In our opinion, the abridged financial statements give a true and fair view of the financial position of Fri-El Ichnusa S.r.l. as at 31 December 2018 and of its financial performance for the year then ended in accordance with the Italian regulations governing their preparation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the “*Auditors' responsibilities for the audit of the abridged financial statements*” section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the company's directors and board of statutory auditors (Collegio Sindacale) for the abridged financial statements

The directors are responsible for the preparation of abridged financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they



determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the abridged financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, in accordance with the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the abridged financial statements

Our objectives are to obtain reasonable assurance about whether the abridged financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these abridged financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the abridged financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the abridged financial statements, including the disclosures, and whether the abridged financial



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statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bolzano, 18 February 2019

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director of Audit

(Translation from the Italian original which remains the definitive version)

FRI-EL Ichnusa S.r.l.

Abridged financial statements as at and for the year ended
31 December 2018

Company details	
Registered office	Piazza del Grano No. 3, 39100 BOLZANO (BZ)
Tax code	02521760211
REA (Economic and Administrative Index) no.	BZ 184324
VAT no.	02521760211
Quota capital	€10,000 fully paid-up
Legal form	Company limited by quotas
Main Business (ATECO Economic Activity Classification)	70.10.00
Company in liquidation	no
Company subject to management and coordination by others	no
Group membership	no

Abridged balance sheet

	31-12-2018	31-12-2017
Balance sheet		
Assets		
B) Fixed assets		
III - Financial fixed assets	31,694,503	28,600,522
Total fixed assets (B)	31,694,503	28,600,522
C) Current assets		
II - Receivables		
due within one year	719,296	1,231,820
Deferred tax assets	220,904	563,273
Total receivables	940,200	1,795,093
IV - Liquid funds	110,270	1,262,308
Total current assets (C)	1,050,470	3,057,401
Total assets	32,744,973	31,657,923
Liabilities		
A) Net equity		
I - Quota capital	10,000	10,000
IV - Legal reserve	2,000	2,000
VI - Other reserves	17,734,774	12,105,542
IX – Net profit for the year	4,559,916	5,119,475
Total Net equity	22,306,690	17,237,017
B) Provisions for risks and charges	-	1,855
D) Payables		
due within one year	193,853	532,165
due after one year	10,244,430	13,886,886
Total payables	10,438,283	14,419,051
Total liabilities	32,744,973	31,657,923

Abridged income statement

	2018	2017
Income statement		
B) Production cost		
7) services	56,129	55,839
14) other operating costs	5,771	8,097
Total production cost	61,900	63,936
Operating loss (A - B)	(61,900)	(63,936)
C) Financial income and charges		
16) other financial income		
a) from financial receivables classified as fixed assets		
from subsidiaries	37,474	18,928
Total financial income from financial receivables classified as fixed assets	37,474	18,928
d) Other income		
from others	445	133
Total other income	445	133
Total other financial income	37,919	19,061
17) interest and other financial charges		
to associates	195,077	222,872
other	1	-
Total interest and other financial charges	195,078	222,872
Net financial charges (15 + 16 - 17 + - 17-bis)	(157,159)	(203,811)
D) Adjustments to financial assets and liabilities		
18) write-backs		
a) equity investments	4,757,094	5,337,510
Total write-backs	4,757,094	5,337,510
Total adjustments to financial assets and liabilities (18 - 19)	4,757,094	5,337,510
Pre-tax profit (A - B + - C + - D)	4,538,035	5,069,763
20) Current and deferred taxes for the year		
current taxes	6,377	-
deferred taxes	340,513	337,119
income (expense) from participation in tax consolidation/tax transparency scheme	368,771	386,831
Total current and deferred taxes for the year	(21,881)	(49,712)
21) Net profit for the year	4,559,916	5,119,475

Information at the foot of the abridged balance sheet

Total off-balance sheet commitments, guarantees and contingent liabilities

	Amount
Contingent liabilities	30,437,013

The above guarantee was given to the group of banks composed of Società Generale, Milan Branch, Dexia Crediop S.p.A. and Centrobanca - Banca di Credito Finanziario e Immobiliare with reference to the project loan they granted to the subsidiary Fri-El Campidano S.r.l..

Abridged financial statements, other information

Additional information

The company has relied on the specific exemption for micro companies set out in Article 2435 ter, paragraph 1 of the Italian Civil Code and has prepared abridged financial statements. Such regulation establishes an exemption from the requirement to prepare Notes to the Financial Statements, a Cash Flow Statement and a Report on Operations.

Companies are permitted to prepare an abridged balance sheet and income statement in accordance with Article 8 (3) and (4) of Directive (EU) 2013/34, provided that the information required is sufficient to provide a true and fair view of the company's financial position and results of operations.

If the application of that Directive is not sufficient to provide a true and fair view of the assets and liabilities, financial position and net profit or loss for the year, additional information must be provided.

Financial fixed assets, amounting to €31,694,503, include the 100% interest in Fri-El Campidano S.r.l. - a single-member company, of €30,437,013 and financial receivables from the subsidiary of €1,257,490.

The amount of the equity investment as at 31 December 2018 reflects its remeasurement in accordance with the equity method indicated in Italian Accounting Standard (OIC) 17, including both the part in the income statement and the recording of an equity reserve to take account of movements without an economic impact of the equity of the investee.

Accordingly, in addition to the net profit for the year and other movements, such as the distribution of dividends of €268,446 and the capital injection by quotaholders of €133,403, changes in net equity also include the change in derivatives as a result of the equity accounting of the investee at €644,799.

Dividends resolved at the time of approval of the abridged financial statements were distributed during the year.

Receivables due within one year include receivables from the subsidiary Fri-El Campidano S.r.l. of €710,706 relating to corporate income tax (IRES) for the subsidiary which, as a result of participation in the national tax consolidation, must be paid by the company.

The "Payables" item includes payables to associates amounting to €10,329,072, of which €10,244,430 is due after one year and €84,642 is due within one year. In particular:

- €5,122,215 due to the quotaholder Fri-El Green Power S.p.A. relating to the subordinated interest-bearing quotaholder loan pursuant to Article 2467 of the Italian Civil Code and €42,321 in accrued interest.
 - €5,122,215 due to EDF EN Italia S.p.A. relating to the subordinated interest-bearing quotaholder loan pursuant to Article 2467 of the Italian Civil Code plus accrued interest of €42,321.
- During the year, €2,115,777 was repaid to each quotaholder.

To complete the information, it should be noted that, pursuant to Article 2428, points 3) and 4), no treasury quotas or shares or quotas of parents were owned, acquired or sold by the company during the year, including through trustees or nominees.

The subsidiary Fri-El Campidano S.r.l. - a single-member company - with registered office at Piazza del Grano No. 3, Bolzano, Tax Code 02520920212, is registered in the Companies Register of Bolzano under number 02520920212 and has a quota capital of €100,000, fully subscribed and paid-up.

As required by Article 2427, paragraph 1, No. 16 of the Italian Civil Code, it should be noted that no remuneration is envisaged for directors and that the remuneration due to statutory auditors amounts to €22,204.

Declaration of conformity of the abridged financial statements

These abridged financial statements, consisting of the abridged balance sheet, the abridged income statement and this supplementary information, give a true and fair view of the financial position and results of operations of the company and match the accounting records.

Bolzano, 07.02.2019

The Chairman of the Board of

Directors (signed on the original)

Ernst Gostner